

Social Security Facing Economic Changes in Employment and Vulnerable groups

Hasbullah Thabrany
University of Indonesia
hasbullah@ui.edu

The Nature of Social Security

- In the Developed countries, social security is a universal program to meet social-economical risks, mainly illnesses and reduce/loss of incomes
- Why it has not been voluntary or left to private/market mechanisms?
- Why the more developed a country, the more universal the social security?

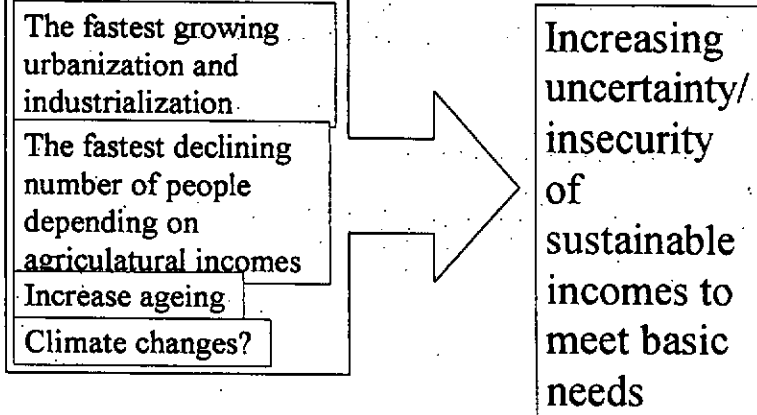
Share of Tax Revenue (% GDP), World

Country Groups (no of countries) and Per Capita Income	Total Tax	Taxes on International Trade	Excise	General Sales Tax	Social Security
Low-income (31) <\$760	14.0	4.5	1.6	2.7	1.1
Lower middle (36) \$761-3,030	19.4	4.2	2.3	4.8	4.0
Upper middle (27) \$3,031-9600	22.3	3.7	2.0	5.7	5.6
High-income (23) >9601	30.9	0.3	3.1	6.2	8.8

WHO-CMH, 2001

Indonesia, Lower middle, but share is < 1%

The Last Century



Social Security

- A public financing program to secure that everybody in a country meets his/her basic needs
 - The main interest is equity
 - The market fails to solve equity problems
- Will it be true or relevant for the future?
 - There is growing concern over the public/government failure/loss of opportunities
 - Increasing government social security expenditures
 - There is growing demand for privately-managed social security

Some Facts: Growing SS Expenditures

- The US social insurance expenditures:
 - 1967: 15% of Federal expenditures
 - 2007: 44% of the Fed Exp (Krueger and Meyer, 202)
- 12 European Countries: Social Protection Expenditures, % GDP
 - 1970: 19%
 - 1997: 28.2%
 - 2007: 40%

Social Insurance Spending, 1996

Country	% GDP	% Central Gov't Exp	% Total Gov't Exp
Sweden	32.47	86.60	49.58
Germany	28.05	82.91	49.44
Mexico	1.36	8.82	6.39
Colombia	6.61	43.33	NA
UK	17.53	43.13	33.77
USA	12.22	59.76	30.02
Japan	2.50	19.44	16.00
Czech	11.89	38.90	25.75

Krueger and Meyer. In Handbook of Public Economic, 2002:2328-2392

Early 3rd Millenium: Will SS Changes? The Public is Under-pressured

- The World Bank: Gov't should provide minimal level of social protection
- The OECD: fund only basic education and health care
- The International NGOs: substituting for government services
- WTO: global market for private health, education, and insurance services

Deacon. In Social Security in the New Global Village, 2002:25

Globalization and Employment

- Growing number of migrant workers
 - Higher uncertainty, more term-contract employments
 - Various regulatory frameworks
 - National SS programs need adjustment
- Increasing web/internet based trades. Contribution and benefit determination
- Increasing gap: the richer—the poorer: tiering benefits
- Increasing pressures for privatization/market and competition
- Advance in information and communication technologies: reducing unit cost and expanding coverage

