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Universal old age pensions: Arguments at time of introduction in Canada, Mauritius and Norway[1]

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Abstract

If combating poverty is a major political goal of social policy, and combating poverty among the old population in particular, what type of old age pension or income support policies are preferable? What is the status of knowledge as to the effects of various designs of pension programmes? Studies indicate that universal old age pension programmes are conducive to poverty alleviation and less income inequality, but strikingly few countries have introduced universal pension programmes since New Zealand as the first country in the world introduced such a scheme in 1938. We wonder what arguments were expressed and were decisive for the introduction of the universal schemes that after all exist, and a first analysis of the basic arguments for establishing universal old age pensions in three selected countries is made. The three countries are Canada, Mauritius and Norway which all introduced universal pensions in the 1950s, and belong to the group of pioneering countries in this respect. Even if an idea of a "one-size-fits-all" policy is not necessarily subscribed to, it is of interest to do a comparison of arguments for one specific policy solution, universal pensions, in countries belonging to different continents, existing in different international contexts, having different cultures and traditions, being at different levels of economic development, having different political history, and which are different in territorial and population size. An overview of pension systems in all countries of the world is given, and the historical arguments for universal pension systems in the three selected countries are presented and compared. One finding is that the ambition to reduce poverty was an important motivation in two of the countries, but the main consideration cutting across all three countries was the moral aversion to means testing and the desire to respect human dignity. Another argument found in all three countries was the pragmatic one that a universal scheme would lead to a reduction of administrative cost of old age provision.

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Introductory questions

Social policy serves many functions and purposes, but reduction of poverty and provision of income security can be considered prime and essential goals and, hence, are central topics for political and scientific discussion. If we subscribe to political goals of combating poverty and severe income inequality in general, and in the old population in particular, what type of old age pension or income support policies is preferable? What is the status of knowledge as to the effects of various designs of pension programmes? These questions are of critical importance to research and deliberate in a world with widespread poverty, huge inequalities, and new and growing demographic challenges.

According to the UN, the proportion of the world population above 60 years of age was 10 per cent in 2002, and will increase to 20 per cent – of a much bigger world population – in 2050.[2] Moreover, the older population is itself ageing. Currently, the ”80+ population” makes up 12 per cent of the population above 60 years of age, and by 2050 it is estimated that the share of the 80+ will be 21 per cent. The proportion of older people is and will remain higher in the developed regions of the world. Systems of old age support exist, but with great variations as to population coverage, principles of entitlements, and generosity. The older population is also set to increase, in both relative and absolute terms, in developing countries. Since only few developing countries have old age social security, and those that have only with limited coverage (Kannan 2004), the high incidence of old age poverty in the developing countries is likely to increase. The burden on the elderly is also rapidly increasing due to ineffective traditional safety nets and their new roles as caregivers for young children, due to HIV/AIDS pandemic, regional conflicts or migration (Kakwani and Subbarao 2005: 3, 9). How to shape old age support in many developing countries therefore appears to be and become a crucial policy issue. What kind of public policies stand out as the best solutions to meet challenges of economic insecurity, poverty and inequality among the old? How should efficient and effective welfare institutions be designed?

Not only provision of old age pensions, but the type of pension system introduced, can be of crucial importance in long-term attempts to alleviate poverty and limit income inequality in society. Willmore (2001) has argued that universal schemes can have a significant impact on

[2] http://www.unis.unvienna.org/unis/pressrels/2002/note5713.html

poverty reduction, even for the poorest countries, and that the cost to governments to a large extent is dependent upon political rather than economic decisions. In Mauritius, which introduced a universal pension scheme in 1958, social pensions have significantly reduced poverty among households with elderly people, especially for the most vulnerable groups (Palacios and Sluchynsky 2006). In Canada, which introduced a universal pension scheme in 1952, it is claimed that the number of seniors living in poverty has decreased significantly since public pensions were introduced: in 1980 the average poverty rate of seniors was 32,8%, by 1993 the rate had fallen to 19,8%.[3] A recent OECD-publication (Quessier and Whitehouse 2005) shows that the percentage of 66-75 year olds with income below half median population income was only about 4% in Canada, compared to an OECD average of c. 12%. Likewise, as shown below, poverty rates among the old in Scandinavian countries have fallen radically after the introduction of universal pension schemes (Kangas and Palme 2000).

Universal pension schemes appear in themselves, and relative to other pension systems, to be beneficial to poverty alleviation, and it is therefore of interest to ask why universal systems were introduced in different contexts: Was poverty the motivation or were other basic arguments used; what can we learn from the experience of countries which were among the first to introduce universal pensions?

We have selected three countries for a preliminary closer study of these questions. None of them were the very first to introduce universal pensions, but definitely belong to the group of pioneers. The three countries all introduced universal pensions in the 1950s; they belong to different continents, vary substantially in terms of size of territory and population; have had and have different levels of economic development; different cultures and traditions, and exist in different international contexts: Canada, Mauritius and Norway.[4] Thus, although we do not necessarily adhere to or want to promote a ”one-size-fits-all” perspective, it appears a fact that the principle of universalism seems applicable in a variety of circumstances – it is not narrowly context-specific - and this observation in itself gives us good reason to also ask why the principle is not more widely tried out or applied. By identifying and comparing the arguments, we will be able to shed light on the cognitive basis and normative ideas that have been conducive to the implementation of citizen- or residence-based, pension systems.

[3] According to the pension fact sheet published by The Council of Canadians (http://www.canadians.org/display_document.htm?COC_token=&id=63&isdoc=1&catid=87), 6 Oct. 2006.
[4] New Zealand (1938) was the first country in the world to introduce universal pensions.

If universal pensions are efficient and effective for poverty reduction, we should ask why so few countries have adopted the principle of universal income support in old age. It is a striking observation that universal education (Willmore 2004) – and to a large extent universal health care (e.g. USA excepted) - appear uncontested in the modern world, but not universal pensions for the old – for those who cannot, or are not expected or supposed to, be active in the formal economy or labour market.

The paper proceeds as follows: We first offer a crude overview of various pension systems in the world, followed by a brief presentation of previous studies of effects on reduction of poverty and inequality of various pension systems. The historical arguments for universal pension systems in our three selected countries are then presented. Their current systems of universal pensions, developed and modified over a 60-year period, are presented in a comparative table (**Table 5**, see Appendix). In the final section we review and sum up the arguments for universalism in the three countries and raise – for further studies - the question of why universal pensions have not become more universal in the universe of nation states – especially in light of the sound experience of countries which introduced such systems early, and in light of studies of the effects of pensions systems as to old age poverty and income inequality.

Old age pension systems of the world

Most old age pension systems consist of either means-tested or employment-related contributory schemes. Among the 194 countries of the world[5] only 11 countries[6] – covering four continents - had established a universal pension system before 1980, and by 2006 the number was, even with a generous definition of universality, no more than 16: see **Table 1** and **Table 2** in the Appendix. By ”universal” we refer to a pension scheme that offers a pension based on the criterion of age and conditioned only by citizenship or residency as criteria of membership in the state. The qualifying age may differ across time and countries, and of course the generosity of benefits. Size of pension may also be dependent upon years of

[5] 191 members of the United Nations, plus the Vatican which does not want to be a member, and Taiwan and the Turkish Republic of Northern Cyprus, which are not recognized by the UN as independent/sovereign states.
[6] Only 10 countries have universal pensions in 1980: Australia introduced universal pensions in 1973, but the scheme was abandoned in 1978.

citizenship or residence, thus even if the basic pension amounts will differ for persons who have reached the qualifying age – e.g. one who has only resided three years in Norway receives only 3/40 of the minimum pension, one must have resided 40 years to get a full minimum pension - we consider systems universal when the criteria of age and citizenship/residency are by law sufficient for being entitled to a pension. ”Universality” in our understanding definitely does not imply ”equality” in all respects.[7]

Table 2 (see Appendix) gives a picture of the remarkably slow spread of universal pension schemes over time, but it is interesting to observe that a number of poorer countries have introduced universal pension schemes since the 1990s. For an overview of *types* of national pension systems of the world, see **Table 3** (see Appendix). **Table 4** (see Appendix) gives an overview by region and country.

