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# **Conceptualizing Social Security in a Developing Country Context**

**(Prepared as a background chapter for the  
Ford Foundation Project on  
Social Protection in Rural India)**

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# **Conceptualizing Social Security in a Developing Country Context**

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## **Abstract**

Many terms are currently in use in different parts of the world and by different international agencies concerned with social security for the poor. Some of the commonly used terms are social security, social assistance, safety nets, social funds and social protection. Though access to SS is now acknowledged as a fundamental right, it is realized in varying degrees and in various ways in various countries, as determined by their history, level of socio-economic development and prevailing political and social philosophies. The paper presents a conceptual framework on social security in two parts, the first part introducing social security as made up of two concepts, basic and contingent social security, and the second part delineating social security as a human right in a comprehensive perspective, adding the complementary social dimension to the erstwhile individual one. We also travel down the historical lanes and draw valuable lessons from the past and look towards the future with a view to universalizing social security and discuss the issues involved therein.

“Public assistance is a sacred duty.  
Society owes subsistence to unfortunate citizens by procuring them work  
or by ensuring to those who are unable to work, the means of existence.”

*(Preamble to the French Constitution of 1793)*

“Everyone has the right to a standard of living adequate for the health and  
well-being of himself and of his family, including food, clothing, housing  
and medical care and necessary social services,  
and the right to security in the event of unemployment,  
sickness, disability, widowhood, old age or other lack of livelihood  
in circumstances beyond his control.  
Motherhood and childhood are entitled to special care and assistance.  
All children, whether born in or out of wedlock, shall enjoy the same  
Social protection.”

*(Article 25, Universal Declaration of Human Rights, UN, 1948)*

# **Conceptualizing Social Security in a Developing Country Context**

## **1. Introduction**

Here we seek to develop a conceptual outline of a comprehensive scheme of Social Security (SS).

This becomes necessary because of i) the conceptual ambiguities surrounding the notion of SS and ii) the practical constraints that jeopardize the inclusion process of social protection. Tackling these two problems is of paramount importance in developing an analytical framework for identifying the basic issues involved in the design of a SS system that enhances the circumstances of the vulnerable - that is our objective. The study is motivated on this plank.

Many terms are currently in use in different parts of the world and by different international agencies concerned with social security for the poor. Some of the commonly used terms are social security, social assistance, safety nets, social funds and social protection. Though access to SS is now acknowledged as a fundamental right, it is realized in varying degrees and in various ways in various countries, as determined by their history, level of socio-economic development and prevailing political and social philosophies. Therefore, the concept of social security has blurred boundaries (Dixon 1996: 51-52). Hence the significance of proposing a comprehensive conceptual framework.

What follows is organized in four sections. In the next section, we present our conceptual framework on social security; this is done in two parts, the first part introducing social security as made up of two concepts, basic and contingent social security, and the second part delineating social security as a human right in a comprehensive perspective, adding the complementary social dimension to the erstwhile individual one. Section 3 travels down the historical lanes and draws valuable lessons from the past and Section 5 looks towards the future with a view to universalizing social security and discusses the issues involved therein. The final section by way of concluding the chapter further highlights the issues in extending social security in a globalizing world.

## **2. Defining Social Security**

Social security as it has been understood and practised in both developed and developing countries largely refers to what may be called collective care arrangements to meet contingencies. In fact, the very notion of social security evolved out of humanity's quest

for protection from hazards of nature's furies in the primitive communities, and then from hazards of life and work in the modern societies.<sup>1</sup> Thus it is the adversity dimension that is captured in the notion of social security to meet contingencies. Such social security arrangements are provided through the work status of individuals.

The International Labour Organization (ILO) consolidated the notion of social security in 1952 with an International Convention, No. 102, in the International Labour Conference. A comprehensive definition was proposed which included nine core contingencies, leading to the stoppage or substantial reduction of earnings to be covered under social security. The nine contingent security included sickness benefit, maternity benefit, employment injury benefit, unemployment benefit, invalidity benefit, old age benefit, death (survivors') benefit, the provision of medical care and subsidies for families with children. This concept in fact developed in a historical process in conditions obtaining in the developed economies, characterized by (near) full employment and high degree of industrialization with a large percentage of wage-earning workers in population. As such it takes into account only those in the formal labour market and they constitute a majority in the developed countries but a minority in developing countries. In fact '[a] large majority (about 80 per cent) of the global population live in conditions of social insecurity, i.e., they have no access to formal social security beyond the limited possibilities of relying on families, kinship groups or communities to secure their standard of living. Among these 80 per cent, 20 per cent live in abject poverty – the cruelest form of insecurity.' (International Labour Organization (2006: 7). There is therefore a need to broaden the concept of social security as it is understood so far.

In fact a debate has already been initiated to broaden the concept of social security in the context of developing countries. Dreze and Sen in their influential work on *Hunger and Public Action* (1989) deploy a broader concept of social security while distinguishing two different aspects, viz., protection and promotion. The former is concerned with "the task of preventing a decline in living standards" while the latter refers to "the enhancement of general living standards and to the expansion of basic capabilities of the population" (Dreze and Sen 1989: 16). As Dreze and Sen observe, these terms have a paternalistic ring although their emphasis is on the objectives of the exercise rather than on the agencies that may pursue these objectives. There might even be areas of overlapping that would make the distinction somewhat confusing, because of the associated externality effects. What is meant for protection can have significant externality effects of promotion. Take the case of access to basic health care. Some types of health care such as immunization are both protective (protecting against the spread of diseases) and promotional (promoting good health by keeping away certain diseases). Or the case of a family where the woman is educated and skilled which could be seen as promotional (in terms of enhancing the living standards of the family through access to income and/or greater awareness on health care, etc.) or protective (ability to take care of the family in the event of the husband's untimely demise).

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<sup>1</sup> A brief history of the development of the practice of social security and an account of the lessons from it are given below.

It goes without saying that the needs of the people of the developed countries are entirely different from those of the people of the developing countries. A person who is already employed is concerned with the protection of his income against loss or decline, whereas a person who has no employment is primarily concerned with securing work and earning some livelihood. Hence given the dimension of the informal economy, and massive and persistent poverty in the developing countries, the concept of social security has to be suited to the actual situation of those countries and to include the idea of poverty reduction as a necessary condition for attaining minimal stage of development. Therefore, SS has to be viewed in a developmental perspective with poverty reduction as the immediate aim.

The need for SS in the context of the developing countries may more realistically be explained here in terms of the basic problems that necessitate SS intervention. These are the problems of 'widespread, persistent deprivation' and of 'fragility of individual security, involving irregular declines and persistent vulnerability' (Dreze and Sen 1991). The developing countries are to have a mechanism not only for income maintenance, but also for income support in the face of persistent deprivation, that is, a security for meeting basic needs also. Thus in a developing country context, SS may be viewed in terms of a basic SS (BSS) and a contingent SS (CSS) (de Swaan 1988; Kannan 2004).

#### (i) Two Concepts of Social Security

In both these, there could be a mixture of promotion and protection, dictated by local conditions. However, it should be emphasized here that the former – BSS – primarily takes into account the dimension of deficiency while the latter – CSS – primarily takes into account the dimension of adversity. Note that these two dimensions in our conceptualization of SS broadly correspond to the generic definition of SS given by de Swaan (1988) as “collective remedies against adversity and deficiency”.

BSS is directly linked to the problem of deficiency of those who are not in a position to access minimum of resources to meet their economic and social requirements for a dignified life in their society. This takes care of human deprivation and vulnerability. This is also a foundational requirement in the sense that the commonly accepted notion of social security for meeting contingencies (what we call CSS) will not make any sense in its absence. In fact, those who enjoy social security today for meeting contingencies are those who have been able to take care of their basic social security. We shall later see that this was also the priority in the history of the evolution of social security policies and arrangements in Western countries where currently the CSS is the dominant one but arising out of a situation where basic human deprivations have been taken care of to a large majority of population.

The notion of CSS refers to social arrangements to take care of adversity, i.e., contingencies of a wide-ranging nature. These could be hazardous situations arising out of human life and work, such as ill-health, injuries and accidents, unemployment,

maternity, old age, death of an earning member, and so on. These types of security arrangements are fairly common in the developed countries with the state playing an active role in financing and securing such arrangements. When extension of social security arrangements to developing countries are thought of, it is often these types of social security systems that attract the attention of policy makers, advisors and others concerned. Our approach here is to advocate the adoption of BSS and its universalization to all the poor who, by definition, face the problem of deficiency. While this objective is taken care of in a good measure in the developed countries, it is still taken care of to a significant extent in the transition economies. The biggest gap is in the developing countries. As such, there is the task of extension of BSS to a significant section of the population in the world, which account, by one definition, about 1.2 billion (World Bank 2001: 23). Social security to meet contingencies has also to meet the challenge of extension. Here again, a minority in the developed countries may be facing the problem. Given the transitional nature of the economies in erstwhile socialist countries, extension of CSS should be reckoned as a major challenge in those countries. However, the developing countries face the biggest gap in extension since the CSS is now confined, by and large, to those employed through the formal labour market. A large majority of people work in the informal economy and face the problem of the lack of social security to meet contingencies.

