



COMISIONES AMERICANAS DE SEGURIDAD SOCIAL



AMERICAN JURIDICAL SOCIAL COMMISSION

II INTERAMERICAN JURIDICAL CONGRESS ON SOCIAL SECURITY

CUBAN SYSTEM OF SOCIAL SECURITY

Montevideo, Uruguay, October 8 to 12, 1990.

BIBLIOTECA DE LA CAJSS

Conferencia Interamericana de Seguridad Social



**Centro Interamericano de
Estudios de Seguridad Social**

Este documento forma parte de la producción editorial de la Conferencia Interamericana de Seguridad Social (CISS)

Se permite su reproducción total o parcial, en copia digital o impresa; siempre y cuando se cite la fuente y se reconozca la autoría.



REPUBLICA DE CUBA
COMITE ESTATAL DE TRABAJO
Y SEGURIDAD SOCIAL

DONACION

II INTERAMERICAN JURIDICAL CONGRESS OF SOCIAL SECURITY
"JURIDICAL ORGANIZATION AND STRUCTURE OF SOCIAL SECURITY"

CUBAN SYSTEM OF SOCIAL SECURITY

AUTHOR: DR. ORLANDO PEÑATE RIVERO
SOCIAL SECURITY AND WELFARE DIRECTOR,
STATE COMMITTEE OF LABOR AND SOCIAL SECURITY

CUBA

Montevideo, Uruguay
October 8 to 12, 1990



REPUBLICA DE CUBA
COMITE ESTATAL DE TRABAJO
Y SEGURIDAD SOCIAL

THE CUBAN SOCIAL SECURITY SYSTEM

I. BACKGROUND

Cuba's first social security law --intended for the members of the armed forces-- was enacted in 1913. This law was followed by a series of other legal institutions, commonly known as "retirement funds" and a total of 52 of these institutions had been created by 1959, the year in which the Cuban Revolution triumphed. In spite of the large number of these funds, "between 40 and 50 percent of all salaried workers were not covered in case of old age, disability or death," as was expressed by Mr. Peter Thullen in his Report to the Government in 1957.

According to this Report, the situation then could be summed up as follows: "inequality of rights among insured workers and inequality of obligations between employees and employers, further aggravated by the fact that a significant number of employees have no access to social security;"... "generous promises of assistance under the Social Security Law that are later reduced or annulled as a result of prorating, deductions applicable to retirement payments and pensions, delay in the processing claims --delays of up to two or three years in some cases-- and meanwhile the claimant receives no income, and also the total loss of rights acquired under a retirement fund plan when the person abandons the economic activity covered by the respective field of application of said fund;"... "deficient administrations and costly management practices;"... "a discriminatory policy of subsidies using public funding that in the no way corresponds to an equitable distribution by the State of social security benefits as provided for by the Constitution;"... "the serious responsibility of the Nation's Legislative and Executive Branches vis à vis hundreds of thousands of workers who have been promised assistance in case of disability, old age and death, who are forced to pay regular contributions in exchange only to be deprived of their rights and forced, in the end, to make demands on the State."



REPUBLICA DE CUBA
COMITE ESTATAL DE TRABAJO
Y SEGURIDAD SOCIAL

2

2. THE REVOLUTION'S ACHIEVEMENTS IN THE SPHERE OF SOCIAL SECURITY

Initial Changes

When the Revolution came into power on January 1, 1959, it immediately had to solve the pressing problems in the sphere of social security. Thus, funds were provided to bankrupt retirement funds, guaranteeing payment of pensions and other types of benefits; measures were adopted to free these funds from their heavy bureaucratic burdens; assistance was provided to the victims of the War of Liberation through different types of pensions; and pensions were provided to public employees who had become redundant as a result of the restructuring of the public administration system. Once this initial stage had been concluded, the Revolution began the task of transforming the social security system, providing it with a new kind of organizational structure, a new meaning and a greater scope. This new system emerged through an accelerated process that at first covered administrative unification and later, legislative unification.