Pension systems and poverty reduction: review of studies

A persistent issue in political and scientific debates is whether social policies in general, and pension policies in particular, should be targeted and directed solely to the poor, normally on the basis of an income or some kind of means test, whether and/or to what extent they should be based on employment records and on some variant of the insurance principle, or whether, but less frequently discussed, they should be universal and include all members (defined in terms of citizenship or residence criteria) of a society. As seen from Tables 3 and 4, many countries have pension policies based on a mixture of various principles and programmes, and a mixture of compulsory/mandatory and voluntary programmes.

Many arguments have been put forward *pro et contra* the various principles of social policy and of combinations of them. Arguments relate to costs, incentives, effectiveness, legitimacy, equality, fairness, social cohesion, dependency, rights and human dignity, to mention the most important. Some arguments are purely normative, while others are more pragmatic and relate

[7] For several countries in Tables 1 and 2, it may be discussed whether all systems are really universal, e.g. it may be argued that Swedish system is not universal after the pension reform of the late 1990s, since the basic amount is only paid to those who receive less than 3,07 times the basic amount in earnings-related pensions. Also other countries have elements of (automatic) income-testing against other pension income from mandatory schemes (e.g. Iceland), but the application of this rule in the countries included in the tables is arguably different from discretionary means-testing.

to more or less knowledge-based perceptions, statements and hypotheses about measurable and empirically testable effects of schemes established. Of course, also normative arguments can be founded on more or less contested established knowledge.

What do we actually know about the effects of pension systems or principles of such for poverty reduction and distribution of income? The studies that have been made cover only a limited number of countries. Comparisons are difficult because of data availability and quality for many countries, because of the existence of complicated, many-dimensional pension systems, and because of the number of variables one may want to ”control” for in order to study the isolated effects of major types of pension systems. General economic growth and development may also to some extent benefit pensioners independent of pension arrangements, e.g. through ”redistribution” within families. But some careful comparative studies of the effects of pensions systems have been made, and their results appear at least reliable and valid for the group of countries studied, and probably also convey some general lessons for other countries.

Korpi and Palme (1998) have carried out a relevant study as regards the capacity of different social policy models to reduce inequality and poverty in capitalist democracies. In a comparison of 18 OECD countries they identified five ideal types of social security/insurance programmes that respond to the risks of aging and illness, and found that universal social policies tend to reduce poverty and inequality more effectively than targeted social policies. More precisely, they found that what they called an ”encompassing model”, which bases eligibility on both citizenship (universalism) and contribution, had the most favourable outcomes in terms of cross-class coalitions and redistribution. One important reason is that comprehensive welfare systems, which provide earnings-related benefits for all economically active citizens/residents, are expected to generate the lowest level of private insurance (*ibid.*: 669). The redistributive outcome in terms of poverty reduction was lowest in countries with targeted, means-testing models, and the insurance-based flat-rate basic security model (Korpi and Palme 1998). Likewise, Goodin *et al* studied the effects of various welfare regimes, exemplified by the Netherlands, Germany and the USA, and found that the Dutch system, with universal, substantial and redistributive public transfers (not only pensions), is more effective regarding poverty reduction than the American (“liberal”) and German (“corporatist”) systems, although Germany comes close to the Netherlands (1999: 166, 251).

If systems are studied over time, however, the performance of the Netherlands is far better than both Germany and the USA (*ibid.:* 167).

Kangas and Palme (2000) were struck by the fact that 30 years ago, the poverty rate among old people in the Scandinavian countries was not markedly lower than in the US (15-20 per cent) while the situation had changed fundamentally by the beginning of the 1990s. In the Scandinavian countries the poverty rate had fallen from over 15 per cent to below 5, in the US it was still 14 per cent (Kangas and Palme 2000: 340, 342-43).[8] They studied the impact of coverage and level of pension policies on poverty rates and found that a combination of fairly generous universal basic benefits with earning-related ones have the capacity of lifting out of poverty those who, for various reasons, are not able to fund their own retirement.

It may be questioned whether cross-sectional comparisons of a number of Western welfare states can reveal important links between institutional solutions and their distributive effects without the dynamics or the causal mechanisms behind these links actually being disentangled. According to Jäntti, Kangas and Ritakallio (1996: 473, 483) more detailed longitudinal analyses of the development patterns within single countries are also needed. A study of the Finnish experience, of the distributional consequences of the transformation of the pension system from 1966 to 1990, shows that the gradual change from a residual pension model with targeted means-tested benefits, to a so-called institutional one, which consists of a combination of basic security and income security pension models, has considerably reduced the poverty rate among the elderly – both male and female (Jäntti *et al* 1996: 484).[9] The institutional pension policies, which include the principle of universalism, also reduced profoundly the economic inequality among the elderly. A historical look on the link between social policy and economic development in countries that relatively successfully have addressed poverty issues, like the Nordic ones, must be said to provide valuable and relevant insight of interest for development studies (Kangas and Palme 2005).

As mentioned in the introduction, and documented in Table 1 (see Appendix), few countries have implemented universal, non-contributory pension systems. Comparative research on the

[8] Poverty is defined as income below 50 per cent of median income. Kangas and Palme present poverty rates by age groups for selected countries. In order to assess how sensitive the results are to the different poverty thresholds, they employ three poverty levels: those whose equivalent income falls below respectively 40, 50 and 60 per cent (*op.cit.*: 339).

[9] Although the Finnish pension legislation became universal in 1956, the basic, unconditional benefit was rather low in Finland compared to other Scandinavian countries (*ibid.:* 476).

effects of pension systems are relatively recent, and it may be too early to study the effects for the creation of knowledge and widely accepted interpretations of the results of empirical research as to how systems work - on the political and normative arguments pro et contra various pension models. Still, it is surprising that little attention has been devoted to the experience of countries which have more than 50 years of history with universal pensions. A trace of this experience was reflected in the World Bank report, *Averting the Old Age Crisis*, from 1994, where the World Bank asserted that means-tested programmes administratively are more complex and give higher transaction costs compared to universal old age pensions that provide the same benefits "to everyone of pensionable age, regardless of income, wealth or employment history" (World Bank 1994: 240). The Bank referred to New Zealand and the Scandinavian countries and argued that universal basic pensions are – in comparison with means-tested variants - pension systems that avoid the effects of disincentives to work and save.[10] The Bank discussed four options for a first, public pillar, two of which rested on the principle of universality, the other two on years of employment. Among disadvantages of a system with universal (flat) rate benefits, the Bank discussed the problems of free riders; that total programme costs are too high; and the expectation that in countries with very unequal income distributions much of these benefits would go to the rich who live longer than the poor, thus undermining the objectives of redistribution and poverty reduction.

In 2005, the World Bank published a new report reviewing various pension reforms. It resulted in "an evolution of the Bank's perspective on pension reform" (2005: 11). It is based on an involvement in pension reform in more than 80 countries, of which 60 got some sort of financial support from the World Bank (*ibid.*: 9). The World Bank still perceives advantages in a multipillar pension design, as such a model is flexible and best addresses the main target groups in the various populations.[11] Importantly, the Bank calls for an "enhanced focus on basic income provision for all vulnerable elderly" (*ibid.*: 14). The Bank is still open as to

[10] The World Bank recommended a three pillar pension structure:
(a) a publicly managed, tax-financed, pillar;
(b) a privately managed, publicly regulated pillar which could be either personal savings accounts or occupational plans;
(c) voluntary occupational or personal savings plans.

