Worldwide Trends and Developments in Social Security, 1983–85

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This article highlights the major developments and trends in social insurance programs that are presented in detail in the 1985 edition of **Social Security Programs Throughout the World.** The data in that reference book reflect the fact that as countries have adapted to the slow economic growth in recent years, increased emphasis has been placed on the cost effective use of social security funds. Some industrialized countries have restructured benefit provisions and reallocated resources among programs and beneficiaries to target benefits for specific groups. In the developing nations, the introduction of additional programs and expanded benefits continued on a limited scale amidst widespread concern about maintaining the real value of benefits after years of high inflation.

It has been more than 100 years since Germany became the first country to establish a social security program. Since that time, most nations of the world have extended some form of social security protection to their populations. Traditionally, countries have inaugurated social security coverage with a work-injury program. Program expansion traditionally has meant an increase in the number of persons covered or the addition of one or more of the five main branches of social security coverage: (1) old-age, invalidity (permanent disability), and survivor insurance; (2) sickness and maternity insurance; (3) work injury benefits; (4) unemployment insurance; and (5) family allowances. The process of adding programs and refining existing ones is usually dynamic and results in a mixture of programs and coverage that reflects the unique characteristics and needs of each country.

For the past 45 years, the development and expansion of social security programs have been recorded in the Social Security Administration's biennial chart book, **Social Security Programs Throughout the World.** The 1985 edition of this reference book summarizes the programs of 142 countries or territories. This article, which is based on data in the most recent (1985) edition of that series, reviews social security developments in these countries since the last edition was published in 1983.

The following tabulation shows the number of countries that had some form of social security program included in selected editions of **Social Security Programs Throughout the World.** Four additional countries have been added since the 1983 edition: Sao Tome and Principe, Zimbabwe, Suriname, and the newly independent (September 1983) Saint Christopher and Nevis.

Type of program	1940	1949	1958	1967	1977	1983	1985
Any type	57	58	80	120	129	140	142
Old-age, invalidity, and survivors	33	44	58	92	114	130	132
Sickness and maternity	24	36	59	65	72	85	[1]83
Work injury	57	57	77	117	129	136	136
Unemployment	21	22	26	34	38	40	40
Family allowances	7	27	38	62	65	67	64

[1]Includes countries with both cash sickness and cash maternity benefits, plus Australia, which has cash sickness and medical care programs only. Of the 83 countries that offer sickness and maternity benefits, 69 also offer medical care.

Although these figures demonstrate clearly the steady extension of social security programs in the world, they should be interpreted with considerable caution. The principal difficulty in comparing the number of countries having social security programs is that the criteria used for including countries in **Social Security Programs Throughout the World** have changed and evolved over time. In addition, certain countries or territories may not have been included when their programs began but only later when sufficient information became available.

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Despite these reservations, it is evident that the 1960's was one of the most expansive periods for social security, since many newly independent countries in Africa and Asia introduced social security programs in that decade while the industrialized countries continued to extend the range of social security benefits. The slowdown in social security growth since the late 1970's is attributable primarily to widespread recessionary conditions, as well as to the fact that the majority of countries already had instituted some form of social security protection.

General Overview

The 2-year interval, 1983–85, is an extremely short period of time on which to base generalizations regarding international trends and developments in social security. At the end of the period, however, it is clear that there is increased interest in the more rational use of social security funds through the restructuring of benefit provisions and reallocation of social security resources among the programs and among the beneficiaries as a way to ensure that social security benefits reach the most deserving and economically disadvantaged categories of the population. In the developing countries, this meant that governments continued to place a primary emphasis on improvements in health care, whether through sickness insurance or other forms of health care delivery.

In the industrialized countries, the emphasis on more cost-effective use of funds resulted in heightened interest in income- and means-tested requirements as a way to target benefits for specified categories of the population. Similarly, certain countries moved to tax or withhold the social security benefits of higher-income beneficiaries as well as those who continue to work while receiving an old-age or other social security payment. Another variation on this theme was to require pensioners to make social security contributions to help defray the cost of their medical care. Other examples, such as the tightening of eligibility conditions for unemployment and invalidity benefits, can also be cited as evidence of the increasingly greater scrutiny given to how social security funds are disbursed.