Unification process

The "Social Security Bank of Cuba" was legally created in May 1959 as an autonomous institution in charge of the management of social security programs in the labor sector. A few months later, another law was enacted which led to the Revolutionary Government's first step to regulate the amounts of the pensions paid. This law raised the minimum pension and 58.8 percent of all retirees and pensioners from the abovementioned sector received its benefits. This law had a special impact on the Sugar Industry Retirement Fund, whose field of application included all sugarcane field workers, 90.6 percent of whom received pensions below 30 Cuban pesos per month.



REPUBLICA DE CUBA

COMITE ESTATAL DE TRABAJO
Y SEGURIDAD SOCIAL

3

Towards the end of 1960 the Social Security Bank of Cuba was disactivated and all its functions, assets and liabilities were transferred to the Ministry of Labor, now the State Committee for Labor and Social Security. The Maternity Insurance Program also passed to this Ministry.

The administration of the Public Sector Social Security Program --already legislatively unified by Law on September 27, 1960-- was also transferred to the Ministry of Labor in February 1961. In February 1962, the occupational accidents and professional disability insurance program was also transferred to the Ministry of Labor, while the Ministry of Public Health was assigned the task of delivering all medical, hospital and pharmaceutical assistance in these cases as had previously done with maternity cases. Finally, in that same year, control and management of all social security institutions of the professional sector were also transferred to the Ministry of Labor.

Financial aspects

Within the previously mentioned process, the financing of all social security programs acquired a totally different nature as compared to the one that existed in pre-revolutionary Cuba based mainly on employee-employer contributions. A series of measures adopted starting in 1960 led to total financial coverage of the social security system by the State budget.

First of all, the contributions of the diverse social security institutions --which continued to exist up to 1963-- were subjected to a uniform collection process entrusted to the Ministry of Finance, and two years later, the Fiscal Law of 1962 abolished the contribution obligation of all salaried workers. Hereinafter, the employer's form of payment would entail the transfer of the corresponding sums directly to the State budget account.



REPUBLICA DE CUBA
COMITE ESTATAL DE TRABAJO
Y SEGURIDAD SOCIAL

4

As of 1963, all social security expenditures were included as an item in the national budget, a significant change as compared to the form of financing that had prevailed in the past. In a socialist system, the economic resources needed by the country are generated by the activity of the State-owned enterprises whose profits go to the national. The consumption funds --included those allocated to social security-- are obtained from the national income and, thus, social security financing forms part of the country's comprehensive economic development programs and is based on formulas that balance economic availabilities with the needs to be covered by the social security system and its benefits.

Contributions to the social security system are included in the State budget but in a totally different way from the former contribution system wherein benefits depended on the amount of the contribution paid. These social security contributions are considered an item under production costs of the State enterprises and the need to set them at a specific percentage for planning purposes has led to their inclusion in the State budget since 1963, without any conditioning factor or limitation in the granting of social security benefits. An analysis of the inflows from contributions and the outflows resulting from the provision of social security benefits, reveals an increasingly greater difference between outflows and inflows, in favor of the former. Nonetheless, social security benefits have in no way been curtailed.

The National Healthy System

The establishment and operation of the National Health System is one of the outstanding achievements of the Cuban revolutionary process. Health protection became a top priority. A policy to extend health services to the whole nation was initiated in 1959 and once the nation adopted the socialist system, all public health programs were adjusted accordingly.



REPUBLICA DE CUBA
COMITE ESTATAL DE TRABAJO
Y SEGURIDAD SOCIAL

5

The interrelation between the social security system and the National Health System began in late 1960, when the latter assumed the responsibility of all medical, hospital and pharmaceutical care for all women covered by maternity insurance. These ties were further expanded at the beginning of 1962 when the Ministry of Public Health assumed the responsibility of providing medical care for all cases of occupational accidents and professional illness, and they acquired their present status with the enactment of Law No. 1100 of 1963, which included common origin illnesses and accidents as liabilities covered by the security system for salaried workers. Since then, the National Health System is in charge of granting all benefits, in both services and kind, as recognized by the social security system.

The National Health System has been consolidated and expanded to a large extent and has given all citizens without exception access free of charge to all services at the different health care levels. The principle of universalization of health care has been linked to comprehensive health protection through an uninterrupted process reflected in the programs effectively implemented since 1959 and whose results may be observed in the country's health indicators.

