

An overview of the history of social security in Mexico and the United States

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The current period of transition to a global free trade system has inherited a number of social problems left over from previous decades. Unemployment, poverty, violence, drugs, etc., threaten the stability of both developed and developing countries.

Unless an effective political solution, aimed at achieving social consensus, can be found for these phenomena, plans for the new civilization that is barely beginning to emerge will never come to fruition.

This situation amply justifies the role of social security on the grounds that it is an ideal means of ensuring social justice, in addition to providing a point of reference for the subject of this study.

In spite of the differences between Mexican and American concepts of social security, it should be stressed that both countries recognize the need to use it to promote social welfare and reconcile the varying interests of diverse sectors of society (government, business, trade unions, etc.).

Therefore, the concept of "social security" should not be limited to the narrow confines of its regulations in either country, but should rather be understood in the much broader sense of social welfare.

The case of the United States

The social security system in the United States was implemented rather late, compared with other

industrialized countries such as England and France. A brief look at American history reveals that responsibility for social security lay squarely on the family, the natural source of solidarity. The family was also responsible for introducing its members into a number of social collectives, such as fraternities and the church, that represented an incipient network of community assistance ever since earliest colonial times.¹

The long tradition of social assistance provided by religious affiliations in the US postponed government involvement. In addition, given that church membership was generally voluntary and permeated with a strong Protestant ethic, the esteem for individualism eventually led to stigmatization of the "weak" and the spread of paternalistic attitudes detrimental to collective

responsibility, on which true social welfare depends.

During the 18th and 19th centuries, American society was influenced by laissez faire and social Darwinism. Social needs were rarely recognized as such and were generally solved by personal effort or occasionally, by philanthropy.

“Social security lay squarely on the family, the natural source of solidarity”

¹ For a detailed historical review of the origins of US Social Security, see James Leiby, *A History of Social Welfare and Social Work in the United States*, New York, Columbia University Press, 1978.

² Charles Sellers et al. *Sinopsis de la historia de los Estados Unidos*, Buenos Aires, Ed. Fraternal, 1988, pp. 412-414.

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It was during this time that the argument against unconditional charity, on the grounds that it encouraged a vicious circle of dependence and poverty, became firmly fixed in the minds of the ruling classes. Variations of this can still be heard in contemporary US politics, in the effort to define social need and speculation on how to solve the dilemma of poverty.

It is only when the concept of progress is intimately linked to the production and accumulation of capital that ideas, such as those put forward by Spencer and Summer, that any kind of state regulation would encourage the “less able” to take unfair advantage of it, may seem logical.²

The high social cost of industrialization, with its strikes, repression, boycotts, etc., led to organized reforms. The efforts of those who promoted the so-called settlement houses set a number of important precedents.

The middle class, taking cognizance of the threat instability and probable worker radicalization posed to their privileges, embarked on a moral crusade with the twofold purpose of supporting the needy and transmitting their own

values. This assistance hid attempts to destroy the links binding immigrant communities together (language, customs, religion).

From then on, social security became a subject of debate among the country's leading political parties. Conservatives began to question the allocation of funds to certain programs which, from their point of view, only

encouraged laziness and inefficiency.

Liberals defended the institutionalization of a system designed to protect those who had contributed to society in the past and were going through a difficult period.

Both agreed on the need for state and society to draw up stable policies to provide aid for the handicapped.

The progressive sector's criticism of low salaries, poor working conditions and exploitation of women and children, together with the effects of the Great Depression, served to confirm the state's crucial role in social welfare. The need to look after the unemployed, aged, widowed, orphaned, sick and handicapped was acknowledged.

“Unconditional charity encouraged a vicious circle of dependence and poverty”



José Fuentes.

Monument honoring medical doctors.

setting a historical precedent. Article 123 specifically includes the right of all Mexican citizens to work; and the 1929 amendment establishes the legality of social security under a unified, federal structure.

Numerous projects and bills were presented for more than a decade, leading to the creation of the Mexican Social Security Institute (IMSS) in 1943, a legally constituted decentralized public entity, responsible for organizing and administering social security funds.

Social security became compulsory for the entire nation and consisted of a three-way system of contributions from the state, employers and workers, with rates fixed according to the salary and earnings of those involved.

Benefits were divided into two categories: subsidies and pensions. The latter could, under exceptional circumstances, be replaced by a one time severance payment.

Workers' original legal benefits covered work-related accidents and illness, workman's disability, retirement or death and family coverage for maternity or illness benefits, widow's or orphans' pensions or life insurance.⁵

These privileges, which covered the legal beneficiaries of the insured worker, became non-transferable, compulsory and tax-free.

Over time, Mexico's increasingly complex social structure has required that a number of changes be made to the country's social legislation, to keep pace with changes that have occurred. They have been carried out thanks to a flexible legislative authority, under a powerful executive.

The Mexican government has acknowledged social security's institutional character and its contribution to economic expansion by improving workers' living standards and reducing labor conflict, hence it has been forced to extend and consolidate social security benefits.

While the 1943 law basically covered salaried urban workers, it was amended in 1954 to include wage-earning farm-workers and small farm owners. From 1931 on, employers were obliged to provide day-care services for female workers' children, a remarkable advance, considering the uncertain economic situation prevailing in Mexico at the time.

In 1962, the IMSS itself was authorized to provide this service, including meals, grooming, health care, and education for infants and children from a month and a half to four years of age.

This type of assistance, together with three months' paid maternity leave starting six weeks before the baby is due and ending six weeks after birth, and shorter absences

⁵ *Ibid.*, p. 54.

⁶ For a detailed analysis of social security benefits in Mexico, see the *Ley de Seguro Social, México*, Coordinación de Comunicación Social, IMSS, 1989.

Social service institutions with paying contributors

		1989 membership (thousands)
IMSS	Mexican Social Security Institute	37,213
ISSSTE	Social Security Institute for State Employees	7,845
SDN	Department of National Defense	239
SM	Department of the Navy	160
PEMEX	Petróleos Mexicanos	1,421

State-subsidized public assistance institutions

SS	Department of Health
DIF	National System for Integral Family Development
DDF	Federal District
INSEN	Senior Citizens' Institute
CIJ	Centers for Young People's Development

Source: *México Social, 1990-1991, Indicadores Seleccionados*. México, Banamex, pp. 275-276.

to look after sick children, reflect society's recognition of the role of working women.⁶

Various measures, such as the option of joining the social security system by request of the beneficiary and direct payment of his or her fee, and voluntary membership after resignation from a job, inclusion of state university students in the system and extension of social services to the country's marginal communities through solidarity programs, illustrate the complexity of the Mexican social security network. The IMSS also promotes cultural and recreational activities by subsidizing the building and management of theaters, and sports and holiday centers.

Of the country's 81 million inhabitants, 49 million (60% of the population) are covered by social security, while the economically active population numbers only 24 million in absolute figures, according to the 1990 census. To cope with these numbers, alternative institutions to the IMSS have been established as demonstrated in the Table.

Conclusions

- The social security systems of both nations are part of workers' and society's achievements aimed at making social justice a legal obligation.
- Social security benefits in both countries reflect the growing influence of the labor movement.
- Taking into account the two countries' different stages of development, it may be that, in qualitative terms, the US social security system has been the model for its Mexican counterpart, while the reverse is true as regards the variety of services offered **M**