Since most social security systems continued to operate under tight budgetary constraints, there was ample evidence of intensified competition for financial resources between the various branches of social security (old-age, sickness, family allowances, and so forth) and even between programs within a single branch (for example, old-age versus survivor benefits). In certain countries, for example, significant shifts were effected with respect to the budgetary resources allocated to unemployment and sickness insurance at the expense of such branches as family allowances and work injury. The continuing erosion of the purchasing power of family allowance benefits was particularly noteworthy in Western Europe, as contribution income originally intended for this branch was reallocated to other social security programs. Since many social security systems were likely to continue on an austerity course, due to persistent unemployment and national budget deficits, it was expected that increased pressures would be brought to bear on the restructuring of the social security budget by covering deficits in one program area with funds from another.

The country charts in **Social Security Programs Throughout the World** reflect primarily new legislation or regulatory changes in social security programs. In addition to those developments, mention should be made of certain trends that are not necessarily the result of new legislation or regulations but which nevertheless reflect significant changes in the direction of social security. One such example is the continuing trend in many of the industrialized countries to permit withdrawal from the labor force before the normal age for retirement under social security. While early retirement options already exist in most social security systems, the most recent moves in this direction have occurred primarily under collective bargaining agreements negotiated between employers and labor unions at the industry-wide level. For example, employers in such sectors as steel, automobile manufacturing, and printing have agreed to pay retirement benefits to workers retiring from the labor force before they reach the normal age for retirement under existing social security provisions. These agreements have been encouraged by governments, particularly in Western Europe, as a way to create more job openings for younger workers.

Another important trend for each country included in the current volume is the concerted effort of many countries to hold down medical care costs. The emphasis varies according to the country, with certain countries placing stricter controls on hospital operations, including limits on new building construction and investment in high technology equipment. Other countries have further regulated how physicians may use laboratory analyses and specialized consultants and how pharmaceutical manufacturers advertise and sell their products. Although not usually part of social security laws and regulations, such measures frequently have had an important implication for social security expenditures.

Another noteworthy development outside the strict limits of social security legislation was the increased use of computerized data processing techniques to improve services to social security beneficiaries. The impact of computerization on the administration of social security programs became increasingly important as local and regional social security offices gained direct access through on-line terminals to the central offices to provide more complete and immediate responses to inquiries. In certain countries, the payment of benefits by means of electronic fund transfers to the banking or postal accounts of beneficiaries proved to be a more secure and cost-effective method than customary payment practices.

In summary, the situation of social security in most countries during 1983–85 was characterized by a renewed confidence in its role tempered by the need to adapt income and expenditure patterns to slow economic growth. It was, therefore, not a period marked by legislative innovations or significant reforms in most cases. While a limited number of developing countries were able to extend coverage and introduce new benefits, the majority struggled to repair the damage to existing benefits caused by successive years of high inflation. The problem of protecting the purchasing power of social security benefits in the developing world was frequently a topic of intense political debate, since most of these countries relied on ad hoc increases rather than any automatic adjustment procedures. Due to the budgetary constraints linked to rising public debt in most of the developing countries, there was considerable concern about the steady deterioration in the real value of social security benefits. Although this issue was perhaps less dramatic in the industrialized countries, there was considerable discussion regarding the most cost-effective use of social security resources during times of tight financial constraints, which many predict will continue until at least the end of the decade.

New Branches and Program Changes

As noted earlier, **Social Security Programs Throughout the World, 1985** contains summaries for 142 countries or territories. The edition contains information about four countries not previously included: Sao Tome and Principe; Suriname; Zimbabwe; and the newly independent (September 1983) Saint Christopher and Nevis. Several countries made significant changes in their social security systems by adding new branches and programs. Thus, The Gambia added a new branch—a provident fund that provides old-age, invalidity, and survivor benefits. Algeria created entirely new programs (to replace all but family allowances) to unify several funds designated for different occupational groups.