Social Security Lay No. 1100 of 1963

The culmination of the previously mentioned unification process was the enactment and implementation of Law 1100 of March 27, 1963, based on the social policy conceptions stemming from the socialist nature of the Cuban Revolution as proclaimed in April 1961. These conceptions are defined as follows in one of the wherefors of this Law: "The Revolutionary Government considers that one of its main duties is to enact legislation that will, in the best way possible within the confines of feasibility: insure all workers against natural and labor-related risk; unify social security into a harmonious whole with a single system of benefits, a single system of procedures, including the establishment of decorous retirement and other types of



REPUBLICA DE CUBA

COMITE ESTATAL DE TRABAJO
Y SEGURIDAD SOCIAL

6

pensions and subsidies in keeping with the workers' part job and salary; provide medical and hospital care when necessary; guarantee Social Security for all workers, on an equal footing, based on the essential benefit-determining element, past history of work in any socially useful activity; protect the workers not only against the risks of disability, old age and death, but also against common or professional illnesses or accidents; eliminate all unnecessary bureaucratic procedures from the processing and payment of pensions and/or other types of financial assistance, as well as speculation and profit-taking by private insurance companies in the event of occupational accidents, thereby putting an end to instability in the payment of benefits, and ultimately make as soon as the State social security a primary responsibility of the State."

The ideas contained in the previously quoted wherefors were fully elaborated in the articles of this Law, especially the following: the State's total responsibility for the fulfillment of obligations stemming from the Social Security System and the principle of exempting workers and pensioners from fees and contributions; social security coverage to all salaried workers, including farm laborers and their families; a coherent system of benefits was structured to provide uninterrupted coverage; extension of coverage to occupational accidents and professional illnesses, abandoning the old theory of "professional risks" and adopting a social perspective for prevention, assistance and rehabilitation; maternity insurance coverage for common accidents and illnesses (never before covered in Cuba); and computation for social security purposes of the years of service in all and any labor activity during the beneficiary's entire working life.

The expansion of coverage to all salaried workers and the recognition of the years of services during the beneficiary's entire working life in any and all labor sectors, brought about a complete change in social security concepts and practices in Cuba. The number of workers covered by benefits under the Law doubled and, thus, several thousands were immediately able to retire with the admission of sworn statements as evidence of years of service.



3. THE SOCIAL SECURITY SYSTEM NOW IN FORCE

The socio-economic transformations that occurred after the enactment of Law 1100 of 1963, brought about in the '70s a process of institutionalization that led to the development of new legal instruments which facilitated the continuation of the construction of the socialist society in keeping with the level of development achieved up till then.

Thus, in February 1976, the new Constitution of the Republic, currently in force, was enacted. This was Cuba's first socialist Constitution and contains among its main rights, duties and guarantees those related to security of employment, without any type of discrimination; social security for any and all workers unable to work due to age or disability and benefits for his/her family in case of death; and social assistance for all destitute elderly persons as well as for all other persons unable to work and without relatives to provide for him/her. The Constitution likewise includes occupational protection, safety and hygiene, includes occupational accidents and professional illnesses; health care and protection through free medical and hospital care; free dental care, and the development of health promotion and education programs, regular medical checkups, vaccination programs and other prevention measures.

These basic standards are based on the idea that people are the supreme asset and their well-being society's fundamental goal. The constant monitoring by the relevant agencies and forces ensures compliance with the system derived from the main precepts of the Constitution and guarantees its effective implementation. This idea is also reflected in Social Security legislation, based essentially on the general system established under Law No. 24 of August 1979, in force as of January 1, 1980. Furthermore, this idea served to inspire the following recommendations of the 13th Workers' Congress when it examined the studies undertaken to replace Law 1100 of 1963: to streamline the Social Security System according to the experiences accrued in the implementation of Law 1100; to reward workers for long years of service and exceptional merits; to establish a new system



REPUBLICA DE CUBA
COMITE ESTATAL DE TRABAJO
Y SEGURIDAD SOCIAL

8

of old-age pensions for workers of late incorporation to the labor force; to tie pension levels in with years of service and salaries received; to establish a minimum number of years of service for disability retirement; to establish social security benefits for partially disabled persons; to authorize employment of retirees and pensioners, and to establish a social assistance scheme within the Social Security System.