What we are therefore emphasizing is the *need for extension of both basic social security and social security to meet contingencies*. This is because the developing countries do not have the opportunity to sequence them (basic first and contingency next) since the two dimensions of social security (deficiency and adversity) are closely related to the objectives of poverty reduction and development. In some cases (as in the case of health care) it is possible to address both dimensions simultaneously. The major challenge is one of financing. However the state has to take a proactive role through promotion, facilitation and organization of social security arrangements.

### *Basic Social Security and Poverty*

It is not difficult to recognize that the concept of Basic Social Security is directly related to address absolute poverty as a manifestation of the problem of deficiency. In so far as programmes to reduce poverty exist in many countries, it is not at all difficult to accept the operational feasibility of BSS for all. 'The ILO estimates that only 2 per cent of global GDP would be needed to provide the entire world's poor with a minimum package of social benefits and services (access to basic health care, basic income transfers I case of need and basic education). Most of these resources could be raised nationally.' (ILO 2006: 7). However, the idea of BSS goes beyond the notion of poverty reduction. It is to eliminate poverty in its multiple manifestations by institutionalizing such social arrangements as are necessary and feasible. By addressing the problem of adversity, the notion of CSS goes to strengthen the objective of eliminating poverty along with vulnerability. Such vulnerabilities as are now experienced the world over impact on the poor disproportionately because of their weak capacity in fallback arrangements i.e.,



absence or inadequacy of BSS.

What constitutes BSS is a highly significant matter that needs to be spelt out at the outset. We have already emphasized its links with poverty because the problem it seeks to address is that of deficiency in an absolute sense. We do recognize that what constitutes an 'absolute' measure is also context-specific that is closely related to the average standard of living in a country.

The notion of poverty has also undergone significant modifications and transformations. The restricted meaning as inadequacy of money income to meet the calorie requirement (along with a few additional requirements) still dominates the discussion on measurement and policy formulation. However, there is recognition of its multidimensionality and the need for going beyond what may be referred to as 'income poverty'. From a social security point of view, a more nuanced understanding would be more relevant, as already provided by Sen (1985) and Dreze and Sen (1989). The first step in this is to understand the notion of 'entitlements'. Poverty can then be seen as a failure of entitlements. Entitlements refer to the command that an individual or a family or a group can establish over goods and services. For example, entitlement to command food could be by means of ownership of land, which produces food, or by the ability to secure employment which will fetch an income to buy food or a membership in a Public Distribution System which entitles one to secure food at subsidized prices. There may be other types of entitlement such as a socially recognized traditional right to collect food from such common property resources like the forests or the sea. Or it may be the right of the old-aged people to have a share of the food produced by the community or to secure assistance from government. Therefore a situation of poverty can be interpreted as a failure of entitlements. Such a notion of entitlements can be extended not only for commanding food but also other non-food but basic consumption goods and services such as clothes, shelter, health care, education, etc. Thus the focus on entitlements emphasizes the command over commodities and services.

The failure of entitlements is often related to not only the inadequacy of current consumption but also the absence or the inadequacy of basic capabilities to access goods and services. The notion of 'capability' therefore assumes critical importance in understanding poverty. Basic capabilities refer to the quality of the standard of living and hence go beyond entitlements. Examples are being healthy and educated. Basic capabilities help in enhancing entitlements (higher income through better jobs secured through education, or the ability of a healthy person to work more productively and so on). Here capabilities not only refer to their instrumental value but are also end in themselves in terms of human development in the sense of promoting human dignity.

In terms of BSS, it should be possible to identify the core constitutive elements. Here we identify four realms of security that could constitute the Basic Social Security. These are: Food security, Housing security, Health security, and Education security. **It goes without saying that inherent in all these is a dimension of income/employment security.**

All these are understood in the sense of access to minimum levels. Such minimum has a

relative dimension in the sense that they are set by the society concerned. The objective here is the creation of what may be called a 'social floor', below which it is made unacceptable to the society at large. It is the social dimension that underpins this social floor as basic social security. The minimalist dimension makes it necessary to focus on the poor. As such an organic relationship is sought to be established between the condition of the poor in a society and the need to create a social floor through the provision of basic social security. We have not mentioned income here as an element of BSS simply because income (and employment to access income) is means by which elements of BSS, especially food security, can be taken care of.

### *Social Security and Poverty Reduction*

When social security arrangements are institutionalized, they address the problems of deficiency and adversity in collective terms. By definition, addressing the problem of deficiency contributes to poverty reduction. As we noted earlier, a narrow definition of poverty in terms of minimum consumption expenditure or the one that emphasizes the income dimension alone may not provide a satisfactory link between extension of social security and poverty reduction. The notion of poverty that conceptually links extension of social security with poverty reduction is that of deprivation. Such deprivation should include the minimum consumption of food and other essentials, health status, minimum education and housing. This is closer to the notion of human poverty to indicate the various manifestations of deprivation. As such the notion of BSS emphasizing food security, health security, educational security and housing security is an attempt to link the human deprivation with a security-oriented notion of meeting the basic needs. Such a security-orientation could liberate the poverty reduction attempts beyond their ad hoc and/or short-term consideration to one of the need to create institutional mechanisms to address problems of deficiency as a foundational one to all development goals.

The adversity dimension also is closely related to poverty. The poor are the most vulnerable and as such addressing the problem of adversity also contributes to poverty reduction. In developing countries, situations of adversity are as important, if not more, as deficiency. Survival in old age is a matter of serious concern to the poor. Health-related adversities such as sickness and death, especially of the main earner, often results in enhanced poverty or falling into poverty for those who are just above the poverty margin. The vicious circle of poverty often gets perpetuated because of such adversities as sickness or death of the main breadwinner and prolonged unemployment. To this should be added such adversities as natural calamities (flood or drought) or loss of agrarian assets such as cattle.

### *Social Security and Development*

The linkage between social security – the way we have conceptualized it here – and poverty reduction would seem quite straightforward. But the linkage between social security and development may not be so straightforward given the complex processes through which the linkages have to work themselves out and the presence of necessary

conditions in a given context. The issue has to be viewed at two levels; one, at the theoretical level and the other at the empirical level.

At the theoretical level there is a school of thought, supported and propounded by the Bretton Woods institutions, that expenditure on social security provisioning by the state (sometimes referred to as welfare expenditure) should be kept to the minimum because they often do not contribute to efficiency and growth in the economy. Such a theoretical position has been translated into policy recommendations especially to countries facing fiscal constraints. The rise of the neoliberal ideology and its political implications at the global level has witnessed either stagnation or a decline in social sector expenditure in a number of countries where the levels were already low to begin with. In a number of developing countries where there has been some increase in public expenditure for BSS and CSS, their levels remains so low as to provide any meaningful coverage especially to the poorer sections. In fact governments in an overwhelming majority of developing countries allocate considerably lower shares of their income as public expenditure for BSS and CSS. On the other hand, rich industrialized countries have a very high public expenditure on CSS that are seven to eight times that of the developing countries. Even in public expenditure for such BSS items as education and health, the share is more than twice that of the developing countries. Despite the system-wide economic and political crisis and the problems in transition to market-based economic activities, the transitional countries commitment to comprehensive social security (BSS and CSS) resemble more to the situation in the developed countries than that of developing countries. Particularly striking is the decline in social expenditure in such fast growing economies as China where institutionalized arrangements for meeting a broad range of social security have witnessed a slow withdrawal.<sup>2</sup>

Empirical evidence to support the above thesis is not easy to find. At best the results are quite nuanced. In his *Determinants of Economic Growth*, Barro (1997) reports the positive impact of initial level of human capital (in terms of education and health) on growth. While growth per se is not constitutive of development, there should not be any doubt about the need for growth for poor developing countries to achieve a measure of development. The results reported are for the impact on schooling and life expectancy (proxy for health) for a cross-section of countries. There are many nuances in terms of schooling and whether it is for males and females. Education of women was not directly associated with growth but 'female schooling is important for other indications of economic development, such as fertility, infant mortality, and political freedom. Specifically, female primary education has a strong negative relation with the fertility rate. A reasonable inference from this relation is that female education would spur economic growth by lowering fertility...' (Barro 1997: 21)

Another empirical work (Rudra 2002) relates to the effect of welfare spending on competition in the context of globalization. The study covers 44 developing countries.

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<sup>2</sup> Despite double digit growth rate for over two decades beginning with the early eighties, public expenditure for social security (CSS) as a percentage of national income declined from 5.2 to 3.6 in China between 1990 and 1996 and that for health declined from from 2.2 to 2.1 between 1990 and 1998.