Some countries added important new provisions to existing programs. Effective March 1985, Australia introduced a means test, in addition to the existing income test, to the old-age, invalidity, survivor, and family allowance programs. In Denmark, the social security system was simplified. The previous programs for survivors and the disabled were combined into a means-tested early pension program for citizens aged 18–66. In Malaysia, a survivor pension for widows was added to the provident fund program. Both Ireland and New Zealand added income-tested supplements to their regular family allowance program. Effective April 1986, Japan introduced a comprehensive pension reform, which creates a universal benefit for all residents by expanding the coverage of the National Pension Insurance. The Employees' Pension Insurance will be the second-tier, earnings-related benefit for the insured. The Japanese reform raises contribution rates and reduces future pension expenditures and benefit levels for both pension programs. France, Spain, and Portugal made major changes in their unemployment programs. Constant attendance allowances (cash supplements for permanently disabled persons who require full- or part-time care) were introduced in Peru (for old-age pensioners), the Central African Republic (for prematurely aged (early) retirees), and Italy (for post-May 1984 invalidity pensioners).

Coverage

In the industrialized countries, social security coverage usually extends to the entire working population except when certain occupational categories are protected under separate programs. A few notable extensions of coverage occurred in the industrialized countries since 1983. Beginning in April 1986, Japan's National Pension Insurance has more than doubled the number of its insured by including all resident adults, even if they are covered by another pension plan. Previously, coverage by the National Pension Insurance was limited to the self-employed, employees of small businesses (those with fewer than five workers), and resident adults not covered by another pension program. Greece extended to its citizens residing abroad voluntary coverage for old-age, invalidity, and survivor insurance. Israel expanded its income-support benefit program to include women receiving disability pensions as housewives and prisoners on a work-release program.

In the developing countries, however, social security coverage—with the exception of health care—usually is not broadly based and is often limited to workers employed by larger firms in urban areas. A large portion of the population, such as the self-employed, casual laborers, and, most significantly, agricultural workers, may be covered only partially or not at all. Therefore, many developing countries have continued to expand coverage gradually to include additional categories of the population under one or more branches of social security protection. In Iran, social security coverage (old-age, invalidity, and survivor insurance, health care, and work-injury protection) was extended to additional private-sector occupations as well as to those in the public sector that previously were excluded. Work-injury programs have been expanded to include prisoners in Algeria, the self-employed in the Bahamas, all manual workers in Singapore, and additional geographical areas in Thailand. In Guinea, the family allowance program now includes public employees and the police force. Voluntary coverage under old-age, invalidity, and survivor insurance is now available to anyone with 18 months of employment in Ecuador and to those not compulsorily covered in Cameroon. Cameroon also extended its survivor program by expanding the definition of survivors to include all legally recognized, non-divorced spouses of any age as well as dependent parents. Turkey extended social security coverage (old-age, invalidity, and survivor insurance, health care, and work-injury protection) to agricultural workers. Finally, in the Ivory Coast, guest workers must contribute to the Ivorian old-age pension system even if they contribute to social security in their country of origin and have a labor contract.

Financing

With many countries facing high rates of unemployment and, therefore, decreased payroll contributions, a variety of measures have been taken in an attempt to maintain revenue levels. One such method is increased government participation in the financing of social security programs. Specifically, government contributions were used to finance new provisions of existing programs (a new program for the long-term unemployed in France), or to cover shortfalls in particular programs (old-age, invalidity, and survivor insurance in the Federal Republic of Germany, unemployment insurance in Luxembourg, and all programs in Spain).

Another traditional method of increasing revenues is to eliminate or raise the contribution ceiling on earnings. During 1983–85, contribution ceilings were removed in Chad (work-injury program) and Nicaragua (old-age, invalidity, survivor, and work-injury programs) and in Cameroon plans were announced to eliminate the ceiling by 1991. Mexico abolished its wage class system, which, because of inflation, functioned as an artificial ceiling on contributions. During the period under review, a significant number of countries raised their contribution ceiling.

