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Comparative Analysis of Social Security Systems in the American Continent

The Social Security
Universalization Index



MIGUEL ÁNGEL RAMÍREZ VILLELA · CRISNA CUCHCATLA MÉNDEZ

**EXECUTIVE
SUMMARY**



EJECUTIVE SUMMARY

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This document presents a comparative analysis of the progress of American countries in the universalization of social security in 2019. The study employs a multidimensional perspective focusing on the universalization of coverage through the analytical framework of the International Labour Organization, which considers dimensions of scope, extent, and level. The research adapts the methodology of the United Nations Development Programme used to construct the Human Development Index, formulating three sub-indices and an aggregate index: 1) Scope of Legal Coverage Index; 2) Extent of Effective Coverage Index; 3) Social Security Expenditure Index, and 4) Social Security Universalization Index (SSUI).

These indices are formulated using data from 2019 for 21 countries in the American continent: Argentina, Bolivia (Plurinational State of), Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic, Trinidad and Tobago, United States of America, and Uruguay.

The indices results have revealed a set of significant findings. To begin with, there is a significant development in the scope of legal coverage, with all studied countries having at least one legally established regime for six out of eight considered benefits. However, progress is not as prominent in the extent of effective coverage and the social security expenditure dimensions. Most Latin American countries exhibit medium (7) or high (6) levels of extent of effective coverage, but a third of the cases studied remain at low levels. In contrast, Canada and the United States scored very high in this category.

Across most of the American continent, social security expenditure has lagged behind the extent of effective coverage, with many countries obtaining lower scores in the corresponding index. The majority falls within medium (9) and low (7) levels. Furthermore, there is also a considerable gap between countries with the lowest expenditure levels and those with the highest levels.

Analyzing the differences in scores from these last two indices revealed cases where the extent of effective coverage appears to exceed social security spending, especially when compared to countries with similar values in this dimension. This raises questions about the sufficiency of provided benefits.


The SSUI, that combines these three dimensions, indicates that most countries have a medium (8) or high (8) progress in the universalization of social security. However, three countries exhibit low progress, and only two (Canada and the United States) have achieved very high progress. While significant achievements have been made in the Americas in universalizing social security, challenges persist in ensuring the majority of the population fully exercises this human right.

There is evidence that countries with higher SSUI scores tend to perform better in impact indicators such as levels of monetary poverty, out-of-pocket health spending, maternal and infant mortality, labor force participation of individuals aged 65 and older, and life expectancy at birth. In other words, these countries generally achieve better outcomes related to essential functions of social security systems, such as income protection, income subsidization, and access to medical assistance.

The development of these indices considers contemporary conceptual and methodological debates, aiming to overcome limitations of other alternatives for multidimensional social security analysis, but it still faces constraints. In this regard, it is a measurement proposal that can be refined, drawing from the debate on its conceptual foundations, the techniques used, and the interpretation of results. Having said that, the main limitation was the availability of updated and comparable information. This limitation results in a restricted sample of American countries in the study. Another consequence was the indirect operationalization

of the level of coverage dimension, which was performed using social security expenditure as a proxy variable. Likewise, the study of the impacts of social security systems on income protection, income subsidy, and medical assistance was performed using proxy variables.

An avenue for advancing this research in the future is to delve deeper into the relationships among the three dimensions included in the SSUI, using alternative methodological approaches. For example, examining the relationship between expenditure and effective coverage extension in terms of benefit sufficiency would be relevant. Further investigation into the United States case compared to other American countries is also needed, given its high scores in the formulated indices that seems to challenge the public perception of limitations in this country's social security system.



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