The findings are ambiguous in the sense that they do not suggest any clear nexus between welfare spending by governments and competition. 'The evidence presented in this chapter strongly indicates that globalization variables are not responsive to changes in domestic welfare spending. Its reassessment of the globalization-welfare nexus casts much doubt on the conventional wisdom that greater government spending on social programs creates production inefficiencies and encourages capital flight. Simply put, causality between globalization and welfare is not unidirectional. A fundamental flaw in the logic of the conventional wisdom is revealed when cause and effect are investigated separately. Thus, the dynamic nature of the globalization-welfare relationship must be understood so that more valid conclusions can be drawn. Results from the inter-temporal models used in this analysis emphasize the fact that LDC governments can make the political choice to increase social spending without affecting international competitiveness in the current era of globalization.' (Rudra 2002: 165).

The ILO's position has been clearly articulated by the 89<sup>th</sup> Session of the International Labour Conference in 2001, quoted earlier. It reflects a much broader constituency in that it represents the position of 177 countries in terms of their governments, employers and workers. It goes beyond the functionalist argument of contribution of social security spending towards growth. As such it emphasizes the link between a broad range of concerns that together constitute development interpreted in a holistic sense. It emphasizes well-being of workers, their families and the entire community, social cohesion with peace and social inclusion, and alleviation of poverty. It calls for fair burden sharing aimed at human dignity, equity and social justice. Social security is also seen as important for political inclusion, empowerment and development of democracy. In a nutshell the ILO position on social security is articulated in terms of human development with human dignity.

There is therefore a need to go beyond the limited nexus of social security with economic efficiency measured in terms of economic growth. Countries that give less priority for social security expenditure might be paying a higher price in terms of problems of loss of social coherence such as crimes and violence, group conflicts, problems arising out of social exclusion and so on. High and sometimes increasing inequalities go along with a lesser concern for social security issues. These are areas that need to be investigated in order to fully articulate the broader range of the nexus between social security and development. A case, however, also exists in investigating the nexus between social security, human development and long-term economic growth (higher per capita income) with reduced or lower levels of inequality.

## (ii) Social Security as a Human Right

It goes without saying that the human development paradigm stands on the premise that everyone has a right to development, where development is seen as removal of all unfreedoms from all possible vulnerabilities, and the rights involve non-negotiable correlative obligations on the state as the highest epitome of collectivity. Hence any approach to, or analytical framework of, development must be a rights-based one. Since

social security in our perspective is defined in its comprehensive context of (human) development, as explained above, our approach in this research programme is perforce a rights-based one. This in turn involves developing a Sennian capability approach framework for a universal social security system that is our objective.

### *Human Rights*

Human rights, conceived as belonging to the individual under natural law as a consequence of her being human, have as the main source of their contemporary conception the Universal Declaration of Human Rights (UDHR; United Nations, 1948) and the many human rights documents and treaties that have followed in its wake. From the list of more than two dozen specific human rights that the UDHR sets out for the countries to respect and protect, we may group the following six families of rights: *security rights* that protect people against crimes such as murder, massacre, torture, and rape; *liberty rights* that protect people's freedoms in areas such as belief, expression, association, assembly, and movement; *political rights* that protect people's liberty to participate in politics through actions such as communication, assembly, protesting, voting, and serving in public office; *due process rights* that protect people against abuses of the legal system such as imprisonment without trial, secret trials, and excessive punishments; *equality rights* that guarantee equal citizenship, equality before the law, and non-discrimination; and *welfare rights* (or 'economic and social rights') that require protections against severe poverty and starvation and provision of education to all children.

Abstracting from the philosophical, ethical and legal complexities of interpreting diverse aspects of human rights, we seek to concentrate only on the questions as to which rights are human rights. This question is answered by considering the historical development of what are called 'civil rights'. Civil rights are the basic legal rights that constitute the status of free and equal citizenship and include personal, political, and economic rights an individual must possess in order to have such a status. This view in turn calls for broadening the conventional definition of human rights as belonging to the individual under natural law as a consequence of her being *human* that lies in the sole confines of individualism. But human being stands and survives not only in individual capacity, but also, or more, in collectivity, as a social being. It goes without saying that all the rights mentioned above are both human *and* social in character and scope; not only do the rights come up in the mutual, social, dealings of individuals, but also they are guaranteed in collectivity (Pillai 2003). Therefore we strongly feel that there is an urgent need to liberate and extend the definition of human rights into the collective realm overlapping with the individual sphere. It is in this wider sense do we view social security as a human right.

### *Three Generations of Rights*

On the question of which rights constitute civil rights, there is now a consensus in terms of ‘three generations’ of civil rights claims (Wellman 1999). The pre-20<sup>th</sup> century set of civil (*and* political) rights, for example, which the American civil rights movement in fact initially fought for, represent the first generation of civil rights claims. The space of this set of rights, however, was soon identified to be too narrow to define the scope of free and equal citizenship. The actual realisation of free and equal citizenship was recognised to presuppose honouring of an additional vector of rights: the second generation of economic and social rights (‘welfare rights’), including rights to food, shelter, medical care, and employment.<sup>3</sup> These rights have been made part of international law by treaties such as the European Social Charter, the International Covenant on Civil and Political Rights (ICCPR), the International Covenant on Economic, Social and Cultural Rights (ICESCR), and the Protocol of San Salvador (1988), which amended the American Convention on Human Rights.

Despite a few notes of dissent (Cranston 1967; also see Beetham 1995), there is now an increasingly dominant view that the welfare rights *are* a part of the set of rights constitutive of free and equal citizenship (Marshall 1965; Waldron 1993; Sunstein 2001). This is evident also from the fact that welfare rights are protected as a matter of constitutional principle in a number of democracies.<sup>4</sup>

The third generation of rights claims are those broadly termed as ‘cultural rights’, including language rights for members of cultural minorities and the rights of indigenous peoples to preserve their cultural institutions and practices and to exercise some measure of political autonomy.

### *State Obligations: Welfare State*

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<sup>3</sup> The ICESCR’s list of economic and social rights includes non-discrimination and equality for women in the economic and social area (Articles 2 and 3), freedom to work and opportunities to work (Article 4), fair pay and decent conditions of work (Article 7), the right to form trade unions and to strike (Article 8), social security (Article 9), special protections for mothers and children (Article 10), the right to adequate food, clothing, and housing (Article 11), the right to basic health services (Article 12), the right to education (Article 13), and the right to participate in cultural life and scientific progress (Article 15).

<sup>4</sup> For example, the Constitution of India has the following, among others, Directive Principles of state policy:

Article 38: The state shall strive to promote the welfare of the people by securing and protecting as effectively as it may a social order in which justice, social economic and political, shall inform all the institutions of the national life.

Article 39: The state shall direct its policy towards securing that the citizens, men and women equally, have the right to an adequate means of livelihood.

Article 41: The state shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness, disablement etc.

As the human rights, it should be noted, are because of the consequences of an individual's being human *and social*, they are claims on the humanity and thus on the society; and this defines the *addressees* who are assigned duties or responsibilities. Since the state epitomises the humanity and society of a people, it becomes the duty of the state (in terms of the concerned government) to address itself to the interests of the right-holders whom it represents. In contrast to this interpretation of rights as balanced by the 'Kantian "perfect obligations"' on the part of an addressee, here the state, there is a widely held view in terms of the 'Kantian "imperfect obligations"' (for example, Sen 1999a; 2000), whereby the "claims are addressed generally to anyone who can help" (Sen 1999a: 230). In our view, these two approaches are to be seen complementary and are context-dependent, as history shows.

In primitive societies, the deprived were provided for by the families and communities. In different historical stages, as other relationship patterns developed, such as master-slave, lord-serf and master-servant, the welfare responsibility of the subordinate was increasingly tied to his superior as well as to the group to which the individual belonged. With the commercial and industrial revolutions, the conception of welfare provision also underwent changes. With the division of the society into distinct antagonistic classes of workers and capitalists, there emerged conflicting philosophies as to the functions of the state and responsibility of employers and individuals. The most appealing and hence with potential threat were of the socialists. Largely inspired by them, the working class solidarity successfully fought for its due share of some of the indispensable rights. The state, in addition to its being an agency to facilitate accumulation, had another basic but contradictory function of legitimation: maintaining the conditions for social harmony, which necessitated increasing assumption of welfarism by the state (O'Connor 1973). Thus by the end of the 19<sup>th</sup> century, there appeared in much of Europe and in the US, an acceptance of a mode of public responsibility for welfare provision, conditioned of course by a philosophy of individual responsibility. The German prototypes of social security provisions in the 1880s and *Wohlfahrtsstaat* in the 1920s were in fact the results of attempts to attach the workers to the state. The miraculous growth of the Soviet system and the granting of welfare rights (the rights to education, to work, to rest and leisure, to provision in old age, and to aid in sickness and disability) by the Constitution of the USSR in 1936 further contributed to the genesis of welfare state as an effective counter to the socialist threat. Stephens (1979) and Therborn (1984) have well documented the correlation between labour movement strength and national and temporal variations in social expenditure.