Several countries revised their contribution rates. To promote employment as well as international wage competition, several European nations, including Portugal, the United Kingdom, the Netherlands, and Spain, decreased employer contribution rates for various programs. In Argentina, the employer contribution to the old-age, survivor, and invalidity program, which had been eliminated in 1980, was reinstated. Finally, Algeria and India increased employee and employer contribution rates for their sickness and maternity programs.

In the United States, as a result of the 1983 Amendments to the Social Security Act, social security benefits for higher-income individuals became taxable. Specifically, beginning in 1984, a portion of a person's benefit is considered taxable income if the adjusted gross income, plus nontaxable interest income and half of social security benefits, is more than the base amount of $25,000 for an individual or $32,000 for a married couple filing jointly.

Adjustment Mechanism and Indexing

In countries that experienced a very high rate of inflation (double- or triple-digit), a variety of measures were taken to revalue benefits. Thus, Peru instituted a quarterly automatic adjustment of benefits based on the cost-of-living index instead of ad hoc adjustments. In Israel, payments for general disability, alimony, the old-age and income supplement, and the income support benefit now reflect the full cost-of-living increase for the current month instead of the last 3 months. In Chile, old-age, invalidity, and survivor benefits, which previously had been adjusted to any change in the consumer price index, now only reflect changes in the index above 15 percent.

Several countries took steps to reduce program costs by modifying their indexing mechanism. Italy revised the automatic adjustment mechanism so that pensions above a certain amount no longer receive the full adjustment. In the Federal Republic of Germany, the old-age pension benefit adjustment was deferred for 6 months from January to July 1984. In the United States, the cost-of-living adjustment scheduled for July 1983 was postponed until January 1984 with subsequent adjustments payable in January instead of July. Furthermore, the United States adopted a stabilizer provision whereby automatic annual benefit increases are to be based on the lower of price or wage changes if trust fund balances fall below a specified level (less than 15 percent of outgo through 1988, 20 percent thereafter) and are to be adjusted later to reflect full cost-of-living increases if trust fund balances rise above 32 percent of outgo. In Austria, the unemployment rate is included as a factor in determining the automatic adjustment rate for pensions so that pension adjustments are reduced by approximately 0.1 percent for each percentage point rise in unemployment.

Two countries took steps to resume the indexing mechanism or to compensate for a hiatus in indexing. Thus, as of January 1985, Luxembourg resumed the indexing of wages, pensions, and benefits to changes in the cost-of-living index. The United Kingdom increased invalidity pensions by 5 percent to restore value lost in 1980 when indexing was stopped and added a one-time increase to the guaranteed income supplement for those persons on a partial pension.

Benefit Formula

Several countries changed the benefit formula or method of calculating the payment of benefits. They included Barbados (old-age and work-injury programs); the Democratic Republic of Germany (old-age, invalidity, and survivor insurance); France (regular unemployment program); Malta (survivor program); St. Lucia (old-age, invalidity, and survivor insurance); and Uruguay (old-age, invalidity, and survivor insurance). In the Bahamas, a variable rate benefit formula based on wage classes was modified to a 2-tier system based on actual weekly earnings under and over a specified amount. In Austria, significant changes were made to the calculation basis and the qualifying conditions for the old-age pension—an increase in the years of average earnings on which the pension is based and a decrease in the number of months of insured status needed to qualify.

Certain countries tightened their benefit formulas. The Congo raised the qualifying condition for old-age pensions to 60 months of coverage in the last 5 years (previously the last 10 years) and Algeria, beginning in 1989, will require 15 years of coverage (previously 10 years). In Japan, revisions in two major pension programs, the Employees' Pension Insurance and the National Pension Insurance, will result in lower benefit levels effective April 1986. In Libya, the old-age pension has been revised downward to 2 percent (from 2.5 percent) of average earnings in the last 3 years of employment before retirement.

