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Acronyms and Abbreviations

AIOS	International Association of Pension Funds Supervision Agencies
ALMP	Active labor market programs
CCF	Family Compensation Funds, Colombia (Cajas de Compensación Familiar)
DB	Defined benefit
DC	Defined contribution
ECLAC	Economic Commission for Latin America and the Caribbean
FCS	Solidarity Fund, Chile (Fondo de Cesantía Solidario)
FONEDE	Fund to Promote Employment and Protect against Unemployment, Colombia (Fondo para el Fomento del Empleo y Protección al Desempleo)
GDP	Gross domestic product
ILO	International Labor Organization
IMF	International Monetary Fund
INEI	National Institute of Statistic and Informatics (Instituto Nacional de Estadística e Informática)
IRA	Individual retirement accounts
LAC	Latin America and Caribbean
LEB	Life expectancy at birth
MBSL	Marginal benefit of saving a life
MERCOSUR	South American Common Market (Mercado Común del Sur)
MTESS	Ministry of Labor, Employment and Social Security, Argentina (Ministerio de Trabajo, Empleo y Seguridad Social)
NAFTA	North American Free Trade Agreement
NIS	National Insurance Scheme, Barbados
OECD	Organization for Economic Co-Operation and Development
OMB	Office Management and Budget
PAHO	Pan American Health Organization
PAYGO	Pay-as-you-go
QALY	Quality adjusted life year
SC	Unemployment Insurance Program, Chile (Seguro de Cesantía)
SME	Small and medium enterprises
UI	Unemployment insurance
UNICEF	United Nations Children’s Fund
UR	Unemployment rate
VSL	Value of a statistical life
WHO	World Health Organization

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FOREWORD

This Americas Social Security Report deals with the relation between economic cycles and social insurance. Needless to say, this is pretty much why we have social security. Many other goals often related to the public discourse to pension, health, or unemployment insurance take a back seat to the issues of massive employment loss, of increased uncertainty by families around their economic ability to care for the old, the disabled and the children, and of the fear of facing a grave illness and not being able to access adequate health care services.

This report aims to provide a view of some of the main issues that have arisen since mid-2008. Then it became clear that a good part of the world economic system was in for a rough ride because of a recession that many world economists believed would be deep and long-lasting. Later in September 2008, when a banking panic in many countries compromised the financial basis of the world's financial system, unemployment rates marched relentlessly upward. By the first quarter of 2009, the unemployment rates of virtually every country had suffered.

This report analyzes outstanding issues such as the limits of unemployment insurance and the lack of it in many countries, the challenges faced by financially weakened national governments to face the problem of lack of coverage, and the structural deficiencies of pension systems that have been stressed by the fall in asset prices brought about by the economic downturn.

The first chapter relates our times to those of the Great Depression. The historical comparison shows two key differences: governments today are much better prepared to support the national economy to deal with the recession, and social security provides a framework to avoid conditions of excessive financial hardship to families. The second chapter discusses the reality that current unemployment rates may continue to be an issue long after the current recession ends. Long-term unemployment is a present danger for most countries in our region, and will shape our economies for years to come. In the midst of our countries' changing economies, however, real wages have remained steady. Chapter III concentrates on the issues of unemployment insurance and presents the conclusion that, while there has been a favorable evolution of these programs from Canada to Chile, many other countries still do not make use of this basic social protection tool.

Chapter IV addresses the questions surrounding pension systems, which have suffered the most from the global economic events. From North to South America, pension funds have suffered major losses, and it is unlikely that those retiring in the next 5 to 10 years will completely recover the pension levels they expected before the crises. The weakening of national treasuries means that this is not just a "capitalization problem." "Pay-as-you-go systems" will also experience more difficulties in paying the higher pensions that were expected. The text supports the view that improving governance of these pension systems has not always been at the forefront of the reform agenda since the nineties, and that the current crisis underlines these structural problems.

Finally, Chapter V summarizes results of research by the CIESS on the future of health insurance and national health expenditures. Far from being put in the backburner, the issues around health insurance have come to the forefront of the political debate across the Americas. In light of the current economic climate, perhaps this is not so surprising. The value of social insurance is heightened in times of economic recession; safety is not a luxury, but a basic fabric of a peaceful contemporary society. This report deals with a very specific issue: how much can we expect each country to spend in health services in the decades to come? It provides results for all countries, and hopefully it will trigger research across the Continent on the topic. Controversies on health insurance hinge closely on this point.

At this point in time, it is not possible to argue convincingly in favor of the prompt recovery of the global economy, however, it is quite possible to work on improving social security programs.

Gabriel Martinez
Secretary-General