[11] The three-pillar model proposed in 1994 was in 2005 extended to a five-pillar model: 1) a non-contributory or 'zero-pillar' to provide minimum level of protection; 2) a 'first-pillar contributory system linked to earnings; 3) a mandatory 'second pillar' that is an individual savings account; 4) a voluntary 'third-pillar' that can take many forms; and 5) informal intrafamily or intergenerational source of financial and non-financial support to the elderly.

whether the basic public pillar should take the form of a social assistance program, a small means-tested social pension, or a universal demogrant available at higher ages (for example, age 70 and up). Neither in 1994 nor in 2005 has the World Bank come out in favour of universal (basic) pensions as the generally preferred solution to pension systems, but it is recognized as one option and its principal merit is seen to be that it avoids the targeting issue (*ibid.*: 126). However, this merit is also perceived as its problem, namely the fiscal affordability.

In a World Bank study, Coady *et al* (2004) make a classification and assessment of the numerous methods that exist for directing resources to particular or "targeted groups". They collected information for 122 interventions drawn from 48 countries in 7 regions of the world. Their conclusion is that "targeting can work, but that it does not always work everywhere" (*ibid.:* 2, 86).[12] In particular, the problem of under-coverage is great. According to Mkandawire (2005: 9) available figures show that the median targeting programme in sub-Saharan Africa transfers 8 per cent less to poor individuals than a universal programme, which obviously may act as an argument in favour of universalism.[13] A simulation study, drawing on household survey information, of the situation for the elderly in 15 African countries reaches another conclusion (Kakwani and Subbarao 2005). They claim that the case for a universal pension is weak since the fiscal cost will amount to 2 - 3 per cent of GDP. This budget will compete both with public spending on the health care budget in many of these countries, as well as on the scarce safety net resources for groups whose incidence of poverty is much higher than of the elderly. The results from initial empirical investigations of these countries and selected other countries in other parts of the world (such as Nepal) do not give a clear answer as to the effect on social and economic development in a country context, but one view put forward is that "targeting a social pension program only to the poor among the elderly is undoubtedly a less costly option and has greater impact on group and national poverty rates" (World Bank 2005: 127). The conclusion opens, however, for country-specific assessments: "any decision regarding the best instruments and the tradeoffs between a universal pension and reduced programs for other groups (such as children and widows) needs to be placed in the context of the specific country" (*ibid.*: 128). And: "it is not surprising that many countries where universal pension programs are currently in place are

[12] Coady *et al* seem to be more concerned with the leakage rate of universal programmes (*ibid.:* 11).
[13] Mkanawire deals with universal programmes in general, not with pension programmes in particular.

attempting either to target their program or to allow the benefit level to erode over time, largely driven by fiscal considerations" (*ibid*.: 128).

The World Bank is not unequivocally pro or contra universal pensions: its empirical research and simulations undertaken appear to support context-specific pension system solutions, given such and such priority of objectives. Other empirical studies referred to end up with a more clear-cut favourable view on the possibility and role of universal pensions. One factor underpinning this favourable view is the hypothesized – and empirically corroborated - political dynamics of the *design* of welfare institutions in a country. The size of welfare budgets is not fixed once and for all, but tends to depend on the design of welfare state institutions in a country (Goodin 1988: 55; Sen 1999: 136; Coady *et. al.* 2004: 9). Excluding the middle classes from a pension programme may remove broad-based political support for such programmes and make them unsustainable; there seems to be a trade-off between the degree of targeting and size of the redistributive budgets. Accordingly, what Korpi and Palme characterize as "the paradox of redistribution" confirms a well established insight, among social policy researchers at least, that a programme reserved for the poor is a poor programme; targeted programmes lose political and economic support from the middle classes. This finding is confirmed in a study carried out by Moene and Wallerstein (2001), and is valid for poorer countries too, according to Sen (1999: 136). Already 50 years ago Richard Titmuss (1955) argued that flat-rate low-level benefits stimulated a strong growth in tax-favoured occupational pension schemes in the more well-off segments of the workforce and that a *public* system which offered decent income protection also for these groups would diminish the significance of the private insurances and facilitate an improvement of the public benefit levels - to the benefit of poor or low-income groups.

Comparative studies seem to indicate that universal pension systems – or universal pensions in combination with earnings-related schemes - generally have greater poverty- and income reducing effects than systems built on other principles – or combination of principles - of distribution.

The universal pension systems of Canada, Mauritius and Norway – and the arguments in favour of universalism

Let us present the historical introduction of universal pension systems of Canada, Mauritius and Norway, and the arguments in favour. Information on important current characteristics of these systems is summarized in **Table 5** in the Appendix.

Canada

The British North America Act of 1867 created the Confederation of Canada and signified the process by which the federal dominion of Canada was formed among the provinces, colonies, and territories of British North America. It took until 1982 before Canada obtained full independence from the United Kingdom, except for the fact that Canada still is a constitutional monarchy which recognizes the British Elizabeth II as Queen of Canada. Canada is a parliamentary democracy and is today composed of ten provinces and three territories and has a federal system of parliamentary government. The country covers a vast territory and has more than 32 million inhabitants.

A universal pension system, covering all residents in Canada above 65 years of age, dates from 1952. There was widespread public debate of various reports from 1942-43, including the Beveridge (1942) report in UK, on what kind of society and social security to build after the World War II. The social security post-war vision for social security in Canada was drawn up in two documents from 1944: the *White Paper on Employment and Income*, and the *Green Book on Reconstruction* (*ibid.*: 22). An important element of this vision was to create a universal old age security plan for the elderly, in addition to an income support plan for those aged 65-70. The old age security plan was presented in 1951, and the law on universal old age pensions was operative from 1952.

"Canada emerged from World War II with a determination that it would not endure another depression such as the one that occurred in the 1930s" (Sarrouh 2002: 21). "The universalist model of social security developed out of opposition to the "residual" philosophy of social policy that predominated until the Great Depression of the 1930s' (Battle and Torjman 2001: 13). Most of those who had given thought to the pension issue in the 1930s favoured the

contributory principle, but informed opinion shifted by 1950, "reflecting a growing belief that relating benefits to contribution would pose unnecessarily complex administrative problems and would defer the abolition of the means test for too long" (Bryden 1974: 120). There was much aversion to the means-testing prevalent in the 1930s.

The universalist model regards social benefits as rights to be granted to citizens according to objective criteria of need, not as benefits to be handed out at the discretion of welfare administrators after an exhaustive investigation of applicants' needs (Battle and Torjman, 2001: 14). The debate prior to the enactment concerned the issue of social insurance versus universality. The (liberal) Prime Minister and Minister of Finance favoured a contributory pension plan over a universal one, but since the issue was politically contested, and strong groups, such as some business groups and the left, led by the Cooperative Commonwealth Federation and the Canadian Labour Congress, supported universality, the Prime Minister appointed a parliamentary committee to deal with the issue. This committee came up with a report in favour of universality. Old age pensions should be viewed as a right, which was in accordance with what the Government stated already in 1945: "Payment of pensions as of right to people of this age [70+] offers the best kind of economic security. It removes the fear of destitution much more certainly than any other method…" (Joint Committee of the Senate and House of Commons on old age security, 1950: 639). Many arguments referring to simpler and less expensive administration of a universal as a contrast to a means-tested scheme were put forward, as well as the argument that the old means-tested system was not applied equitable across all provinces (*ibid.*; 637; 794-796). The Government subsequently opted for the Old Age Security plan (Battle and Torjman 2001: 23-24). Factors which are seen as having being conducive to the adoption of a universal programme were demographic changes – a steady increase in the proportion of the population above 70 years of age, and social attitudes. "The depression had left an aversion to means test as the qualifying barrier to social assistance of any kind. Universality was seen as a way to avoid this" (*ibid.*: 24; Bothwell, Drummond, and English 1981). Close and recurring scrutiny of a pensioner's personal affairs was humiliating (Bryden 1974: 104). "The advocates of universal pensions usually had in mind, in varying degrees, redistribution favouring the lower income groups" (*ibid.*: 111).