Retirement Age

As in previous years, a number of countries took steps either to modify the retirement age or to permit a flexible or earlier retirement age in special circumstances. Thus, in Costa Rica, the retirement age for women was reduced to age 55 (with 408 months of contributions); previously, the retirement age for both men and women was 57. On the other hand, Japan, as part of the pension reform measures effective in April 1986, will raise over a 15-year period the retirement age for women under the Employees' Pension Insurance from age 55 to 60, thus equalizing the retirement age for women and men. In the United States, the 1983 amendments provide for a gradual increase in the eligibility age for full benefits from age 65 to age 66 by 2009 and to age 67 by 2027. In January 1984, the province of Quebec in Canada established flexible retirement from ages 60–70 in the Quebec Pension Plan. Although the standard retirement age remains at 65, the insured may retire from ages 60–64 with a 6-percent reduction yearly or from ages 66–70 with a 6-percent increase yearly. Cameroon established early retirement at age 50 for all persons; previously, only the prematurely aged (which is defined as premature physical or mental exhaustion) were eligible for early retirement. In addition, two other countries made adjustments to the retirement age for special categories of workers. Thus, Cyprus lowered the retirement age for miners from age 65 to 60 while Italy lowered the preretirement benefit age for workers in the iron and steel industry from age 55 to 50.

Retirement Test

Two countries, Algeria and Mexico, have altered regulations regarding withdrawal from the labor force. Algeria established a mandatory retirement age of 65, which is 5 years past the statutory pensionable age. For each year retirement is deferred beyond age 60 up to attainment of age 65, the insured receives a pension supplement at the rate of 2 percent per year. In Mexico, old-age pensioners may continue to work and receive a pension if, after a 6-month waiting period, they find a new job with a different employer.

Invalidity Pension Coverage

Several countries have made changes in invalidity programs since 1983. Among the tightening measures designed to reduce expenditures, Italy established two new categories of benefits for the disabled, neither of which is income-tested, for awards effective June 1984. Invalidity pensions granted before this date are based on a loss of 66⅔ percent of earning capacity and are subject to an income test. To qualify after May 1984, the worker must meet the more stringent requirement of total and permanent inability to perform any work. The second category—the invalidity allowance—is a fixed-term benefit granted for 3 years and based on a loss of 66⅔ percent working capability. In Greece, age requirements have been added to the qualifying conditions for an invalidity pension. For example, 300 days of contributions are required at age 21, and thereafter 100 days more for each additional year of age. In the Netherlands, the replacement rates for invalidity and cash sickness benefits were reduced.

Among other changes noted, Algeria eased the definition of partial invalidity (50 percent earnings loss instead of 66⅔ percent). In St. Lucia, invalidity pensions are payable after 5 years of contributions rather than the 10 years formerly required. In Mexico, persons receiving invalidity pensions may continue to work if they get a different job.

Medical Care and Health Insurance

Post-1983 changes to health care systems reflect two different trends. Although some countries, particularly the developing ones, made changes in their programs to expand benefits, other countries introduced measures designed to contain expenditures on health care programs.

In the medical benefits area, protection improved as a result of a variety of measures including the introduction of new programs, an increase in the amount or duration of benefits, and a decrease in qualifying conditions. Thus, Burundi introduced a low-cost (cost varies according to salary) medical assistance card to provide various medical (including hospitalization), dental, and pharmaceutical services for the low-income population; previously, the social security program offered no health insurance for the general population. In Benin, 80 percent of hospitalization and medical costs for pensioners and their dependents are covered by social security under old-age, invalidity, and survivor insurance. Singapore, under its provident fund system, introduced the "Medisave" program to cover hospitalization costs for workers and retirees in public hospitals. In 1984, Australia changed its health care system from one based primarily on health insurance through private carriers to a national health program financed by a special income tax. Pensioners and low-income groups, who are exempt from the special income tax, will continue to have access to free inpatient care at public hospitals.