Law No. 24 of 1979

This law, compared to Law 1100 of 1963, signifies the change from a social security system for workers to a social security system covering the whole population, in terms of its field of application and its structure. This law is aimed at guaranteeing adequate protection to both the worker and his/her family and, in general, to all persons whose essential needs are not covered, or whose living or health conditions warrant additional protection that can only be provided by society. Thus Law No. 24 of 1979 provides for two schemes: social security for salaried workers and social assistance, under separate chapters.

Law No. 24 of 1979 defines the scope of the social security scheme covering all salaried workers and specifies the amount of benefits for each particular situation. Its text includes salaried workers in the cooperative sector, convicts in employment programs and, to supplement protection provided under Decree-Law 101 of 1988 all members of the armed forces serving their term of Active Military Service and who receive a salary. This law also covers all persons relieved of their work duties to pursue higher education. At the death of a worker, his/her family also receives protection under the law and, for social security purposes, the family composition is defined according to the form most commonly adopted by this social nucleus in the country. The regulation of these social security benefits reflect the features corresponding to a development stage in which women represent an important element in the country's economic, political and cultural activities.



REPUBLICA DE CUBA

COMITE ESTATAL DE TRABAJO
Y SEGURIDAD SOCIAL

9

The social security scheme itemizes, regulates and provides coverage for all the usual risks --common illness, professional illness, common accident, occupational accident, maternity, total and partial disability, old age and death. The benefits provided in all these cases have undergone a qualitative improvement over the last 27 years since the enactment of Law 1100 of 1963. Benefits in services and in kind are provided according to the growing possibilities of the National Health System; cash benefits have increased as evidenced by statistics.

The amount of cash benefits provided is based on the worker's salary. The calculation formulas were conceived to maintain the worker's income at approximately the same level of his last working years and pensions may total up to 90 percent of the worker's basic salary. In cases of total disability and old age pensions, the worker's basic salary is determined according to the average of the five highest annual salaries during the last ten years of employment; in the case of illness or accident subsidies this basic salary is determined by the average salary obtained by the worker during the previous six months; and in maternity cases, special legislation grants --during the pre- and post-partum leave periods-- the full average salary earned during the year prior to the beginning of the pre-partum maternity leave.

All cash benefits are based on a percentage of the worker's salary. All subsidy regulations and old-age total disability pensions have a minimum level. The law provides for increased benefits for labor merits and sanctions incentives for years of service, postponement of retirement and renewal of laboral activity after retirement.

The basic salary formula in cases of illness and accidents are granted without demanding a period of qualification and with no limit of duration. The Law provides for the payment of subsidies until reception of medical discharge of the granting of a total or partial disability pension. An ethical principle related to labor discipline specifies the suspension of this kind of subsidy when the illness or accident has been intentionally caused or



REPUBLICA DE CUBA
COMITE ESTATAL DE TRABAJO
Y SEGURIDAD SOCIAL

10

aggravated by the worker. This also explains the standard relating to the non-subsidized period. The minimum age limit for ordinary old-age pensions has been set at 60 years for men and 55 years for women and for extraordinary old age pensions at 65 years for men and 60 year for women. The minimum number of years of service for the first type of pension is 25 years and 15 years for the second.

This law establishes three degrees of disability -- partial, total and extreme-- and does define them quantitatively but through a medical examination of each individual case, considering all possible relevant social and economic factors without tables or parameters.

The death or presumed death of the insured party leads to the provision of a pension in favor of the family members covered by the Law: surviving spouse, children, father and mother.

The granting of maternity benefits to working women under Law 1263 of 1974 requires a minimum of 75 days worked during the year prior to the maternity leave. This requirement reveals the goal of the service or qualification period provided for by Cuban legislation, i.e., employment during a period of time that reflects at least a minimum contribution to the creative production of goods and services, and the replacement of contributions by the concept of labor. The calculation of term of service covers any period in any sector and the years of active military service are explicitly included as computable years of service. This Law also establishes the forms of evidence that may be used to establish years of service --official documents, sworn statements and declarations of presumed employment-- specificized in the regulations. The law also contains an article itemizing situations of periods during which the worker for justifiable reasons could not be effectively employed but which may nonetheless be computed as service time.



