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Social Security Development and the Colonial Legacy

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Summary. — In recent times, social security has been one of the most popular instruments for promoting human development worldwide. Nearly all countries of the world have implemented some kind of social security legislation. While the emergence of social security in the OECD-world has been extensively analyzed, we know very little about the origins of social security beyond the OECD-world. By analyzing 91 Spanish, French, and British colonies, and former colonies from 1820 until the present time, this paper demonstrates that the colonial heritage is a crucial factor in explaining the adoption and form of social security programs in countries outside OECD-world.

Key words — colonialism, social policy, social security, developing countries

1. INTRODUCTION

Social security "is a key element of national strategies to promote human development, political stability and inclusive growth" (Collier & Messick, 1975; ILO, 2014, p. xxi). Since the late 19th century, nearly all the countries of the world have implemented some kind of social security legislation even in the poorest regions of the globe. The global importance of social security is reflected by the UN declaration of Human Rights of 1948 which states that "[e]veryone, as a member of society, has the right to social security" (UN, 1948 Article 22).[1] To date, around 170 countries of the world have implemented pension systems, 160 have introduced work injury schemes, 130 countries provide benefits in case of sickness, 70 family allowances, and 60 unemployment relief (Schmitt, Lierse, Obinger, & Seelkopf, 2014). Social protection is of particular importance in low- and middle-income countries where more than 20% of the population has an income below the international poverty line of $1.25 a day. Securing minimum standards of welfare and well-being for these people is arguably the key challenge in worldwide social policy making. However, while the need for social protection for people living in developing countries is obvious enough, we know very little about its origins and characteristics Appendix A.

The roots of social security systems in many developing countries can be traced back to colonial times. Half of all social security programs in former colonies were introduced before those countries gained independence. Surprisingly, the colonial heritage of social security has been a blind spot in comparative social policy research (Midgley, 2011).[2] When explaining social security legislation, existing research has focused on domestic conditions such as the level of industrialization and socioeconomic development or international factors such as globalization. However, social security schemes in former colonies were often implemented during colonial times before nation-building and without encompassing industrialization processes. Copying theories on welfare state emergence in Western democracies therefore only help us to understand the pathways of social security formation in former colonies to a limited extent. It cannot, for instance, assist us in understanding why neighboring countries like Ghana and Cote D'Ivoire implemented highly different social security systems despite similar economic, cultural, and social national preconditions and similar external pressures (MacLean, 2002, p. 64)?

This paper argues that the colonial heritage is one crucial factor when explaining the adoption of social security beyond the OECD-world. Colonialism has shaped the institutional arrangements of the state and the power and preferences of actors. Even after their country's independence, policy-makers often followed the strategy of the former colonial powers within an institutional setting created during colonial times (Eckert, 2004; Kangas, 2012). Here, I test the influence of the colonial heritage on the formation of social security systems in the former colonies of the three largest European Empires, namely Spain, Great Britain, and France. All other European colonial powers had either only a very few colonies or maintained their colonies for a much shorter duration. By analyzing information provided by the US Social Security Administration (USSSA, 2011–2013), a new data set for 91 territories and independent nation states has been compiled (Schmitt *et al.*, 2014) that contains information on the adoption and type of social security programs from the early 19th century until today.[3] Descriptive figures and probit models are used to analyze the colonial legacy of these social security systems.

The empirical results show that each of the three former colonial powers influenced the pathway and configuration of social security systems in their former colonies in a specific way. For example, due to the decentralized imperial strategy applied by the British Empire, social security programs are more heterogeneous across British colonies than among French colonies. Furthermore, the level of economic development of the colonies fueled social security adoption in British colonies but not French ones reflecting the view of British officials that colonies had to finance social security systems from their own resources. In Spanish colonies, especially retirement schemes have been highly shaped by the colonial legacy since most colonies established a pension system according to the Spanish model of the early 19th century. The findings demonstrate that the interplay between the characteristics of the colonies and the imperial strategy of the colonial powers is crucial for explaining different pathways of social security legislation in former colonies.

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The paper is structured as follows: in the next section, I briefly illustrate why colonial powers became involved into social affairs and how colonialism shaped the emergence and form of social security. In Section 3, the pathways of social security legislation in the former colonies are described based on data on the adoption of social security programs as well as on qualitative information on the type of program introduced. In Section 4, probit models are estimated to test the main arguments of Section 2 followed by a discussion of the main findings. The final section offers concluding remarks.