According to Banting (1987) universality lies at the heart of the development of the welfare state in Canada, a view hardly in accordance with the general categorization of Canada as a "liberal welfare regime" and the vision at the middle of the last century also covered universal

unemployment insurance and health services. Besides avoiding the hardships of the 1930s, Banting also argues that an objective of the universal welfare state was to foster social integration and cohesion. Social security was seen as an instrument for moderating the intensity of social and regional divisions (Sarrouh 2002:15), and the goal of universalist social policy was seen to be the prevention and alleviation of poverty (Bryden 1974: 14).

A new vision of the welfare state is said to have replaced, or perhaps more correctly, complemented, the universalist perspective in the 1960s: the redistributive welfare state. The change was sparked by the realization that the universal programme(s) did not properly deal with income inequalities and did not reach the poor or offer the poor a sufficient income. An income-tested income supplement for the elderly was introduced (*ibid.*: 16), and covers elderly aged 60-64, as well as those entitled to the universal pension from age 65. But not only social redistribution was on the agenda in the 1960s, also the desire, as in Norway at the same time (see below), to introduce a pension which to a higher degree could secure maintenance of income levels achieved through working life. An earnings-related pension plan, the Canada and Quebec Pension Plans (CCP/QPP) were adopted in 1966 (*ibid.*: 25).

In the 1980s, the Government attempted to adjust social programmes in the direction of more targeting towards the most needy. "Underlying these proposed reforms……was the elimination of universal programmes in favour of income-tested programmes" (*ibid.*: 34), but, interestingly, also in comparison with several similar attempts in Mauritius (see below), strong popular protests forced the Government to withdraw the proposed measures in June 1985.

The present pension system in Canada consists of two parts: a public system composed of three tiers, and a private system based on occupational pensions sponsored by employers (*ibid.*: 42). The first tier of the public pension programme is the universal, flat-rate Old Age Security pension to all aged 65+, who have a minimum of 10 years of residence after age 18; the second tier comprises the income-tested Guaranteed Income Supplement and similar provincial supplements; and the third tier is made up of the CCP/QPP, a mandatory, contributory, federal-provincial, social insurance programme. In principle, the system is quite similar to the Norwegian (see below).

Mauritius

Mauritius appears in most respects as a big contrast to Canada. Mauritius is a small island with a total population of somewhat more than 1,2 million. The country has been dominated by the sugar industry and colonized since the 16th century, first by the Dutch in 1598, then by the French in 1715 and finally by the British in 1810. Although Mauritius has had a legislative council with elected members since 1885, politics did not become an important part of island life until 1936, when the Labour Party was founded.[14] Elections in 1947 for a newly created Legislative Assembly marked Mauritius' first steps toward self-rule. In 1948 a constitution was established, with a Legislative Council where the Mauritius Labour Party (MLP) won the majority of seats. The constitution gave voting rights to all adults, including women, who had been subject to a test of "simple literacy". Mauritius obtained full independence in 1968, and has a President elected by the National Assembly, a unicameral parliament.

Mauritius introduced a non-contributory old-age pension scheme in 1950, with a means-test that was abolished and replaced by a universal basic pension in 1958. This is one of the best-kept secrets in the world, according to Willmore (2003). Currently, every elderly resident of Mauritius is offered an income support from a system of non-contributory pensions. Subject only to minimum residence requirements, 12 years from age 18 for citizens, 15 years from age 40 for non-citizens, every resident aged 60 or over is eligible for a monthly pension. Consequently, the basic pension is not income- or work-tested. Pensions are taxable as ordinary income, though, so those who continue to work, or have other sources of income, return some of their pension to the government. According to Willmore (*ibid*), Mauritius ended up with a system of universal old age pensions by accident, not by design. In 1940 a Social Insurance Committee was appointed in order to look at the possibility of designing a system of old age pensions. The committee recommended a compulsory, strictly proportional contributory system. By 1950, no system of contributory pensions had been agreed upon, and as a temporary measure until a "proper" system could be set up the government introduced a non-contributory system which was strictly means-tested with severely tight eligibility criteria. The qualifying age was 65 years.

[14] http://www.pressreference.com/Ky-Ma/Mauritius.html

Much misunderstanding and resentment originated from the means test; the term of ”income” was far from clear and the administrative practice was regarded casual and unfair (Titmuss and Smith 1961/1968: 88). And in September 1957, the Governor appointed a Committee of Ministers that recommended a system nearly identical to the proposal from 1941. Contributions should be collected from all workers younger than 60, even from child workers from the age of 14 (*ibid.*: 89-90). Surprisingly, however, the Minister of Health and Social Services announces in December 1957 that means-testing should be abolished, and that the monthly pension would increase (Willmore 2003, 2006). The main object of this amendment of the Bill from 1951, was to abolish the means test, the Minister declared; the pensions system based on means testing was neither rational nor legitimate. One important objection concerned the dignity of the applicants; they were going through very vexatious, long lasting and humiliating enquiries. Closely related to the humiliation of the applicants – their neighbours and relatives were for instance pressed for all sorts of information by inquiring officers – was the corruption among the last ones. It was argued that to require bribes or political support from the applicants were not unusual among inquiring officers and politicians (Mauritius Legislative Council 1958: 310, 325).

A main argument for the Minister was, however, the fact that there are two categories of persons who were penalised through the means tested system:

1. Those who have led a cautious life of certain moderation, and have been able to set up a little amount of revenue equal to the amount being provided as pension. Just because of this they are debarred from receiving the old age pension under the present system. The pension goes only to those who have not been able to save anything, those who may have lived a life with less moderation than the others.
2. Those who are willing to work, though advanced in age, in order to live a more decent life or/and to support their dependants.

The Minister thus called attention to the disincentive effects of the means testing system, which have the inclination to produce poverty traps, or ”idleness” as they expressed it (*ibid.*: 310-11, 327). Distortion of the information given to the officers, also become a problem in a means testing pension system.

That the aversion against the means test was huge did not mean, however, that a universal old age pension was the only alternative. The intention was still to develop a "complete and comprehensive social security system, contributory this time, by which the amount of old age benefit is going to be higher", which should replace the universal one, "in less than two years time" (*ibid.*: 346). The preference for a contributory system was not least caused by the much higher benefit levels it would provide. Yet, this issue was not central in the debates and the question of who would be covered by, or excluded from, this system, was not touched upon.

A contributory pension scheme, covering employees of the private sector, was introduced with the passing of the National Pension Act in 1976, in addition to the universal, non-contributory pension system.[15] Civil servants and employees of local authorities are covered under the non-contributory retirement pension schemes. Public employees of para-statal bodies are covered under contributory retirement schemes, and only employers pay contributions (Deerpalsing 2004).

Norway

Norway is a constitutional monarchy with a unitary, parliamentary system. It seceded from the "personal union" with Sweden and obtained full independence and internationally recognized sovereignty in 1905. The population is 4,6 millions in 2006.

The first national pension scheme, beyond one for civil servants and government employees, was passed in 1936, but debate on and proposals for old age pensions in Norway had been on the agenda since the 19th century. The first law introduced means-tested benefits, which was abolished in a new law of 1957. The World War II experience, when Norway was under German occupation for five years, put many leaders and ordinary people across the political spectrum "in the same boat" and probably fostered a new kind of consensus and solidarity across social classes. This experience may have furthered the idea of universality as a vision for post-war social policy development. The goal of developing universal welfare programmes was part of the programme of all political parties as manifested in their Joint Programme (*Fellesprogrammet*) published just after the end of World War II, in 1945. But

[15] A mild income test was in effect from 1965 to 1976; those who were paying incomes tax were disqualified for an age pension In 2004, the government once more imposed an income test on the basic pensions, which lasted one year when the Government lost the elections (Willmore 2006).

views differed as to priorities and speed with which universality across all social security programmes should be made effective. A number of arguments – advocated by different groups - were put forward in favour of making the old age pension universal in the mid-1950s (Kildal and Kuhnle 2005: 21-24).