REPUBLICA DE CUBA
COMITE ESTATAL DE TRABAJO
Y SEGURIDAD SOCIAL

11

In cases of illness and accident, the amount of the subsidy is fixed according to the cause of the disability and to whether the worker is hospitalized or not. This subsidy is increased by 20 percent when the illness or accident results from the commission of an act of heroism. Payment of the subsidy begins as of the fourth day in cases of common illness or accident and as of the first day in cases of occupational accidents or professional illness.

Total disability and old-age pensions depend on the number of years of service, as provided for in this law: 50 percent of the basic salary for 25 years of service, with increments for additional years of work, exceptional merits, cause of the disability, extreme disability or more than 50 years of service in the sugar industry.

Workers affected by partial disability receive a pension regardless of the situation: relocated in a job slot with a lower salary level, relocated with reduction of working hours, undergoing rehabilitation treatment, doing training or recycling courses or pending job relocation for justifiable reasons. In cases of job relocation with a lower salary or reduction of working hours, the amount of the pension established by this Law depends on the years of service and the difference between the new and the old salaries. In all other cases, this Law has established a system of fixed percentages.

In case of pensions resulting from the death of the worker, a difference is established between the payments made on a provisional basis during the three months following the decease of the worker and the final pension. The family of a deceased worker in active service of a pensioner receives immediate economic assistance paid to the presumptive beneficiary sharing the dwelling and participating in, or depending on, the family economy. Once the period of provisional pension expires a pension is assigned according to the percentages established by this Law, based on the number of beneficiaries of the basic pension, i.e., the pension formerly received by the deceased or the pension he/she would have received in case of old age or total disability. Working widows may simultaneously receive a



REPUBLICA DE CUBA

COMITE ESTATAL DE TRABAJO
Y SEGURIDAD SOCIAL

12

salary and the corresponding pension. The amount of the pension granted is distributed in equal shares to all rightful beneficiaries.

Social Assistance Scheme

Two of the achievements of the early years of the Revolution were the total elimination of begging and the treatment of abandoned children. In 1965, with a view to enhancing the scope of the work already done by the Ministry of Social Welfare and the local social assistance departments, the so-called "Assistance Plan" was launched to care for the needy through services, goods or cash grants.

Law 24 of 1979 defined the social assistance scheme and regulated the grants and the field of application. It also raised the legal rank of the provisions governing the scheme and guaranteed the coherence of the Social Security System by bringing all relevant provisions under a single legal umbrella and linking them together to ensure that the entire population was covered.

This scheme ensures that all people who are no able to work will be able to lead normal lives and satisfy their needs. The Law charged the local bodies of People's Power with attending cases and authorizing grants. The State Committee for Work and Social Security is responsible for activities relevant to the implementation of the scheme carrying out inspections and ensuring that the provisions of the law are fulfilled. It carries out these functions through the Direction of Social Security and Social Assistance.

The persons protected by social assistance are: senior citizens who require special attention, people who for validated reasons are not able to work unwed mothers who are economically unable to provide and care for their children adequately, working mothers on unpaid leave to care for sick children and therefore have no income, dependents of deceased workers or pensioners who are not covered by the right to pension for reasons of death as provided for by the Law,



REPUBLICA DE CUBA

COMITE ESTATAL DE TRABAJO
Y SEGURIDAD SOCIAL

13

pensioners who receive insufficient income (calculated on the basis of the number of dependents), retired widows whose temporary pensions run out, workers receiving sickness or accident compensation and requiring long-term treatment for which their incomes are insufficient, workers who arrive at the age required for an ordinary pension or who become unable to work before having fulfilled the required working time to qualify for social security benefits, family members of young people inducted into General Military Service while being the sole or practical means of support of the family, minors receiving social security pensions who arrive at the age of 17 and are still studying, all other people who, although not comprised in the above list, requires urgent social assistance attention.

The social assistance scheme guarantees benefits in services, in kind or in cash to all protected persons. There are regulations governing the granting of benefits and a decree of the Council of Ministers that provided for the scale of cash benefits.