And naturally, as the socialist threat subsided with the fall of the Second World, the significance of the welfare state has also begun to wane. Thus doubts have loomed large over the feasibility and sustainability of welfare rights, in attempts to absolve the state of its "perfect obligations", and to raise an alternative platform of "imperfect obligations". We feel, however, that the fundamental legitimation function of the state still stands, and the process of its neglect, as argued by Galbraith (1998), though in another context, is likely to result, beyond a certain indefinable threshold, in a loss of community and social coherence. The state must be there to honour welfare rights, backed of course by the individual and group obligations, as usual.

### *Rights or Norms?*

Despite their significance in the definitional scope of civil rights as constitutive of free and equal citizenship, economic and social rights are often represented as statements of desirable goals, not as real 'rights'. That is, they are treated as largely aspirational rather than as imposing immediate duties.<sup>5</sup> This unusual situation arises out of certain objections in general, one being that the welfare rights do not serve truly fundamental interests (Beetham 1995). It goes without saying that this argument is unfounded. The most basic of the welfare rights are: the right to an adequate standard of living, the right to primary health care, and the right to public education. These three rights are of fundamental interests, because, as Sengupta, the UN independent expert on the right to development, observes, "they are closely related to the right to life – the most basic of all human rights. Food is essential for survival; primary health care is indispensable as a minimum requirement for living without illness, at least in the early years; and primary education is necessary for the mental development of a young person to be able to grow up as a full individual." (UN/ Sengupta 1999: Paragraph 34). A people free from hunger, morbidity and ignorance can go a long way towards participating fully and effectively in the political and economic life of the nation – thus the right to life is fundamental.

Another objection centres on the burden of costs involved in honouring the welfare rights (*ibid.*). In fact this is so with each of the other human rights also. For example, guaranteeing liberty rights in turn involves substantial costs of security and due process – that is, on law and criminal justice. There are, on the other hand, viable processes that ensure welfare rights in cost-effective terms. For example, the right to an adequate standard of living may be so interpreted as involving mechanisms that help people provide the concerned 'welfare goods' for themselves and their families. The mechanism in this respect for sustaining an adequate standard of living entails income security, which in turn implies job security, for the people. This requires expansion of the economic base, which by no means is non-productive. Similarly, providing for facilities of primary health and public education is in fact an investment in human-social capital with an efficiency dimension. Thus viewed, honouring the right to life promises substantial returns.

Thus there is every reason to treat the economic and social rights as real 'rights'. However, these 'rights' appear to stand as norms *at present*; and we feel the norms can change into rights tomorrow.

### *A 'Norms-Rights Transition Process' Through Public Action*

In the case of most of the welfare rights, feasibility requires we adopt a rights realisation mechanism in terms of a pragmatic framework of 'norms-rights transition process': today's norms become tomorrow's rights in a continuous chain of progressive realisation, that is, norms are progressively realised on a time-bound priority basis to form an ever-expanding set of rights (Pillai 2003). The analogy from the conception of generations of

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<sup>5</sup> For example, as we have already seen, these are enshrined in the Indian Constitution as *directive Principles* rather than as *Fundamental Rights*.



rights is worth exploring here. We find from historical experiences that political rights make up the most basic subset of human rights. A conducive atmosphere of civil and political freedom (the first generation of rights having been realised) is the precondition for considering and consummating further generations of rights of the citizens. That political freedom precedes economic freedom is a living empirical fact as experiences of not only the affluent countries of Europe and America, but also the poor but broadly democratic nations such as India and Botswana in averting major famine illustrate (Sen 1999a and 1999b).

The process of progressive fulfilment not only helps confute the argument that goal-like rights are not real rights and confer a status of potential rights upon them, but also tends, thanks to its phasing in mechanism, to ease the financial burden involved. In general, a part of the tax proceeds go in to welfare financing. Libertarians, however, object to taxation being used to finance welfare rights provision. For instance, Nozick (1974: 169) argues that "[t]axation of earnings from labour is on a par with forced labour." Note, however, that it also implies that taxation is permissible when it is used to discharge the duties of taxpayers, and the welfare provision by the state is just an organised undertaking of effective fulfilment of individual duties (Beetham 1995). It should be stressed here that as the state replaced the erstwhile addressees, that is, families, friends and communities, in providing for the deprived, it has so occasioned that the taxes associated with welfare rights provision are in effect partial replacements of the latter's burdensome obligations.

The practical realisation of the norms-rights transition process may be better seen in a framework of demand-supply interaction. The demand side represents the claim of the potential right-holder (that is, the current beneficiary) along with the significance of the necessity and urgency that this claim be fulfilled. The supply side, on the other hand, represents the addressees' responsibilities vis-à-vis the beneficiary's claim (Feinberg 1973.) Here another practical possibility opens up with public action, seen in terms of a demand-supply dialectics: an organized public demand increasingly getting met by a willing state supply. Note that since the welfare goals (potential rights) are more of social specificity of significance, the demand side in effect is fortified in public support and response. This means that a vibrant and vigilant platform of public praxis ensures to keep the norms in mandatory terms such that it defines on the supply side a duty to realise the norms *as* rights as quickly as possible. That is, the norms become a set of '*as if rights*' that prevail as inalienable in the process of public action: the demand-supply dialectics stands to *institutionalise* the aspirations and measures to such an extent that it becomes mandatory for the following governments to honour them (Pillai 2003).

It is in this light of popular demand and public provision we define 'public action', in the sense of participation of both the complementary sides. It is significant to note that the complementary demand-supply dialectics implies an effective demand. Thus public action for development presupposes what we call an 'effective political demand', a counterpart of Keynesian effective economic demand for market equilibrium (Keynes 1930). This latter was developed from the Smithian 'effectual demand', the demand, which is 'sufficient to effectuate the bringing of the commodity to the market', by 'those

who are willing to pay the natural price' (Smith 1776 [1976]: 73). On this line we postulate, drawing from the objective development experience of Kerala, an effective political demand to 'effectuate the bringing' of the progressive rights realisation that is development. Just as purchasing power actuates effective economic demand, what effectuates public action is organisation and mobilisation. Thus a dialectical equilibrium between popular demand (backed by a political purchasing power in terms of organisation and mobilisation) and public supply marks development (Pillai 2003b).

Organisation and mobilisation of people in development processes necessarily wields a military connotation and thus intrinsically contextualises social changes through collective action. The notion reflected here is that men collectively can change the social order and affect the course of history, if they are dedicated to the pursuit of a goal. It is here the factors of social objectivity, that is, the objective conditions of co-incidence of events that generate movements assume significance. We argue here that collective action leading to social change is facilitated by a historical conjunction.

By historical objectivity we mean the concrete conditions of social reality at certain historical stage that a society finds itself in and tends to use to its advantage in its advance. That is, organisation and mobilisation of people are facilitated in an enabling situation that history brings forth at a specific stage out of the social trends arising from the uncoordinated events and actions of many separate individuals independent of any collective movement. Though formally unstructured and uncoordinated, these individual events and actions go into evolving an objective condition that functions as a facilitator of later collective, coordinated actions. That is, the whole cumulative incidence of events forms an objective historical conjunction for organisation and mobilisation. In the context of Kerala's initial experiences of development, that is, in the organised collective action, struggle, for achieving the first generation rights, this corresponds to the enabling environment enlightened and informed by a number of developments such as the welfare initiatives undertaken by the state in its legitimation in the background of a matrilineal tradition of a majority of the people, the early proletarianization of the traditional labour force, the social reform movements and the nationalist politics that soon led to the emergence of a radical political movement with far-reaching consequences of a universal cohesion at the grassroots level (*ibid.*). Public action has been inevitable in such enabling environment of historical conjunction. And that explains Kerala's significant development experience.

### *Rights, Freedom and Development*

Any right is a right to something, which largely is interpreted as constituting freedom. Human rights are essentially 'to secure freedom', in quest of 'well-being and dignity of all people everywhere.' (UNDP 2000: 1).<sup>6</sup> Thus, freedom presupposes rights realisation.

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<sup>6</sup> Human Development Report 2000 (UNDP 2000: 1) sets out seven freedoms, viz.,

1. freedom from discrimination – by gender, race, ethnicity, national origin or religion;
2. freedom from want – to enjoy a decent standard of living;
3. freedom to develop and realise one's human potential;
4. freedom from fear – of threats to personal security, from torture, arbitrary arrest and violent acts;

It is here the significance of recognising welfare standards *as* rights appears imposing: a people enjoy freedom only when the corresponding rights are realised. Thus honouring the right to life, the most basic of all human rights, ensures freedom from wants (hunger, shelter, ‘shame’), from ill health and from ignorance. This is not just a question of justice, but one of dignity of humanity, the most fundamental of human rights. Justice is met and human dignity promoted with the removal of that unfreedom, with the realisation of the right to life, with the creation of capability.