Already around 1900 the idea of a ”people’s insurance” appeared, and the first parliamentary worker’s commission formulated among its proposals in 1894 that the pension scheme should cover the entire population (Hatland 1992: 55). This idea was part of the national identity- and community-building project, and closely related to current social inclusion projects. The important normative argument, though, concerned human dignity.

According to Harris (1994), the biographer of Beveridge, the Beveridge proposals from 1942 were mainly results of his long-term aversion against the Poor Law, selectivity and all forms of means-tested benefits. He fought the ethic of “clientage, concealment, and calculated improvidence” that assumedly ultimately would corrupt the whole society (Harris 1994: 26). After the WWII also the politicians in Norway was expressing a deep dissatisfaction with the existing poor relief system that offered only poor help to a heterogeneous group with quite different problems in a highly paternalizing and stigmatising way. This is contrary to universality which promotes an idea of social equality; non-means-tested pensions would be perceived as a social right for all members of society (Seip 1981: 53-54; Hatland 1984: 39-40). More pragmatic administrative arguments were also salient. It was argued that to make pensions universal - a matter of citizen’s right – would save huge amounts of administrative cost. It was also claimed that means-testing penalizes the will to work and save, and the problem linked to the demarcation between eligible and non-eligible persons; different municipal practises undermined the legitimacy of the means testing arrangements.

Some opposition against a universal pension at the time of decision came from groups on the left of the Labour party and the Communists, who considered universality to be ”unsolidaric” and ”unsocialist” (Haavet 1994: 287) – questioning why rich people should be entitled to a basic pension. In 1967 a new law came which introduced an earnings-related second pillar pension to the universal basic pension, a move beyond minimum income security for all towards an additional ideal of maintenance of income security for the economically active after they retired. There has been no serious attempt to move away from the universal pension

system in Norway. The current retirement age is 67, but pension points (for the earnings-related part) may be earned until the age of 70. To qualify for a pension, a person must have resided in the country a minimum of three years between the ages of 16 and 66. The basic pension is calculated on the basis of the insurance (residence) period, and a full basic pension requires 40 years of ”membership” or residency (Arbeids- og inkluderingsdepartementet 2006). The minimum old-age pension consists of the basic pension plus a special supplement which everybody who has earned no or very little supplementary (”earnings-related”) is entitled to. The special supplement is – as the basic pension amount – reduced proportionally in the case of shorter periods of ”insurance” (membership) than 40 years.

Summary: Comparison of arguments and discussion

The paper started with a concerned observation about the growing size and share of old people in the world, and questions about what kind of income support policies offers the best solutions to increased challenges of income insecurity and poverty for this population group. Empirical studies seem to suggest that universal pension systems are beneficial to poverty alleviation. Our intention has thus been to analyse the actual arguments that have been set forth in favour of universal pensions schemes in three selected, very dissimilar, countries at the historical time of introduction of such schemes. Our study has shown that poverty was not a main issue in the argumentation, although it was emphasized in the Canadian debate that “Payment of pensions as of right to people of this age [70+] offers the best kind of economic security” (Joint Committee of the Senate and House of Commons on old age security, 1950: 639)).

Which arguments were conspicuous? The strongest normative argument in favour of universal pensions, and an argument that was prevalent across all three countries, was the moral one that relates to a value of human dignity: aversion to humiliating and discretionary means- testing.

Table 6 (see appendix) gives a crude overview of arguments used when universal pension systems was first introduced in Canada, Mauritius and Norway in the 1950s.

We have classified arguments in three categories: (I) those relating to community and nation-building; (II) those relating to values of human dignity; and (III) those relating to economic and administrative considerations. A preliminary overview indicates that two arguments were used across all three countries, namely the moral one mentioned, to get away from means-tests, and the economic-administrative one about reducing administrative costs. None of the other arguments listed were apparently used across all three countries.

Several arguments appear across two of the countries. Historical traumatic events can be conducive to significant changes in the strength of specific ideas, perceptions, desires and political prescriptions for future policy development. In both Canada and Norway the experience of WWII played a role as to formulating a vision for a better post-war society in which social policy was seen to promote social cohesion and integration, and old age pension came to be seen as a social right. Also, fairness arguments were present in Canada and Norway. Reduction of poverty was clearly an argument in favour of universalism in Canada and Mauritius, while the disincentive effects of means-testing was an important argument in Mauritius and Norway for breaking loose of the system of means-tested old age pensions. Other arguments used seem to have been more nation- (or context-) specific, such as focus on demographic change (Canada), and the possibility of getting rid of corruption in the administration of means-tested pensions (Mauritius). Some arguments which in more recent times have been heard in favour of universalism were seemingly not on the political agenda in the 1950s, such as increasing the economic independence of citizens; and promote the general health of the population and among the old.

Arguments are not the only – or sufficient - reasons why welfare systems are brought into existence. Structural and contextual factors, like historical-institutional and cultural prerequisites are potential "causal" or conducive factors. Furthermore, arguments can be both pragmatic and normative, dealing with instrumental means-end relationships and values regarding right or wrong. In any case, different goals and normative ideas lead to different policy prescriptions, and analyses of them may shed light on the value basis and moral principles of welfare programs. According to Weber, ideas have profound influence on the development of social life, and it is self-evident that one of the most important task of every social science is to arrive at a rational understanding of these "ideas" for which men struggle and to "judge" them critically (Weber 1904/1969: 53-54). Our mission in this paper has been

to reach an understanding of the arguments and ideas behind universal pension schemes in order to contribute to a discussion that may be expected to take off in different parts of the world in coming years, regarding the design of old-age pension policies. Different institutional designs express different moral structures and our conclusion will be that even if there may be no clear political vision behind the motives behind universalism, the arguments for universal pension schemes tend to include strong normative ideas about equality, social justice, solidarity and human dignity.

UNESCO has a program called "Education for All", and all governments of the world support universal primary and, most often, secondary, education. Likewise, the goal of universal health services is widely subscribed to, although the fact that 15% of the population in the world's dominant economic and political power, the USA, is not covered by health insurance, may curb the global promotion of this goal in important international organizations.

A timely question for future research could be: why is there not more attention to issues of universal income security, such as universal old age pensions? Given the normative, cognitive and pragmatic-administrative arguments referred to in this paper: why have so few countries in the world introduced universal pensions since the first countries introduced such schemes 50-70 years ago? Are concerns about human dignity of less importance now than in the 1950s? Is it not reasonable to think that universal schemes ward off temptations of corruption in means-tested schemes, and that universal schemes thus may be of special interest in weak states or countries with a weak institutional structure and weak governmental administrative capacity? These are some of the questions which may be elaborated for future research on income security in old age – and in general.

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Appendix

Sources for Tables:
HelpAge International (2004); Heston et al (2002); Mauritius Central Statistical Office (2003) MISSOC (2004), Social Security Administration (2004-2006), United Nations World Population Prospects (2005), United Nations Human Development Report, Olafsson (2001), Palacios et al (2006), Willmore (2006a + b), Worldbank (2006)

Table 1: Universal pensions of the world

Note: All figures are valid for singles. Currency rates as of September 2006

Country	Year of introduction of universal pension	Current Pension System	Means-tested supplement	Income-test	Conditions for full universal pension	Residency requirements	Age of eligibility	Percentage of population older than qualifying age	Life Expectancy at birth M/F (2005)	Source of Funds for universal pension	Maximum universal pension (basic pension + low-income supplements) per year in US$ (year of data)	Minimum pension per year in US$ (given min. residency and other requirements)	GDP per capita in US$ (2003)
Bolivia	1997, suspension from 1998 to 2000 with partial refunding after 2000	Mandatory individual account, private insurance and universal pension (Bonosol) system	No	No income-tested features for universal pension scheme	No additional conditions (see residency requirements).	Citizens born before 1975	65+	4,5	62.6 / 66.8	50 % sale of five large public enterprises	225 (2006)	225	892
Botswana	1996	Universal old-age pension	No	No income-tested features for universal pension scheme	No additional conditions (see residency requirements).	Resident citizens	65+	3,3	35.5 / 34.9	Government funding	330 (2005)	330	4.372
Brunei	1984	Universal pension and provident fund	No	No income-tested features for universal pension scheme	No additional conditions (see residency requirements).	Residents with 10 years of residence immediately before pensionable age (if born in Brunei) and residents (if not born in Brunei) with 30 years of residence immediately before pensionable age	60+	4,7	74.6 / 79.3	Government funding	n.a.	n.a.	n.a.