The social assistance scheme ensures benefits in services, kind and cash to all protected persons. There is a set of rules governing the authorization of different benefits and the scale of cash benefits has been provided for in a decree of the Council of Ministers. Cash benefits are quantities that are provided continuously or eventually to protected persons or families. Benefits in kind are articles, given free of charge, on loan or in full ownership, to cover the needs of a beneficiary or a family. Benefits in services are: admission to homes for the aged for senior citizens lacking relatives to care for them; social assistance services to invalids on pensions, retirees or senior citizens who require them; admission of minors to homes for the physically or mentally handicapped; lodging and board in transit facilities for people on medical visits or attending hospitalized relatives away from their home locality; cultural and recreational assistance for the aged, invalid and retired pensioners; admission of minors to day-care centers and facilities of the National Educational System having boarding or day-school schemes (in social cases requiring urgent attention and depending on available capacity); assistance on certain aspects of public health and



REPUBLICA DE CUBA

COMITE ESTATAL DE TRABAJO
Y SEGURIDAD SOCIAL

14

family education, etc. offered by social workers to needy families: other services provided by State agencies specializing in health, comprehensive rehabilitation, housing, education and care for the aged, the physically and mentally handicapped and children.

Special Schemes

The Social Security System has been developed in compliance with the provisions of the Constitution of the Republic. Today it is made up of the previously described general scheme provided for by Law 24 of 1979 and by five special schemes relating to self-employed workers, members of agricultural cooperatives, workers in certain artistic activities, soldiers and members of the Ministry of the Interior.

Social security for professionals, self-employed workers and fishing and coal cooperative members was provided for by Law 1165 of 1964. An additional provision appended to Law 24 of 1979 declared the aforementioned insurance in force on the basis of voluntary membership and payment of an amount estimated, in the case of self-employed workers and professionals, on the basis of an agreed income chosen for each beneficiary. In the case of fishing and coal cooperative members, participation in the scheme is mandatory and the corresponding amounts are paid by the cooperatives.

Decree Law 132 of 1986 provided for the right to a pension on the basis of years of service for diverse artistic activities requiring particular physical and intellectual conditions.

Decree Law 101 of 1988 was the result of the need to provide an adequate social security scheme for conditions prevailing in military service. This decree law comprises those members of the Revolutionary Armed Forces serving as generals, admirals, commissioned officers, warrant officers, non-commissioned officers, privates and midshipmen, and



REPUBLICA DE CUBA

COMITE ESTATAL DE TRABAJO
Y SEGURIDAD SOCIAL

15

provides for the right to pension for seniority or disability. The beneficiary's death creates for this family the right to pension. The Decree Law also covers army and navy cadets, providing the right to pension for disability in the line of duty.

Decree Law 102 of 1988 provides protection for members of the Ministry of the Interior for seniority or disability.

Social Security in the Agricultural Sector

Workers of agricultural enterprises and agricultural workers of agro-industrial complexes are covered against all risks provided for in the general social security scheme on an equal footing with all the other workers of the country.

Because implementation of the Agrarian Reform might produce situations wherein a landowner or small farmer was left economically destitute, the National Agrarian Reform Institute was given the power to provide certain benefits and, in the exercise thereof, issued resolutions recognizing the right of small landowners whose rent were their only means of support, and of small farmers who, for reasons of advanced age or disability, could not go on working their farms and turned them over to the State.

A similar objective gave rise to the law providing for monthly cash social security benefits for people who, for any reason, were unable to work and whose indemnization payments stemming from the Second Agrarian Reform Law ran out, leaving them destitute.

This set of laws, decrees and provisions is complemented by a policy currently in force providing social security pensions to disabled or superannuated farmers without family members to work their lands. The amount of this pension is fixed in correspondence with the value of the land, which passes to the State, and governed by the provisions of the general social security scheme.



Social Security for Agricultural Cooperative Members

Decree Law 65 of 1983 established the social security scheme that protects members of agricultural production cooperatives and their families in cases of illness, accident, maternity, total disability, old age and death. This decree law follows the lines set down by the general scheme contained in Law 24 of 1979 but differs from it in certain items relating to financing, administration and granting, in keeping with the characteristics of the cooperatives in their present stage of organization, composition and growth.