Asia

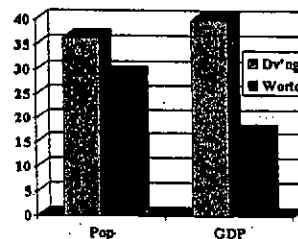
- Huge variation!!
 - The Smallest country (Brunei: 0.4 mil) to the Biggest Country (China: 1,300 mil)
 - The 13th Poorest GDP per capita (Lao, US\$ 375/ Int\$1,759) to 11th richest country (Japan, US\$ 33,713/Int\$ 27,967)
 - Majority uninsured to long-been Universally Covered (Japan)
- Wide variation, good to share

Issues in ASEAN+3: Poverty

- Less \$1 a day:
 - 0% in Singapore, Brunei, and Japan
 - 34% in Cambodia
- Less \$2 a day
 - 0% in Singapore, Brunei, Korea, and Japan
 - 77.7% in Cambodia,
- National poverty line,
 - 0% in Singapore, Brunei, Korea, and Japan
 - 50.9% in Vietnam
- ± 800 million people live with less \$2 a day, vulnerable!!

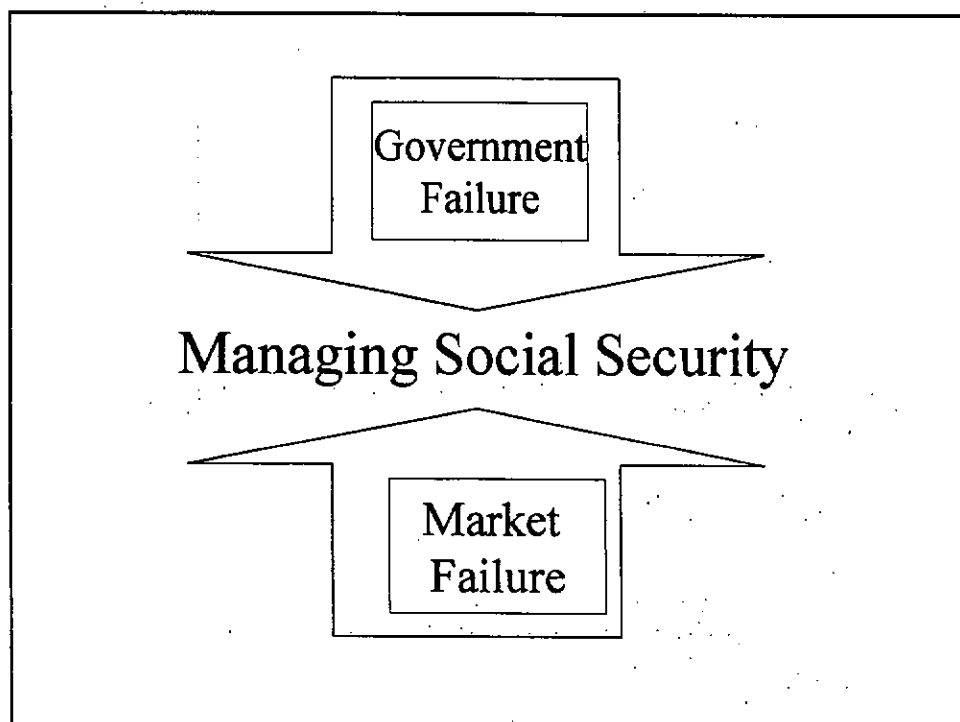
Issues

- The ASEAN-CHINA: highest economic growth in the last ten years,
- In 2003, (UNDP Data of 2006)
 - 36.5% of d'ng countries' pop
 - 29.1% of the World pop
- However,
 - 40% of the d'ng countries GDP (PPPS)
 - 17% of the World GDP (PPPS),
- The region leads developing countries, but huge gaps remain compared to developed World,