Country	Year of introduction of universal pension	Current Pension System	Means-tested supplement	Income-test	Conditions for full universal pension	Residency requirements	Age of eligibility	Percentage of population older than qualifying age	Life Expectancy at birth M/F (2005)	Source of Funds for universal pension	Maximum universal pension (basic pension + low-income supplements) per year in US$ (year of data)	Minimum pension per year in US$ (given min. residency and other requirements)	GDP per capita in US$ (2003)
Canada	1952	Universal pension and social insurance system	Yes (119 % of basic pension – US$ 6077 per year)	Pension is reduced by 15 % of monthly income over 4 513 US$	40 years of residence after age 18.	Citizens and permanent residents with 10 years of residence (20 years for payment abroad)	65+	13,1	77.8 / 82.7	Government funding	11 094 (2006)	7 331	27 079
Denmark	1956	Universal, social insurance and mandatory individual account system	Yes (97% of basic pension - US$ 9 550 per year.) The supplement is reduced by 30% of income over US$ 8 896 per year	Pension is reduced by 30% if professional income exceeds US$ 40 315 a year.	40 years residence between age 15 and 65.	Citizens with at least 3 years residence between 15 and 65, permanent residents with 10 years residency of which 5 years immediately before pension claim	65+	15	75.1 / 79.7	Government funding	19 035 (2004)	1 428	39 332
Finland	1956	Universal and social insurance sytem	No	Pension is reduced by 50% if income from any public earnings-related pension is above US$ 709 a year.	40 years of residence between 16 and 65.	All citizens with residency for at least 3 years after 16 and permanent residents with 5 years residency immediately before pensionable age.	65+	15,9	75.5 / 82.0	Employer: 1,35% to 4,45 % of payroll (depending on capital of private employer); 2,4 % (municipalities); 3,95 % (government) Government: about 36 % (2003) of universal pensions	Between 6 385 and 7 560 depending on family and district. (2004)	Between 479 and 567 depending on family and district.	31 058

Country	Year of introduction of universal pension	Current Pension System	Means-tested supplement	Income-test	Conditions for full universal pension	Residency requirements	Age of eligibility	Percentage of population older than qualifying age	Life Expectancy at birth M/F (2005)	Source of Funds for universal pension	Maximum universal pension (basic pension + low-income supplements) per year in US$ (year of data)	Minimum pension per year in US$ (given min. residency and other requirements)	GDP per capita in US$ (2003)
Iceland	1946	Universal and mandatory occupational system	Yes (supplement of US$ 7 109 and special supplement of US$ 3 506). Supplement is reduced if income exceeds US$ 7 832 and withdrawn if income exceeds US$ 23 630. The special supplement is withdrawn at income exceeding US$ 7 790.	Pension is reduced by 30% if income exceeds US$ 24 400 and withdrawn if income exceeds US$ 36 485 (no income test between 1960 and 1973).	40 years of residence between age 16 and 66.	Citizens and permanent residents with at least 3 years residence form age 16 to 66.	67+	11,8 (65+)	79.1 / 82.9	Employees: None; Self-employed: 5.64% of presumptive income; Employers: 5.64% of all remuneration paid for employment (also finances parental leave, work injury, unemployment)	14 262 (2004)	1 070	36 377
Mauritius	1958	Universal and social insurance system	Yes (64 % of basic pension age 60 to 69 as a supplement for disabled people)	No income-tested features for universal pension scheme (income test in effect from 1965 through 1976 and from Aug 2004 to July 2005)	Benefits increase with age	Citizens with 12 years residence; permanent residents with 15 years residence since age 40 (no residence requirement for 70+)	60+	9,6	69.2 / 76.0	Government funding	60 - 74: 705 75 - 89: 742 90-99: 2 542 100+: 2 892 (2005)	60 - 74: 705 75 - 89: 742 90-99: 2 542 100+: 2 892	4 274
Namibia	1990	Universal system	No	No income-tested features for universal pension scheme	No additional conditions (see residency requirements).	Resident citizens	60+	5,3	47.2 / 47.2	Government funding	324 (2006)	324	2 120

Country	Year of introduction of universal pension	Current Pension System	Means-tested supplement	Income-test	Conditions for full universal pension	Residency requirements	Age of eligibility	Percentage of population older than qualifying age	Life Expectancy at birth M/F (2005)	Source of Funds for universal pension	Maximum universal pension (basic pension + low-income supplements) per year in US$ (year of data)	Minimum pension per year in US$ (given min. residency and other requirements)	GDP per capita in US$ (2003)
Nepal	1995 (with a short interruption in 1998)	Universal, provident fund system and social assistance system	No	No income-tested features for universal pension scheme	No additional conditions (see residency requirements).	Resident citizens	75+ (and widows 60+)	1,1	62.0 / 62.9	Government funding	24 (2006)	24	237
Netherlands	1946	Universal and social insurance system	Yes (29,8% of basic pension)	No income-tested features for universal pension scheme	50 years of residence between 15 and 65.	Resident citizens	65+	14,1	76,3 / 81,6	Government funding and contributions	14 028 (2004)	Pension is reduced by 2% for every missing year	31 532
New Zealand	1938 (effective from 1940)	Universal and social assistance system	No	No income-tested features for universal pension scheme	No additional conditions (see residency requirements).	Citizens and permanent residents with 10 years residence from age 20 (5 years after 50)	65+	12,3	77.2 / 81.6	Government funding	10 149 (2004)	10 149	19 847
Norway	1957	Universal and social insurance system	Yes (79% of basic pension – US$ 7 377)	Pension is reduced by 40% when income exceeds twice the basic amount between 67 and 70. After age 70 full pension is paid independent of pensioner's other income.	40 years of residence between age 16 and 66.	Residents with 3 years residency from age 16 to 66	67+	15 (65+)	77.3 / 82.2	Government funding	16 677 (2005)	1 251	48 412

Country	Year of introduction of universal pension	Current Pension System	Means-tested supplement	Income-test	Conditions for full universal pension	Residency requirements	Age of eligibility	Percentage of population older than qualifying age	Life Expectancy at birth M/F (2005)	Source of Funds for universal pension	Maximum universal pension (basic pension + low-income supplements) per year in US$ (year of data)	Minimum pension per year in US$ (given min. residency and other requirements)	GDP per capita in US$ (2003)
Samoa	1990	Universal Pension and provident fund and	No	No income-tested features for universal pension scheme	No additional conditions (see residency requirements).	Resident citizens	65+	4,6	67.8 / 74.2	Government funding	428 (2005)	428	1.505
Sweden	1948	Universal and social insurance system (old system) and unified social insurance and mandatory individual accounts system (new system)	No	Pension is reduced proportionally to other earnings-related income. Pension is withdrawn if it is more then 3,07 times the basic amount.	40 years of residence	Citizens and permanent residents with at least 3 years residence	65+	17,2	78.2 / 82.7	Government funding	11 516 (2004)	864	33 676
United Kingdom	1946	Universal and social insurance system	No	Any other old-age pension is reduced from the basic pension.	Ineligible for contributory state pension or annual income less than US$ 4 537	Citizens and permanent residence with 10 years residence in any 20-year consecutive period after age 60.	80+	4,4	76,7 / 81,2	Government funding	4 537 (2004)	4 537	30 253