In the cash benefits area, several countries decreased qualifying conditions or increased benefits. In Algeria, cash sickness benefits are payable from the first day of illness (previously there was a 3-day waiting period) and have been increased from 50 percent to 100 percent of earnings. Peru increased the cash sickness benefit from 70 percent to 100 percent of earnings and, in February 1985, extended medical care coverage to children of insured persons through age 13 (previously age 1). Cash sickness benefits are now payable for up to 360 days (previously 100 days) in Greece and up to 180 days annually per illness (previously there was a 180-day lifetime total) in South Korea. A benefit change also occurred in Iceland, where the housewives' cash sickness benefit was increased. Decreased qualifying conditions for sickness and maternity benefits occurred in the Bahamas and St. Lucia (maternity benefit only).

On the other hand, most countries continued to be concerned over the continually escalating cost of financing health care delivery systems. In an attempt to offset these rising costs, measures were taken to limit program expenditures. Related efforts were made to increase revenues in health care. In Greece and New Zealand, qualifying conditions for cash sickness benefits were tightened. Copayments for prescriptions were doubled in the Federal Republic of Germany while Japan introduced a copayment under the employees' health insurance program. Under the new Japanese system, the insured pays 20 percent (effective May 1986) of the cost of ambulatory or inpatient care up to a specified limit monthly; previously, only a nominal flat fee was paid. South Korea also introduced a flat-rate copayment (in addition to the existing variable rate copayment) effective July 1985. In the United States, the Medicare program raised to $400 (previously $304) the yearly deductible that patients pay for the first day of each hospitalization. More importantly, Medicare instituted a prospective hospital payment system, thereby replacing the traditional cost-reimbursement method. The new payment system sets the amount that hospitals can charge for services before the period for which the rate will apply. The fixed reimbursement is based on specific diagnoses, known as diagnosis related groups (DRG's), and is independent of such factors as length of stay and services provided for a specific patient. Presently, the DRG prospective payment system covers hospital, but not physician, reimbursement. In an attempt to reduce health costs, France modified its method of hospital reimbursement from a variable amount system based on services provided to a fixed amount of money allotted annually to cover total expenses. In Canada, the Health Care Act of 1984 provides for a reduction in federal grants to provinces that do not prevent physicians from charging patients fees above the approved fee-for-service schedule.

Unemployment Benefits

Many countries continue to be affected by persistently high levels of unemployment. In the industrialized countries, in particular, a combination of factors such as recession and advances in technology have led to situations in which older workers are laid off and younger unskilled workers cannot find entry-level jobs. These conditions have placed great financial strains on the unemployment funds of many social security programs. The prolonged nature of the problem has led several countries to totally overhaul their unemployment benefit program or modify particular aspects of the program. In addition, the policy makers are trying to cope with the situation created when a growing number of long-term unemployed persons exhaust their right to benefits. Often, the loss of entitlement to other social security benefits, such as health care and family allowances, is involved. Concern over this situation prompted Argentina to enact a series of special decrees aimed at providing temporary unemployment benefits as well as family allowances and medical benefits for those unemployed from October 1984 through December 1985. The Federal Republic of Germany also improved conditions for long-term unemployed persons by lengthening the benefit period from 12 to 18 months for those over age 49 with at least 6 years of contributions in the last 7 years.

In an attempt to resolve several of the above-mentioned problems, France, Spain, and Portugal made major changes to the structure of their unemployment programs. France created a dual system by adding the new National Solidarity Program to its regular unemployment program. This new program is aimed at those unemployed who do not qualify for the regular benefit because of insufficient contributions or because they have exhausted their entitlement to benefits. The program is funded entirely by general revenues, thus freeing the regular unemployment program from the strain of financing those particular categories of unemployed persons.

Spain introduced a dual system and made major program changes to provide unemployment protection for particularly vulnerable categories of workers—young persons, casual workers, and the long-term unemployed. The contributory scheme now provides benefits for up to 24 months (previously 18 months) depending upon years of covered employment. It requires a minimum of 6 months of contributions in the 48 months preceding unemployment. The new program is an assistance scheme that provides a means-tested benefit for up to 18 months to workers who have families and are either ineligible for the contributory benefits or have exhausted them. The reform introduced another allowance payable to workers not previously entitled to benefits under the contributory scheme because of insufficient contributions. Since 1984, workers with 3 to 5 months of contributions are eligible for reduced benefits. This latest improvement is intended to protect casual workers, the number of whom has increased in the past few years.