In fact, freedom can be viewed as the overlapping bridge between human rights and development. Development is the process of enhancing freedom, expanding capability set, opportunities and choices “so that each person can lead a life of respect and value.” (UNDP 2000: 2). The set of enhancing freedom includes the civil and political freedoms, economic facilities, social opportunities including entitlement to education and health services, transparency guarantees involving freedom to deal with others openly, and finally, protective security guaranteed by social safety nets (Sen 1999a: 38–40). We can also include in the list honest governments, open legislative and transparent regulatory systems and effective and impartial legal system, with protection of and support for rights, physical infrastructure such as energy, roads, transportation and telecommunications (Sen and Wolfensohn 1999). In other words, “Development consists of the removal of various types of unfreedoms that leave people with little choice and little opportunity of exercising their reasoned agency. The removal of substantial unfreedoms, ..., is *constitutive* of development.” (Sen 1999a: xii). These freedoms are both the primary ends and principal means of development (Sen 1999a: 10).

Human rights and development thus reinforce each other as they advance together, realising human rights, enhancing human capabilities, and protecting freedoms. It is also here the significance of an enabling environment in contributing to freedom stands high. The presence of an enabling environment required for realising one’s freedom, in turn, presupposes a facilitating mechanism that is the collectivity, which the state epitomises. Hence the significance of the state in ensuring freedom. The liberals warn in this respect of possible abuses of the element of paternalism leading to dangerous imposition of authoritarianism (Berlin 1969). But this is a too distant fear to grip a democracy. There is immense scope for state intervention without coercing any individual into specific patterns of behaviour, thereby encroaching upon his freedom. A state, interested in promoting autonomy, has still much space for intervention at least of an informative and educational nature.

### *Rights, Development and Social Security*

We have taken development as removal of all unfreedoms from all possible vulnerabilities, both adversity and deficiency. And social security, as we have seen, is the collective care mechanism to meet such vulnerabilities, and as such is the means to reach

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5. freedom from injustice and violations of the rule of law;
  6. freedom of thought and speech and to participate in decision-making and form associations;
  7. freedom for decent work – without exploitation.

development, which in turn manifests progressive rights realization. Thus any approach to development and hence to social security must be a rights-based one. Significantly, The most basic of the welfare rights are the right to life; the right to an adequate standard of living, the right to primary health care, and the right to public education. The first of these (adequate standard of living) is realized once food security and housing security are ensured, and the remaining through health security and education security. Note now that these four securities constitute what we call the Basic Social Security (BSS). Thus the basic social security supported by the contingent social security is *the* basic welfare rights.

In short,

**Realising these human rights** = removal of basic unfreedoms of deprivation = **development** = enabling individuals in their valuable functionings = enhancing (or promoting) and protecting capabilities = honouring positive freedom by the correlative duty bearer (state, community/organisation, family) = securing availability, accessibility and utilization of enabling environment that is **basic and contingent social security**.

The conception of social security as a human right has its source right in the Universal Declaration of Human Rights (UDHR; United Nations, 1948) and the International Covenant on Economic, Social and Cultural Rights (Article 9). Article 22 of the UDHR states that '[e]veryone, *as a member of society*, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.' (*emphasis added*). The international Labour Conference (89<sup>th</sup> session, 2001) concluded that social security 'is a basic human right and a fundamental means for creating social cohesion, thereby helping to ensure social peace and social inclusion. It is an indispensable part of government social policy and an important tool to prevent and alleviate poverty.' (ILO 2006: 42). It should be noted here that the right to social security has been recognized in a few countries as a Constitutionally protected right (for instance in Germany and Brazil).

### 3. Learning from the Past

Extension of social security arrangements – both in the sense of BSS as well as CSS – is thought to be a great deal difficult, if not impossible, in developing countries compared to the present-day developed countries. Some scholars (e.g. Atkinson and Hills 1991) even argue that there is very little for the developing countries to learn from the experience of the developed countries especially that of Britain, France and the USA. Both the level of development and the structure of the economies in developing countries are thought to be so different. "As a result, the institutional assumption that social-security schemes can be introduced for the bulk of the population, while a reasonable goal of twentieth-century reformers in Western countries, has little applicability to developing countries" (Atkinson and Hills 1991: 104).

This observation is hardly an isolated one but could be argued as a representative one including in scholarly discussions. However, such opinions do not take into account the long-term evolution of social security in the present-day developed western countries as well as the impressive gains made by the developing countries since decolonization as well as the demonstration of the feasibility of both BSS and CSS arrangements in selected countries and regions despite low levels of income and a structure of economy that has a sizeable informal sector (e.g. Tunisia, State of Kerala in India, Sri Lanka).

We believe that there is a lot to learn from the historical experience of the present-day developed countries that is in tune with our argument for extending social security in the sense of BSS and CSS despite the low level of development and an unfavourable structure of the economy. Before raising some issues for policy, a brief historical sketch is attempted here.

### *Down the Historical Lanes*

For an understanding of the long-term evolution of social security in western Europe, we rely on Abram de Swaan's magnum opus *In Care of the State* (de Swaan 1988). It should be noted at the outset that the Mosaic Law, the socio-political systems of classical Greece and the Roman Empire, the edicts of Asoka, the simple rules of early Christian communities, and the institutions of family, village, and caste in India, to mention a few instances, all contained the elements of what is today known as social security. In Europe it was the Church, beginning with the ninth century, which sought donations from the settled farmers and general public to feed and maintain the vagrants, beggars and the sick, i.e. those who faced acute deficiency in meeting minimum access to resources to maintain their life. A compulsory levy for the upkeep of the poor was not common in those times. When the modern period began, rights to private property and use were well established in Europe and those who did not own land, worked on other people's property to eke out a living. By the 16<sup>th</sup> century, long before the beginning of the industrial revolution, large cities in Europe had well established 'poor houses' where thousands of poor were looked after so that the local communities could live peacefully. It was the Elizabethan poor laws, which for the first time in 1601, stipulated the standards for looking after the poor; and the Church levied sufficient 'poor rates' on the landowners in order to finance the whole set up. Poor relief in the United States in the 17<sup>th</sup> and 18<sup>th</sup> centuries followed the broad framework of the Elizabethan Poor Law. Around that period the responsibility of looking after the poor was shifted from the Church to the locally elected 'overseers of poor'. As time went by, these societies were gradually getting more and more involved into a system of direct administration of the poor. In those times – as it indeed is in our own times among large sections of the rich and the middle class – the general notion was that the poor are so, because they are lazy. Within the framework of this logic in the 17<sup>th</sup> century 'work houses' were established to provide work and shelter to all able-bodied unemployed, vagrants and other poor.<sup>7</sup>

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<sup>7</sup> Severe punishments, including death sentences, were imposed for repeated begging and vagrancy.

The industrial revolution, unlike many other revolutions, shook the very foundations of the agrarian system in rural areas and the commercial/mercantile system in the urban centres in Europe. However, even during the dawn of the industrial revolution, orphanages, old age asylums, insanity wards and maternity houses were run by local governments and a system of social security supported by the state was gaining more and more importance in Europe. Collective action was the spontaneous answer by the elite sections of European society to the threat posed by crime, cholera, anarchy and squalor resulting from large numbers of unemployed, vagrants and the sick. The shift from individual action to collective action (as represented by the state) occurred not out of any philanthropic motive, but due to the threat these posed to the established social order as thousands migrated into the cities each day in search of work and a better living during the period of the industrial revolution. By the last decade of the 19<sup>th</sup> century, the social security system, as we know it now, was well embedded in the social fabric and governments were having well-established systems for the care of the destitute and the poor.

This interpretation emphasizes the self-interested nature of the privileged classes in promoting a measure of social security for the poor who were seen as *les classe dangerous*. But there is also the other side of the story in the evolution of social security as a result of the initiatives and demands generated by the labouring classes. This had happened, even prior to the emergence of trade unions, in the form of mutual benefit societies of workers in many countries, most prominently in Western Europe. It could not sustain itself because they were limited forms of collective care (by the intended beneficiaries themselves) without the internalization of costs to the society at large. However, they could be interpreted as the precursors for wider notions of social security especially those based on work to take care of contingencies (see, e.g., Linden 1996).