Table 2: Number of countries with universal pensions over time

Year	1945	1950	1955	1965	1975	1985	1995	2005
Number of countries with universal systems worldwide	1	5	6	10	11	11	14	16
Countries with newly introduced universal pension schemes	1940: New Zealand	1946: Iceland, Netherlands; United Kingdom 1948: Sweden	1952: Canada	1956: Denmark, Finland; 1957: Norway 1958: Mauritius	1973: Australia	1984: Brunei; 1978: Australia abandons universal pension system	1990: Samoa; 1992: Namibia; 1995: Nepal	1996: Botswana; 1997: Bolivia;

Table 3: Summary table of pension systems of the world

	Africa	Asia	Europe	Latin America and Carribean	North America	Oceania	Countries Worldwide
Universal	**3**	**2**	**7**	**1**	**1**	**2**	**16**
Pure Universal	2						**2**
and Social Insurance	1		3		1		**5**
and Social Assistance						1	**1**
and Social Insurance and Social Assistance			1				**1**
and Social Insurance and Mandatory Individual Accounts			2				**2**
and Mandatory Individual Accounts				1			**1**
and Mandatory Occupational Accounts			1				**1**
and Provident Funds		1				1	**2**
and Social Assistance and Provident Funds		1					**1**
Social Insurance	**37**	**31**	**34**	**29**	**1**	**3**	**135**
Pure Social Insurance	34	21	21	13	1	3	**93**
and Social Assistance	1	7		8			**16**
and Social Assistance and Mandatory Individual Accounts				3			**3**
and Mandatory Individual Accounts		1	9	5			**15**
and Mandatory Occupational Accounts			2				**2**
and Social Assistance and Provident Funds		1	2				**3**
and Provident Funds	2	1					**3**
Social Assistance	**1**	**4**	**0**	**1**	**0**	**1**	**7**
Pure Social Assistance	1	1					**2**
and Mandatory Individual Accounts		1		1			**2**
and Mandatory Occupational Accounts		1				1	**2**
and Provident Funds		1					**1**
Pure Mandatory Individual Accounts	1						**1**
Pure Mandatory Occupational Accounts						1	**1**
Pure Provident Funds	3	3				4	**10**
No social security system	1	1					**2**
Currently no information	6	8	2	1	0	3	**20**
Countries in Total	53	49	43	32	2	14	**193**

Table 4: Main characteristics of pension systems of the world, country by country

Note: Regions according to UN World Population Prospects (2005)

Table 4.1: Africa

	Universal	Social Insurance	Social Assistance	Mandatory Individual Accounts	Mandatory Occupational	Provident Fund System	
Eastern Africa							
Burundi		x					
Comoros							a)
Djibouti		x					
Eritrea							a)
Ethiopia		x					
Kenya						x	
Madagascar		x					
Malawi							No statutory benefits are provided. Special system for public-sector employees only.
Mauritius	x	x					
Mozambique							a)
Rwanda		x					
Seychelles		x					
Somalia							a)
Tanzania		x				x	
Uganda						x	
Zambia		x					
Zimbabwe		x					
Middle Africa							
Angola							a)
Cameroon		x					
Central African Republic		x					
Chad		x					
Congo (Brazzaville)		x					
Congo (Kinshasa)		x					
Equatorial Guinea		x					
Gabon		x					
São Tomé and Principe		x					
N orthern Africa							
Algeria		x					

Egypt		x					
Libyan Arab Jamahiriya		x					
Morocco		x					
Sudan		x					
Tunisia		x					
Southern Africa							
Botswana	x						
Lesotho							a)
Namibia	x						
South Africa			x				
Swaziland						x	
Western Africa							
Benin		x					
Burkina Faso		x					
Cape Verde		x					
Côte d'Ivoire		x					
Gambia		x				x	
Ghana		x					
Guinea		x					
Guinea-Bissau							a)
Liberia		x	x				
Mali		x					
Mauritania		x					
Niger		x					
Nigeria				x			
Senegal		x					
Sierra Leone		x					
Togo		x					

Table 4.2: Asia

	Universal	Social Insurance	Social Assistance	Mandatory Individual Accounts	Mandatory Occupational	Provident Fund System	
Eastern Asia							
China		x		x			
China, Hong Kong SAR			x		x		
Korea, North							a)
Korea, South		x					
Japan		x					
Mongolia		x					
Taiwan		x					Lump-sum benefits only.
South-central Asia							
Afghanistan		x					Information dates from before 1992
Bangladesh			x				
Bhutan							a)
India			x			x	
Iran (Islamic Republic of)		x					
Kazakhstan			x	x			
Kyrgyzstan		x	x				
Maldives							a)
Nepal	x		x			x	
Pakistan		x					
Sri Lanka						x	
Tajikistan							a)
Turkmenistan		x	x				
Uzbekistan		x	x				
South-eastern Asia							
Brunei	x					x	
Cambodia							a)
Democratic Republic of Timor-Leste							a)
Indonesia		x				x	
Laos		x					
Malaysia						x	
Myanmar							No statutory old age, disability, and survivor benefits are provided.

Philippines		x					
Singapore						x	
Thailand		x					
Viet Nam		x					
Western Asia							
Armenia		x	x				
Azerbaijan		x	x				
Bahrain		x					
Cyprus		x	x			x	
Georgia		x	x				
Iraq		x					Information dates from before 1992
Israel		x	x				
Jordan		x					
Kuwait		x					
Lebanon		x					Lump-sum benefits only.
Oman		x					
Qatar							a)
Saudi Arabia		x					
Syrian Arab Republic		x					
Turkey		x					
United Arab Emirates							a)
Yemen		x					

Table 4.3: Europe

	Universal	Social Insurance	Social Assistance	Mandatory Individual Accounts	Mandatory Occupational	Provident Funds	
Eastern Europe							
Belarus		x					
Bulgaria		x		x			
Czech Republic		x					
Hungary		x		x			
Poland		x		x			
Republic of Moldova		x					
Romania		x					
Russian Federation		x		x			
Slovakia		x		x			
Ukraine		x					
Northern Europe							
Denmark	x	x		x			
Estonia		x		x			
Finland	x	x					
Iceland	x				x		
Ireland		x	x			x	
Latvia		x		x			
Lithuania		x					
Norway	x	x					
Sweden	x	x		x			
United Kingdom	x	x	x				
Southern Europe							
Albania		x					
Andorra		x					
Bosnia and Herzegovina							a)
Croatia		x		x			
Greece		x					
Italy		x					
Macedonia, The former Yugoslav Republic of							a)
Malta		x					
Montenegro		x					
Portugal		x	x			x	
San Marino*		x					
Serbia		x					
Slovenia		x					
Spain		x					
Western Europe							
Austria		x					

	Universal	Social Insurance	Social Assistance	Mandatory Individual Accounts	Mandatory Occupational	Provident Funds	
Belgium		x					
France		x		x			
Germany		x					
Liechtenstein		x			x		
Luxembourg		x					
Monaco		x					
Netherlands	x	x					
Switzerland		x			x		

Table 4.4: Latin America and the Caribbean

	Universal	Social Insurance	Social Assistance	Mandatory Individual Accounts	Mandatory Occupational	Provident Fund System	
Carribean							
Antigua and Barbuda		x	x				
Bahamas		x	x				
Barbados		x	x				
Cuba		x	x				
Dominica		x					
Dominican Republic			x	x			
Grenada		x					
Haiti		x					
Jamaica		x					
Saint Kitts and Nevis		x	x				
Saint Lucia		x					
Saint Vincent and the Grenadines		x					
Trinidad and Tobago		x	x				
Central America							
Belize		x	x				
Costa Rica		x		x			
El Salvador		x		x			
Guatemala		x					
Honduras		x					
Mexico		x		x			
Nicaragua		x					
Panama		x					
South America							
Argentina		x	x	x			
Bolivia	x			x			
Brazil		x	x				
Chile		x	x	x			
Colombia		x		x			
Ecuador		x					
Paraguay		x					
Peru		x		x			
Suriname							a)
Uruguay		x	x	x			
Venezuela		x					