2. COLONIALISM AND THE EMERGENCE OF SOCIAL SECURITY – ARGUMENTS AND HYPOTHESES

When explaining the formation of the welfare state, existing research has focused primarily on the Western welfare state, emphasizing domestic factors such as industrialization and urbanization that shaped the development of social policy. The increase in productivity induced by industrialization provided governments with fiscal resources which allowed them to respond to growing social needs. Economic modernization and its impact on the social structure and demographics are assumed to play a key role in welfare state formation (Flora & Heidenheimer, 1981; Wilensky, 1975). This development has been fostered by strong labor unions and left-wing parties with their working-class background (Esping-Andersen, 1991; Korpi & Palme, 2003). Some studies argue that international factors have a significant impact on welfare policy-making (Garrett & Mitchell, 2001; Rudra, 2008). In particular, they suggest that economic integration and international organizations account for the timing of program adoption. Studies analyzing developing countries additionally focus on the development strategy (Wibbels & Ahlquist, 2011) and the regime type (Rudra & Haggard, 2005). Surprisingly, the colonial legacy of social security has been left almost entirely out of the equation.

In this article, the influence of colonialism on social security legislation is analyzed in the former colonies of the three main colonial powers in the 19th and 20th century: Spain, France, and Great Britain. All other European colonial powers either had just a few colonies or maintained their colonies for a much shorter duration. Moreover, I follow Lange (2004) and Lange *et al*. (2006) in excluding colonies that experienced large-scale European settlement and "where permanent residents implemented a broad range of institutions from Britain into the colonies without preserving precolonial arrangements" (Lange *et al*., 2006, p. 1427). These colonies are not comparable to those where Great Britain occupied territories without large-scale settlement.[4] The colonial era differs as between Spain on the one hand and France and Great Britain on the other. Spain started its imperial expansion very early and colonized the Latin American territories mainly during the 16th century. Most of the former Spanish colonies became independent in the course of the 19th century. In contrast, France and Great Britain embarked on the colonial project largely in the late 19th century. Most of the French and British colonies did not become independent until after World War II.[5]

(a) *Why did colonial powers become engaged in social policies in their colonies?*

In the late 19th century and in the first half of the 20th century, the question of how to deal with social risks in the case of income loss was mainly restricted to the Western world. During much of this period, colonial powers typically aimed at exploiting labor in their colonies and did not pay much attention on how workers in the colonies could be protected in the case of work injury and sickness (Furnivall, 2001). Hence, colonial powers did not become involved in the provision of social services in their colonies until the first decades of the 20th century (Midgley, 2011). Attempts to offer protection against risks associated with work such as injuries were rather perfunctory in the first decades of the past century. However, from the 1930s and 1940s onward the labor question and how to tackle problems of social risks became increasingly important (Eckert, 2004).

One reason for this is that labor movements gained in importance in many of the colonies. For example, a number of African colonies experienced massive strikes particularly during World War II and, in the post-war period, this put colonial powers under pressure. The labor movement was mobilized to protest against the labor conditions (Orr, 1966). In British colonies, the principal cities affected were port cities such as Mombasa and Zanzibar. Further examples are Nigeria, where workers initiated a great railway strike in 1945 that lasted more than a month and the Gold Coast that was affected by waves of strikes from 1947 to 1950. In the French colonies, the labor unions also strongly fought for the protection of workers from income losses due to illnesses and accidents. For example, in French West Africa in 1947–48, there was a major series of railway workers' strikes, with Senegal particularly affected by labor protests (Cooper, 1996).

Moreover, social security in the dependent territories increasingly became a topic of debate for international organizations, particularly the International Labour Organization (ILO), which included the spread of social security among its major objectives. While focus of attention in the first years after the foundation of the ILO had been mainly on independent states, the ILO more and more promoted the extension of social security to the workers in dependent territories. In 1944, and in greater detail in 1947, the ILO member states agreed that the basic standards of labor policy defined by the ILO should guide colonial policy and should also be applied to non-metropolitan areas. The "key document" here is the declaration ratified by a conference of the ILO in Philadelphia in 1944 that declared the right to social security and a basic income for "people who are still dependent as well as to those who have already achieved self-government" (ILO, 1994). In 1947, the ILO began to provide greater detail of what social security in dependent territories should look like. ILO conventions on social security like earlier standards on forced labor did not mandate the colonial powers to act in a particular way, but legitimized and delegitimized certain policy strategies (Kott & Droux, 2013; Maul, 2012).

In addition, the human rights declarations of the victorious allies of World War II were an implicit challenge to the imperial systems of European states. The colonial powers could no longer wholly ignore increasing demands for social security and they began participating in international meetings on labor questions from 1948 onward. This general process was further fostered by regional conferences such as the Inter-African Labor conference in 1950 and 1953 (CCTA, 1955). Moreover, social security in the post-war period can also be seen as an attempt to legitimize the colonial authority. Competition between capitalist and communist regimes for the loyalties of the common people fueled the expansion of the welfare state in the European home ground of the colonial powers (Obinger & Schmitt, 2011), but also had a spillover effect on the social policies of colonial powers in their dependent territories.