Given the irresistible influence of socialism by the late 19<sup>th</sup> century in the European Continent, it was in fact the organized strength of the working class that stood to facilitate the evolution of social security in terms of 'welfare state' policies. The state, out of the necessary urge of its 'legitimation function', started to initiate attractive public policies to woo working class away from the Social Democrats, preaching socialism. The first of these tactics came from 'Bismarckian socialism' of Germany in 1883 in the form of a comprehensive scheme of social security, offering the workers insurance against accident, sickness and old age. Though it represented the paternalist function of the state that Bismarck, as a conservative, had always held, its prime function, no doubt, was as a weapon against the Social democrats. This, however, directly brought the concept of social insurance into the realm of public policy and responsibility of the state. Of course, the motivation did not come from an overwhelming concern for the plight of the working poor. It was, as already remarked, the outcome of a nationalistic agenda of an activist state and was opposed by the workers movement as well as the parliament. However, the Bismarckian model of social security survived many vicissitudes and came to be adopted with variations by many other European countries in the next half century. The British experience was characterized by compromises both by workers unions and employers and mediated by the state. The later advent of social insurance in France was based on a

tripartite coalition among the state, sections of the workers movement and big industrialists. In the United State social policy of the state was slow to catch up with Europe although it remained as a local agenda through mutual benefit societies. The dramatic spread of social security in the sense of social insurance in The Netherlands is a post-war phenomenon, as in many other European countries. A Workmen's Compensation Act came into force in 1901, Invalidity and Old Age pension in 1919 and "implementation of a sickness insurance law, also enacted in 1913, was delayed until 1930" (de Swaan 1988: 210). Compulsory state unemployment insurance came into effect only in 1952.

The experience of Europe in the matter of evolution of social policy for providing a comprehensive measure of social security – in our sense of BSS and CSS – took place in a historical context as first time industrializing countries. This does not however mean that such a historical experience is not relevant to the contemporary concern for social security in developing countries. The dynamics of social and economic change were certainly different, but it throws up important questions that are pertinent to the institutionalization of social security in poorer countries. Some of these are spelt out below since they deserve to be kept in mind and thought through for a global perspective on this important social issue.

With the growth of the modern factory system has also grown a demand for the institutionalization of protection. The increased union activities have forced the government to take a serious note of industrial contingencies and affect their redress.

A break came in 1878 when Bismark of Prussia enacted the Employers' Liability Act. The Act made the employer responsible in all cases of injuries suffered by the employee, excluding those due to workman's own fault. Bismark also introduced a Contributory Sickness Benefit Scheme in 1883.

The beginning of the twentieth century saw many more countries enacting social assistance measures, particularly for the old and the feeble. However, such attempts were patchy. A conscious planning in this field began with the establishment of International Labour Organization (ILO), in 1919 at Geneva. ILO deliberated on labour issues from time to time and passed various conventions and recommendations. ILO has passed in all such 132 conventions and 136 recommendations. Conventions are the highest common factors of practices followed by the member countries of the world on labour issues. The member countries are required to implement the Conventions in their original form without any amendment and its implementation is mandatory. Member countries not implementing the Conventions have to explain their positions. Recommendations are recommendatory in nature and do not carry any binding force behind them. These two, viz., Conventions and Recommendations together form the code of conduct of ILO.

In 1942 ILO published *Approaches to Social Security*. In 1944, it again published *Social Security: Principles and Problems Arising out of War*. In this publication ILO

recommended for a comprehensive scheme of social security and medical care as a measure of post-war reconstruction. This was the first conscious effort by ILO to consolidate individual relief measures into a full grown social security scheme providing protection from womb to tomb.

Along with the activities of ILO, the various countries like the U.S.A., U.K., Canada and New Zealand continued in their efforts to provide comprehensive social security coverage. In 1935, the U.S.A. passed the Social Security Act to cover the entire working population. Similarly, in 1942, the publication of Beveridge Report on Social Insurance and Allied Services laid the foundation of social security programme in the U.K. In the post war years, many more countries adopted social security schemes of a varying degree of comprehensiveness. The U.S.S.R. has a unique social security scheme covering the entire population (except in the case of collective farms who have their own schemes), where the contributions are entirely paid by the employer and workers claim all the benefit without making any contribution.

### *Lessons from the History*

First of all, the division between Basic Social Security and Contingent Social Security fits neatly with the European experience. The BSS was met through a long process beginning with charity, community service, and philanthropy but later transformed into a collective concern to be addressed by the state. Thus poor relief, basic education and health care started with collective charitable arrangements first at the local (parish) level, then at the city level and finally at the national level. Later housing was added to the basic social security arrangements organized and implemented by the state. These were added and extended to all deserving citizens in the post-war era. Social security to meet contingencies were introduced through the work status of individuals but those who could not meet the minimum requirements were taken care of by the state in terms of old age pension and unemployment allowance. But what needs to be noted is their continuing relevance in many rich countries despite considerable increases in the per capita income.

Secondly, the evolutionary trajectory of social security in European countries suggests the increasing and also effective role of the state from an early stage. And in matters relating to BSS, as we saw earlier, the interventionist role of the state predated full-scale industrialization. This lesson is an important one from the contemporary perspective where many would be persuaded to think that the state in the developing countries is not yet in a position to address the whole range of issues relating to basic social security. It is in this context that considerable attention is being given to the role of non-state actors in taking care of some aspects of BSS. This might seem attractive in the present-day conditions. But historical experience suggests that there is hardly an effective alternative to the role of the state in providing a modicum of social security especially to the poorer sections of the population.

Thirdly, there is the role of demand from below. Workers' movements played an



important role in forcing the state to institute social policies that addressed both the BSS and CSS. This underlines the crucial nature of the social dynamic that contributed to the evolution of a public policy on social security issues. This is perhaps absent in many developing countries. But it would be an underestimation if we are to conclude that many developing countries did not go through the required social dynamics. National liberation movements often emphasized not only the political emancipation but also the social emancipation of the people. The achievements during 1950-80 of a number of developing countries point to this.

Fourthly, the process of evolution of social policy in Europe was accompanied by a process of industrialization and an increasingly urbanized economy and society. State capacity to manage social issues had grown enormously especially after the experience of managing war time situations. However, this is not the case with most of the developing countries. The process of industrialization is slow and given the pace of technological change, fewer and fewer people are needed to produce more and more industrial output. Most of these countries are still rural in character. This therefore poses new challenges to the state in these countries in meeting the requirements of providing a broad range of social security.

Despite the very different economic structure and stage of development, the expectations of people in the developing countries are perhaps much higher than they were among the people in Europe in an earlier era when social security concerns were just beginning to be addressed as a collective issue. This is because of the increasing integration of countries through the technologies of transport and communications as well as the power of transmission of ideas from one place to another. The challenge of social security in developing countries is therefore also one of meeting the gap between the expectations and the reality.

#### **4. Securing the Future: Universal Social Security**

The distinction that we have made as between BSS and CSS is a useful one from the point of view of extending the coverage of social security. As we have argued earlier, the primary condition is the provision of BSS to the entire population. As such universalizing basic social security has to receive a high priority in public policy. How it will be financed would depend on the national contexts. A case is often made for targeting what we call here BSS to the poor only in view of the limited fiscal capacity of governments in many developing countries. What is important is the need for a political consensus for such targeting. The costs of targeting also have to be weighed against the benefit of universal coverage in view of the not so small administrative and enforcement costs. From a political point of view, universalization goes along with a broad political support of both the poor and non-poor and one of the ways to reduce costs in such a situation would be to resort to self-selection. A case however exists for public provisioning of such basic social security to all the poor so as to create a social floor. The basic identity here is that of citizenship but, as we shall see later, it has a strong connection with work since majority of the poor in the developing countries belong to the category of 'working poor'.

The second notion of CSS is an equally challenging task, if not more, that would seek to provide a modicum of social security to meet contingencies. Here the coverage has to identify a basis and that could be directly related to work. In the context of the developing countries, this is related to the issue of informal work and work in the informal economy.

The question of the universal provision of BSS is being projected here because of the wide gap that exists between the minimum necessary access and the actual condition. These are often highlighted in terms of incidence of poverty (in terms of minimum income required to access a normative calorie intake) for food security, infant mortality and life expectancy for health security, literacy and school enrolment for educational security and quality of housing for housing security. Given the spectacular growth in income in the world and the availability of technology, the gaps in these basic social security provisions are glaring. They are almost invariably in the developing countries and the international initiatives (e.g. Millennium Development Goals) help to focus on the problem from a global point of view. These glaring gaps project the developing countries in a poor light and often the focus is on the internal factors that contribute to such a situation. No doubt, internal factors are quite important and tackling them effectively will go a long way in addressing the question of BSS.

But what is often forgotten is not only the external constraints that operate on the ability of many developing countries to address these issues but also the progress achieved by them during the first three decades after independence (since most of the developing countries of today were colonies of richer countries).

#### *In the Developed Countries*

In the industrialized rich countries (the members of the OECD), despite high levels of government spending on social security, there is a shift towards reducing the social security in terms of benefit levels as well as coverage of people. This occurs despite the continuing high levels of open unemployment. In addition, there are continuing problems of relative poverty, job insecurity and social exclusion of certain vulnerable groups of population. It must, however, be pointed out here that despite the rhetoric of reducing the role of the state in providing social security and its propagation to developing countries, the state remains the most important provider (as well as facilitator) of social security in the industrialized rich countries. The fact that such a role is the result of a fairly long period of evolution of social policy is something that the developing countries of today need to take note of. As such extending the concept of social security in the BSS sense is something that the present-day developed countries have already achieved over a period of time.