Similarly, in February 1985, Portugal created a dual system in an attempt to resolve the problems of uninsured workers or those who have exhausted their benefits. Portugal's new program added a noncontributory benefit for those with a minimum of 18 days of employment in the preceding 360 days and for those whose earnings-related benefit has terminated. The new program provides 1 additional month of benefits for each 12 months of employment after exhaustion of the regular benefit. Under the restructuring, however, Portugal tightened the qualifying conditions for entitlement to the earnings-related benefit. The new requirement for the earnings-related benefit is 36 months (previously 12 months) of continuous contributory employment.

A number of countries also made changes to their unemployment programs. Switzerland's new (as of January 1984) national compulsory unemployment program replaces the previous Federal/Cantonal program and provides for uniform administration and slightly higher benefit levels. Finland raised both the minimum and maximum unemployment benefit levels to financially assist long-term unemployed persons.

Several nations have introduced measures to deal with the financial strains on the unemployment programs caused by long-term unemployment. Financing problems led the Netherlands to reduce unemployment benefit levels to 70 percent of previous earnings (down from 80 percent). Belgium and Luxembourg, to offset deficits in certain unemployment programs, now assess "solidarity" surcharges that are calculated as a percentage of taxes on income. For 1985, the surcharge was 10 percent in Luxembourg and ranged from 10 percent to 25 percent in Belgium. Effective April 1985, Japan also instituted changes to cut costs in its unemployment program by no longer covering persons aged 65 or older. This measure not only reflects the Japanese Government's current concern with the increasing number of unemployment claims filed by older workers (because of the practice of many older Japanese to continue to work), but it also anticipates future financing problems created by Japan's rapidly aging population.

Family Allowances

Many countries encountered problems with keeping family allowance benefits up to increases in the cost of living. The problem has been particularly acute in countries experiencing high rates of inflation.

During the period 1983–85, some countries reduced expenditures on family allowances while others maintained or increased benefit levels for the most needy. Belgium and the Netherlands delayed cost-of-living increases for benefits while Italy discontinued regular family allowance benefits to high-income families. Two countries, Ireland and New Zealand, added an income-tested supplement on top of the regular family allowance benefit as a means of targeting benefits for the most needy families.

In France, however, major changes and additions to the family allowance program were primarily pronatalist in nature. The intent of two new programs, the Young Child Allowance and the Parental Education Allowance, is to give financial assistance to larger families. The Young Child Allowance, which is being phased in, replaces prenatal and birth grants. Eventually, only families with three or more children will be entitled to this benefit. The Parental Education Allowance, which is targeted at families raising three or more children, is payable for up to 24 months to a parent who stops working 50 percent or more of the time.

Equal Treatment Under Social Security

During the period under review, many countries enacted changes to equalize the treatment of men and women under social security in such areas as program benefits, coverage, and qualifying conditions. One major initiative in this area, the European Economic Community (EEC) Directive, aims to eliminate sex-based discrimination in social security schemes. In keeping with the EEC Directive, which came into force in late 1984, measures were taken by Ireland to equalize the benefit rates as well as the duration of payments and by the United Kingdom to increase the parental leave allowance for husbands who stay home to care for their children. In Austria, a working woman's pension is credited with a 3-percent supplement for each child. Lastly, Belguim made changes regarding the pension of a surviving spouse; widowers, instead of only widows, are now eligible for pensions.

A few other nations also introduced measures regarding equal treatment. Similar to already existing programs in Finland, Norway, and Sweden, Denmark introduced a paid parental leave that allows both parents (previously only mothers were eligible for paid leave) to share a total leave of 20 weeks. As previously mentioned, Japan will raise the retirement age for women under the Employees' Pension Insurance from age 55 to 60 by the year 2001 and thereby equalize the retirement age for men and women.