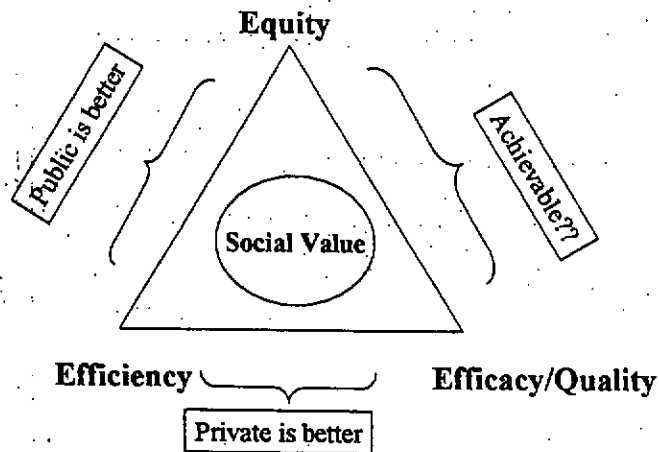
The Public vs The Private Sector

- Public has problems on inter-country operations. Private sector (large, MNC) could easily cross border, multi-national operations
- Public slowly respond to demand while private has high flexibility and
- Public has problems with poor-performance employees “easy hiring but firing?”. Private has better position on “hiring and firing”



What Should We Do?

So Far:



Changes Should

- Respond to higher demand on quality of services (higher net return) but maintain equity
- Allows inter-country delivery of benefits
- Improve public sector management, transparency, and accountability
 - Redefine basic benefits
- Incorporate private sector approaches:
 - Private fund managers
 - Some private choice-investment/services
 - Contracting out management
 - Performance based incentives

BIODATA

- NAME** : Hasbullah Thabrany
- DATE OF BIRTH** : Jakarta, May 21 1954
- NATIONALITY** : Indonesia
- CURRENT POSITION** : - Dean and Professor of The School Of Public Health
University of Indonesia, Jakarta
- Chairman of PAMJAKI (Perhimpunan Ahli Manajemen Jaminan dan Asuransi Kesehatan Indonesia)
- EDUCATION** : - Dr. PH. Health Polcy and Administration (concentration in health economics), University of California berkeley. May 1995
- MPH, Health policy and administration, University of California, Berkeley. May 1990
 - MD, General practitioner, University of Indonesia. September 1980
- PERSONAL ADDRESS** : Pondok Dian Kav. 4B, Jl. SMP 126 Condet Batu Ampar, Jakarta 13520, Indonesia.
- TELEPHONE/FAX** : + 62 21 8088 1540
- OTHER TRAINING** :
- The Economic Institute, Colorado, USA. July – August 1988
 - The German Institute for International Aids (DSE). Berlin September 1997
 - Received Award Recognition as Health Insurance Associate (HIA) and Managed Healthcare Professional from the Health Insurance Association of America (HIAA). spring 1995
 - Social Health Insurance Course. Berlin.Germany. September 1997
 - Received Award Recognition as Managed Health Care professional (MHP) from the health insurance association of America (HIAA). Fall 1997
 - Social Health Insurance Course, GTZ & Philhealth, Manila The Philliphine, November 1998
 - Social Insurance Course. October 2000. Bangkok. Thailand.

LANGUAGE AND DEGREE OF PROFICIENCY : English speaking and writing excellent
Indonesia speaking and writing excellent

Membership of Professional Societies : - The International Health Economic Association
- The Indonesia Public Health Association
- The Indonesian Medical Association
- The Indonesian Association of Health Insurance Professionals
- The Asia – Pacific Association and Consortium for Public Health

COUNTRIES OF WORK EXPERIENCE : The United States Indonesia

WORKING/POSITION RECORDS

From - To Description : March 04 – Present : Dean of the school of public health university of Indonesia

From - To Description : July 2003 – February 2004
Consultant for the ADB Project TA 1042 INO on Financial Governance and Social Security Reform in Indonesia

From - To Description : March 2003 – March 04
Consultant on Reforming Hospital System of Musi Banyuasin District in South Sumatera

From - To Description : January – February 2003
Short Term Consultant Partner for the ADB PPTA on Social Protection Program in Indonesia

From - To Description : October – December 2003
PT Jamsostek. Research on The Effects of Provident Fund Contribution on Labor Costs and Production Costs of Industries