#### *In the Transition economies (Former Socialist Countries)*

One of the main distinguishing features of the former socialist countries, especially in the former Soviet Union and Eastern Europe, was the comprehensive nature of social

security coverage in the sense of both BSS and CSS for the entire population. This was because social security was generic to the socialist character of the organization of the economy and society. The collapse of the socialist system therefore posed a major threat to the comprehensive nature of the social security system. The political legitimacy of the earlier social security system now stands eroded. For those who lost their jobs in the state-owned enterprises and organizations, there has been an erosion of the CSS. For those who had to seek jobs in the emerging private sector had also to contend with much reduced forms of CSS. Such a crisis has perhaps alerted the regimes to the need for ensuring a minimum of protection in the form of BSS as well as CSS. As such the emerging picture is one where there is a differentiation among the former socialist countries insofar as the provision of social security is concerned. It is important to note that some countries have in fact increased their share of public expenditure in BSS (e.g. education and health) as well as in CSS (classified as 'social security'). Those countries that have increased their share of public expenditure in social security seems to be the ones which are comparatively more successful in establishing a democratic political process or those which have faced less civil and political conflicts.

### *Progress in the Developing Countries*

The rest of this paper will deal mainly with developing country situations since we are mainly concerned with the context and plight of the developing countries. Most of the advanced nations had developed comprehensive social security systems in their own countries by the beginning of the 20<sup>th</sup> century. However, the colonies under their long rule continued without any meaningful social security arrangements. No worthwhile social security schemes were introduced in these countries, except for some occasional arbitrary schemes for compensation in case of employment injury and maternity benefits in some large scale manufacturing establishments that formed the tiny formal sector. It was only after the First World War in the case of most of the South American countries and after the Second World War in the case of most of the African and Asian countries (after their independence) that some steps were taken towards social security. However, there remains much to be desired in terms of both the benefit levels and coverage of social security in these countries. As we mentioned earlier, the expectations of people in the developing countries are much higher compared to the situation in the developed countries in their early period of the evolution of social security. Moreover, the historical time available to these poor countries is also very short and they are in a way pressurized, due to both internal and external factors, to telescope the time available to them in meeting developmental goals in general and social security in particular. A greater sense of urgency has now been imparted as a result of the unfolding of a process of globalization driven by the neoliberal ideology that has given rise to a heightened sense of social insecurity among developing countries and vulnerable sections of people within these countries.

In many countries of Asia, famines (which were quite frequent during colonial times) were wiped out. The availability of food was increased. Literacy rates, which were abysmally low in many Asian and African countries, were enhanced to a remarkable

degree and school enrolments increased significantly. Health indicators also improved considerably with life expectancy increasing considerably along with a decline in infant mortality rates. Housing conditions were also improved.

These achievements acquire added significance in view of the higher rate of growth of population during 1950-80 as a result of the decline in mortality rates. Yet the overall GDP of the developing countries grew by 5 to 6 percent and per capita GDP grew by 3 percent between 1960 and 1980 (South Commission 1990: 33). As the Report of the South Commission noted: "The countries of the South have followed different paths, and their speed of advance has varied. But the economic and social progress they have made has been impressive and should not be underestimated by comparison with the great distance they still have to travel. Their gains, often overlooked or taken for granted, indicate what the peoples and countries of the South can achieve. They are better equipped for the future because of the past achievements." (*ibid*: 25).

The last sentence in the quote may however be contested given the increasingly formidable external constraints that developing countries now face. Equally important is the decline in the effectiveness of political institutions and public policies that ought to have taken care of the broad range of social equity issues that would include the elements of BSS spelt out here.

Within the group of developing countries some countries have shown consistent progress in satisfying the BSS as indicated by the decline in the incidence of income poverty and infant mortality, increase in life expectancy, literacy and school enrolments and a host of related indicators. Many of these are in the populous regions of Asia including not only the Southeast Asian countries but also the two large countries of China and India. Latin America had some initial advantages but the performance is differentiated. Sub-Saharan Africa followed by South Asia however has a larger gap to fill in providing BSS.

#### Issues in the extension of CSS

Our main argument in this paper is for enlarging the concept of social security to include both BSS and CSS and to extend its coverage. Universalization should be the ultimate goal. But the immediate priority should be for a universalist approach to BSS to cover all the poor so as to create a social floor that effectively means raising the minimum social wage. The second one, which also contributes to the creation of a social floor, calls for extension of social security to workers who have not yet been covered. This, as we noted earlier, is mainly a problem associated with the working of the informal economy. While the extension and strengthening of BSS calls for socialization of the costs of collective care (through taxation or other means by the state), the extension of CSS is often associated with the Bismarckian principle of contribution by the beneficiaries. This is often based on the principle of 'ability-to-pay'. When this principle is extended to such areas as health care, some aspects of BSS are financed within the context of the provision of CSS. For example, introduction of a health insurance system could take care of not only such contingencies as sickness and accidents but also some aspects of basic social

security such as child delivery and maternal care. However the conceptual distinction between BSS (to meet deficiency) and CSS (to meet contingencies) remain unaltered, although they could be combined in certain forms of financing.

Considerable literature exists on the nature, character and size of the informal economy. There has been some confusion between 'informal workers' and 'informal sector'. As the Report to the International Labour Conference on *Decent Work and the Informal Economy* (ILO 2002) demonstrated, this could be conceptually taken care of by linking the informal workers in the informal sector and outside. Here we summarize this conceptualization with a view to identifying the segments of workers who face the most deficiency with respect to CSS (Kannan 2004).

The typology of workers in the informal economy suggests itself the interaction between the informal enterprises and informal work. However, a generic definition might be needed here so as to clear some oft-repeated ambiguity. Laws relating to size of enterprises, capital, use of electrical energy, etc. often decide informal enterprises. The differential standards applied in different countries often contribute to the confusion rather than any conceptual clarification. From the social security point of view, a generic definition of an informal enterprise would be one that is functioning outside the legal parameters governing the setting up of enterprises. As such, employees in these enterprises do not enjoy legally enforceable security in employment, wages and non-wage benefits. Absence of any legally binding social security provisioning is therefore the hallmark of an informal enterprise. On the other hand, informal work relates to the status of a worker who does not enjoy any work-based social security protection, either legally or illegally. This is because there could be enterprises which are required to provide social security but do not do so by resorting to unreported work, contract work, piece-rated work and similar mechanisms to avoid the obligations to provide social security. There is a large intersection between the informal enterprises and informal work but there exist the case of informal workers in formal enterprises as well as formal workers in informal enterprises (see, e.g., Harriss, Kannan and Rodgers 1990).

From the viewpoint of social security cover, the most vulnerable sections of workers in the informal economy would be those including, for example, street-vendors and home-based workers, followed by contributing family workers with or without wage payment. Next in line of vulnerability would be those working in the so-called enterprises often with very little physical capital, for example, handicraft and cottage industrial units and similar labour-intensive activities. To this segment we should also add those informal workers in producer cooperatives. Perhaps the least vulnerable would be the informal workers in formal enterprises who are often wage workers with regular employment but with hardly any job protection or non-wage benefits. However, it is not rare to find significant sections of informal workers in formal enterprises working under abominable conditions, as, for example, in plantation and construction companies. But they are easily identifiable if appropriate social security laws are enacted and implemented.

From the point of extending social security of the CSS type the most deserving would be the most vulnerable. However, extension of social security to these workers could be the most difficult in view of the problem of worker identification, lack of proper work-place identity, lack of organizational identity, lack of regular work, etc. While the informal workers in formal enterprises would be the easiest to extend coverage (because identification of organizations would not be a difficult problem), they may not be the ones deserving the highest priority. As such, a fundamental dilemma exists between operational feasibility and degree of vulnerability. This calls for innovative approaches.

Such approaches have been evolved in different countries in the form of organizing the workers in the informal economy and evolving suitable organizational models to meet specific problems. An example of such innovative approach is the Welfare Fund Model that has been evolved over a period of three decades and now covering a significant section of informal workers in the State of Kerala in India (see Kannan 2002). This model also addresses the problem of state financing of CSS for workers in the informal economy.

It is not necessary here to elaborate the nature and characteristics of the informal economy. However, a brief summary of the main issues may be in order to focus on the issue of extending the coverage of social security to meet contingencies.

*The magnitude:* Unlike in the developed and transition economies, the informal economy is the one in which a majority of the workers work in the developing countries. On an average this is reckoned to be around 80 percent of the workers including those engaged in agriculture and related primary sector activities. There are regional variations with sub-Saharan Africa and South Asia where the workers in the informal economy constitute around 90 percent. In South East Asian developing countries the share is around 80 percent. In Latin America there is a wide range from 10 percent to 80 percent. Therefore the challenge of providing a measure of social security to meet contingencies is one of covering the workers in the informal economy.