Table 4.4: North America

	Universal	Social Insurance	Social Assistance	Mandatory Individual Accounts	Mandatory Occupational	Provident Funds	
Northern America							
Canada	x	x					
United States of America		x					

Table 4.5: Oceania

	Universal	Social Insurance	Social Assistance	Mandatory Individual Accounts	Mandatory Occupational	Provident Funds	
Australia / New Zealand							
Australia			x		x		
New Zealand	x		x				
Melanesia							
Fiji						x	
Papua New Guinea					x		
Solomon Islands						x	
Vanuatu						x	
Micronesia							
Kiribati						x	
Marshall Islands		x					
Micronesia, Federated States of		x					
Nauru							a)
Palau		x					
Polynesia							
Samoa	x					x	
Tonga							a)
Tuvalu							a)

a) currently no information available

Table 5: The old age pensions systems of Canada, Mauritius and Norway

	CANADA	NORWAY	MAURITIUS
First Laws	Universal: 1952 Contributory: 1966	Pension scheme with means-test: 1936 Universal: 1957 Contributory: 1967	Non-contributory with means-test: 1950 Universal: 1958 Contributory: 9176
GDP per capita in US $ (2003)	27 079	48 412	4 274
Per capita GDP relative to the USA in 1950 / 60 / 70 / 80 / 90 / 00	83/ 82/ 82/ 91/ 85/ 81	68/ 74/ 77/ 89/ 80/ 90	40/ 27/ 22/ 26/ 36/ 40
Current Pension System	Public System: 1) universal 2) income-tested supplement 3) mandatory contributory social insurance programme Private System: occupational pensions financed by employers	Public System: 1) universal 2) income-tested supplement 3) mandatory contributory social insurance programme Private System: occupational pensions financed by employers	Universal pension and mandatory contributory social insurance programme for the private sector / non-contributory system for the public sector
Percentage of Population 65+	13,1	15	6,6
Coverage			
Universal Pension	Citizens and residents 65+ with 10 years of residence (20 years for payment abroad)	Citizens and residents 67+ with 3 years residency from age 16 to 66.	Citizens 60+ with 12 years residence; residents 60+ with 15 years residence since age 40 including 3 years immediately before the claim (no residence requirement for ages 70+)
Earnings-related Pension	All employees and self-employed persons working in Canada Exclusions: annual earnings less than C$ 3.500 (US$ 3 162) or in seasonal agricultural employment	All employees and self-employed persons earning above the base amount. Special systems for seamen, fishermen, forestry workers, railway employees and public employees.	All employees older than age 18 and citizens of Mauritius. Residents with valid work permits and at least 2 years of residence. Minimum contributory pension for those whose contributions were marginal.
Source of Funds			
Universal Pension	Government funding	Government funding	Government funding

Earnings-related Pension	**Insured person**: 4,95% of income **Self-employed person**: 9,9% of income **Employer**: 4,9 % of payroll **Government**: None, contributes as an employer. Minimum/maximum annual earnings for benefit and contribution purposes are C$ 3.500/41.100 (US$ 3.160/37.170)	**Insured person**: 7,8% of income (including payments in kind, lodging or pension); 3,0% if under age 17 or over age 69. **Self-employed person**: 10,7% of income up to 16, 75 and/or 134 times the base amount, depending on the category of self-employment. The contribution rate for other kinds of pensionable income is 3,0%. **Employer**: 14,1% of payroll. For employees older than 62 reduced rates apply. An additional employer's contribution of 12,5% is calculated on wages exceeding 16 times the base amount. **Government**: meets any deficit. Note: all of the above contributions also finance sickness and maternity, work injury and unemployment benefits.	**Insured person**: 3% of income. **Nonemployed and self-employed persons** can contribute voluntarily with min/max contributions Rs 55/390 (US$ 1,70/12) **Employer**: 6% of payroll (10,5% for millers and large employers in the sugar industry) **Government**: meets any deficit. Minimum/maximum annual earnings for benefit and contribution purposes are Rs 1.095/7205 (US$ 34/223) Note: all of the above employer contributions also finance work injury benefits.
Qualifying Conditions			
Universal Pension	40 years of residence after age 18 for full pension (1/40th for each year of residence).	40 years of residence for full pension (1/40th for each year of residence).	No additional requirements except residency. Benefits increase with age.
Earnings-related Pension	60+ with at least 1 valid contribution. (The pension is reduced by 0.5% a month if awarded at any age after 60 but before age 65.)	67+ with 3 years' earnings above the base amount after 1966.	60+ and insured (sugar industry: male 55+/female 50+) with contributions required in the year before the claim.

Benefits			
Maximum annual universal pension given no other or very little other income (for a single)	US$ 11 094 Calculation: basic pension of US$ 5 017 plus supplement of US$ 6 077	US$ 16 677 Calculation: basic pension of US$ 9 230 plus special supplement of US$ 7 377	60 - 74: 705 75 - 89: 742 90-99: 2 542 100+: 2 892
Minimum annual universal pension given minimum residency and other requirements (for a single)	US$ 7 331 Calculation: basic pension of US$ 1 254 (10/40th of full basic pension) plus supplement of US$ 6 077	US$ 1 251 Calculation: basic pension of US$ 695 (3/40th of basic pension) plus special supplement of US$ 556 (3/40th of full special supplement)	60 - 74: 705 75 - 89: 742 90-99: 2 542 100+: 2 892
Income-test for universal pension	Pension is reduced by 15 % of monthly income over 4513 US$ a month (about 10 times the basic pension)	Pension is reduced by 40% when income exceeds twice the basic amount between 67 and 70. After age 70 full pension is paid independent of pensioner's other income. If the pensioner's spouse receives pension or has a yearly income exceeding 2 base amounts the full basic pension will be 82,5%. Special supplement is reduced by 100 % from the earnings-related pension.	No income-tested features for universal pension scheme (income test in effect from 1965 through 1976 and from Aug 2004 to July 2005)
Means-tested Supplement	119 % of basic pension for a single and 77% for a couple	79% of base amount.	64 % of basic pension age 60 to 69 as a supplement for disabled people
Earnings-related Pension	25% of average adjusted yearly covered earnings. 15% of the years with the lowest income / years of childcare	42% of the base amount which appears when the basic amount is multiplied by the insured's average annual number of pension points in the 20 years with the most points.	The pension is calculated on the basis of pension points that are awarded in exchange for contributions. At retirement, the pension points are converted to a pension. The pension amounts to ca. 33 % of average lifetime earanings of individuals in 1998.

Table 6: Arguments for universal pensions in Canada, Mauritius and Norway in the 1950s

Arguments in favour of universal pensions	CANADA	MAURITIUS	NORWAY
I. Related to community and nation-building			
Post-WWII vision of the 'good society'/welfare state	X		X
Pension as a social right	X		X
Foster social integration and cohesion	X		
Foster support for public social security system	X		
Demographic change, growing proportion of old people	X		
II. Related to values of human dignity			
Aversion to means test; avoid humiliating testing	X	X	X
Equality, fairness	X		X
Reduce poverty	X	X	
III. Related to economic and administrative considerations			
Reduction of administrative costs	X	X	X
Means-testing a disincentive to private saving and development of occupational pensions; 'poverty trap'		X	X
Means-testing a disincentive to active work when reaching retirement age		X	X
Avoid corruption		X	
Should be a temporary measure		X	