*Gender dimension:* One of the most vulnerable workers in the informal economy is the labouring women since a greater share of adult women find themselves working in the informal economy compared to adult men. Very often the position of women workers in the informal economy is more vulnerable than the men because they face very little opportunities to find employment outside the informal sector. These are the women working in home-based activities, street vendors and similar occupations with very little of capital as well as contributing workers in family enterprises. Extending the coverage of social security to the informal economy has an important gender dimension in so far as it addresses the concerns of the labouring poor women.

*Covering the formal sector:* Given the fact that formal sector enterprises do resort to a strategy of employing workers on an informal basis (i.e., without social security as well as job protection), one aspect of the issue of extending social security is to address the formal sector enterprises. This is less difficult than in informal sector enterprises.

*Focus on social insurance:* While extending the social security coverage to meet contingencies involves a number of requirements, it is important to focus on the social insurance requirements of workers in the informal economy. Since the problem of deficiency (poverty and deprivation) has been dealt with in the concept of extending BSS, the contingent social security (CSS) requirements are mainly in the nature of social insurance. The contingencies that call for social insurance that have been rightly covered by the ILO Convention No.102 (Social Security (Minimum Standards) Convention, 1952) are, as already mentioned,; medical care as well as sickness, unemployment, old-age, employment injury, family, maternity, invalidity and survivors' benefit.

*Need for multiple strategies:* The discussion on extension covers basically three strategies. One is the contributory social insurance scheme; second, the tax financed schemes provided to low-income groups and third universal benefits (to all citizens without any means-testing). While discussing the extension to the informal economy, the relevant strategies are the contributory schemes and the tax-financed schemes or a combination of the two. Maternity and old age should belong to the category of BSS since they are not adversities. However, they are often covered by CSS schemes. Ideally they should be covered as part of citizens' entitlements. When they do, the burden on the CSS will be relieved to that extent. When they do not, the entitlements often come through the status as worker (through contribution to a CSS). In several practical contexts, we should recognize that part of the BSS is often taken care of within the context of CSS.

From the point of extension of social security, valuable lessons can be learned from the case studies of universal coverage for health care in South Korea (Kwon 2002) and a near universalization of social security in a low-income country such as Tunisia (Chaabane 2002). The experience of the State of Kerala in India also belongs to the category of universalization of BSS for all and CSS for the poor (see, e.g., Kannan 2001). These universal programmes are not without their problems in implementation and administration, but they represent important attempts in the goal of universalising social security especially to the poorer sections. Initiatives are afoot in this connection in different developing countries. India has made some significant steps in this direction recently, with an enactment of legislation to guarantee employment (up to 100 days) to all rural households on demand and with the constitution of the National Commission for Enterprises in the Unorganized Sector (NCEUS) in September 2004, to review, among others, the social security system available for labour in the informal sector and make recommendations for expanding its coverage. The Commission has already submitted to the government its Report on Social Security for Unorganized Workers, proposing a universal national minimum social security comprising health, life and old age benefits on a contributory basis. Needless to say, this proposed universal minimum social security is complementary, but protective in contingencies, to the promotional, basic in life, social security enshrined in the National Rural Employment Guarantee, which is a right-based one in that the state is obliged to provide employment on demand or pay specified compensation.. Thus in fact these two measures, if fructified in earnest, would be a minimum reflection of our comprehensive concept of social security.

It should be noted here that most of the studies examine only the supply-side of the problem of extending social security. Historical experience suggests that the demand side is an equally critical one especially for the effective functioning and sustenance of the social security system. It is equally important that specific case studies examine the historical context of the countries, the articulation of demand for social security, the role of organizations of workers, civil society advocacy groups and others who have brought this agenda to the forefront. The present study is a modest step towards that.

## **5. By way of conclusion: Universal Social Security in a Globalizing World**

We have traversed through several arguments for enlarging the concept and content of social security as human right in one's capacity as both a human individual and a social being. The backdrop for our arguments is the current process of globalization, which calls for a global approach to the issue. Instead of summarizing the arguments we highlight below a set of issues that call for focused attention both at the international and national levels.

1. The period of three decades or so following the end of the Second World War witnessed a steady progress in the provision of social security in almost all countries of the world compared to their earlier record. However, since the 1980s, there had been an increasing sense of insecurity that has only heightened in the 1990s. While the social security system in the developed countries remained more or less intact (with minor bruises here and there), there has been a decline in the provision of social security in the former socialist countries as well as in many developing countries, notwithstanding the gains made by a few countries in retaining and extending social security.

2. The heightened sense of insecurity of people everywhere is not unrelated to the current process of globalization. In fact, it is one of its offshoots. There are several reasons for this. The emphasis on labour market flexibility leading to casualization of employment that places a negative premium on job protection and work-based social security is one reason. The other reason is the emphasis on the limited role of the state in areas including social security. All these are legitimized in the name of enhancing efficiency, interpreted in terms of increasing the growth of output in the economy. The larger social and political dimensions of human security are thus often overlooked.

3. The ILO's call for a global campaign on extending social security assumes critical importance in such a context of increasing social insecurity the world over. One of the main sources of opposition to the current process of globalization springs from this sense of insecurity of people, including workers and the unemployed. From the point of developing countries and the objectives of development, the global campaign need to take into account the distinction between basic social security (BSS) and the contingent



social security (CSS) because they address the two basic dimensions of social insecurity i.e., deficiency and adversity. The success of CSS is dependent on the existence of BSS.

4. This calls for a focus on the social dimensions of globalization with particular reference to the need for social security. The context of globalization has to be made favourable to the developing countries. This demands that global macro economic policies will have to be balanced with macro social policies. One such social policy is the need to create a 'social floor' in every country in terms of the provisioning for BSS and arrangements to take care of CSS. This will, among others, reduce the 'race to the bottom' and contribute to the enhancement of basic human development indicators that should, in the long run, contribute to not only economic efficiency but social peace as well. The objective of creating a 'social floor; and the expected benefits therefrom will not be realized if it is implemented only in a few countries. It is therefore imperative that the agenda of globalization should also promote macro social policies. The declaration of the 89<sup>th</sup> Session of the International Labour Conference is a positive step in this direction.

5. There are several models of providing social security, especially in developing countries. However, the centrality of the role of the state should be recognized if the social security system has to cover all the poor and vulnerable population. This is especially so in the case of BSS, which is foundational, and hence should be universal to the population who are identified as poor. Models of CSS are many, but the coverage is often quite low. In many instances, the 'social' character is also questionable and often relies on appeals to self-interest or voluntarism. While voluntarism should be encouraged as part of 'social concern', it is seldom – in history – found to be a substitute for what the state – a social institution – has to provide for.

6. Financing social security has been a major concern. This is especially so in low income countries. However, the ability to provide a modicum of social security is not necessarily dependent on the dynamics of growth. It could be linked to the level of per capita income that would indicate the scope for a measure of redistribution through a process of 'levelling up' of those in the bottom. The 'social' dimension of social security provisioning is logically linked to the collective care arrangements. Here again the role of the state is prominent and tax-financed systems assume an important route for the provision of social security, especially the BSS. Detailed studies analyzing the experiences of countries and regions with low income but broad-based social security are therefore called for with a view to assisting others in the analysis and design of social security policies.

7. Contributory social security is often seen in the case of CSS. One of the main challenges in extending social security of the CSS type in developing countries is the existence of informal economy and a high share of workers engaged in it. Some 'ability-to-pay' exists even in the informal economy, as the different studies suggest, but there is need for an appropriate organizational mechanism. Here there is considerable scope for the partnership between state and non-state organizations. Some documentation exists but more studies especially covering the best practices are called for.

8. A number of studies on different models of social security and their functioning emphasize the supply side of the problem such as 'how to provide', 'whom to provide' and so on. Very few studies focus on the demand side of the problem in terms of the sources of demand for social security, the ways in which such demands are articulated and channelled and the agencies that play a critical role in linking such demands with supply side solutions. More studies are therefore called for in understanding the nuances of the demand side of the problem.

9. It is in studying the demand side of the problem that the historical dimension could be brought in with a view to drawing appropriate lessons from history. Very few studies give emphasis to the historical dimension. There is considerable literature on the historical experience in the extension of social security in not only the advanced industrialized countries of today but some of the developing countries as well. The historical context of earlier experiences is certainly different from the present one, but it is here the challenge of extending social security could generate innovative approaches.

10. The above issue is particularly relevant in the case of extending social security to the workers in the informal economy. The prospects of the formal economy absorbing the workers in the informal one are quite bleak. And the co-existence of the formal-informal economies is at the core of dualism in most developing countries. The challenge therefore is one of 'formalizing' the informal economy in some respects, and not *vice versa*, as implied in neo-liberalism. The provision of social security is such a challenge that should reduce the gap between the informal and formal economies.

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