The Financing of Social Security

The Social Security System is based on the principal, inherent to socialism, of State responsibility for the payment of benefits. Each year, appropriations from the central budget are allocated to this. Expenditures are estimated in keeping with social security requirements and benefits are granted regardless of the amount contributed by employers, self-employed workers and cooperative members. The State continues to cover these expenses without capital accumulation or investments, using the same mechanism described elsewhere in this document.

Social security figures corresponding to cash benefits have increased since 1959: from 114.3 million pesos to 1241.4 million pesos by the end of 1989 on long-term benefits that went to over 1,095,500 beneficiaries (10% of the total population). Average old-age, disability and death pensions have increased, particularly after the enforcement of Law 24 of 1979, resulting from increased salaries and the recognition of a greater number of years of service, especially since 1959, thanks to the full employment policy.



REPUBLICA DE CUBA

COMITE ESTATAL DE TRABAJO
Y SEGURIDAD SOCIAL

17

Social Security Management

The organization process begun in 1959 and the political and administrative changes of the 70's determined the present social security management structure. Its organization is part of the overall State management. Since 1961 it has been governed by the Department of Social Security and Social Welfare of the State Committee for Labor and Social Security (formerly the Ministry of Labor) which lays down the guidelines for the implementation of Social Security Legislation in the overall system, social welfare and special schemes for independent workers, agricultural production cooperative members and artists; participates in the preparation of the draft budget for each of these schemes; decides on the granting of pensions; and sees to it that benefits are enjoyed in line with the established provisions. In the granting of cash benefits, the work of the Department is interlined with that of the People's Power municipal social security departments and of work centers' management. Relations between the Department of Social Security and local bodies are governed by the principal of decentralization.

In disability cases, the degree of permanent disability or illness is determined by the competent health care institutions and medical examination committees established by the National Health System. These bodies are in charge of granting the Social Security System benefits in the form of services or kind.

Pensions are paid through the network of the Banco Popular de Ahorro (People's Savings Bank) agencies. The Department of Social Security provides beneficiaries with a book of coupons for the collection of monthly pensions.

Present legislation assigns management an active and responsible role in the payment of benefits (illness or accident subsidies, provisional pension in the event of death or partial disability, maternity benefits); compilation and presentation of pension files, and certification of years of service.



REPUBLICA DE CUBA
COMITE ESTATAL DE TRABAJO
Y SEGURIDAD SOCIAL

18

The process required for granting benefits has two phases: one administrative, and another judicial. The first decision relevant to the process is made by the management of the work center (subsidies and paid maternity leave); by the Municipal Department of Social Security (in some cases of partial disability); or by the Division of Pensions of the Department of Social Security (in pensions for old age, total disability and death). Claims against the management of the work center for non-compliance with payments of subsidies or paid maternity leave are heard by the Work Councils, made up of workers elected at each work center; appeals against the resolutions of the Division of Pensions are heard by the Director of Social Security. Once all administrative procedures have been exhausted, the Cuban legal system provides that ordinary courts may hear claims and hand down a final ruling.

It is incumbent on the Department of Social Security, as indicated above, to ensure that all benefits are enjoyed in compliance with the law and must therefore review all benefits granted in consideration of all the modification, suspension and termination clauses provided for by law. Law 24 of 1975 contains a listing of motives which may affect certain matters relating to benefits granted or interruption of payments.

The functions of the Department of Social Security are linked to those of the Municipal Social Security and Social Assistance Departments, which are functionally responsible to the former. These relations are governed by the principle of decentralization. This structure not only improves attention to beneficiaries but also implies a more rational distribution of personnel. Social security throughout the country presently employs 500 workers while in 1958, the existing social security institutions employed a total of 5,500.

The established policy improves service in this sector. The present organizational structure fosters contacts between the worker and the social security agency through the information and orientation he receives from the municipal



REPUBLICA DE CUBA

COMITE ESTATAL DE TRABAJO
Y SEGURIDAD SOCIAL

19

counselor about his rights. The procedural standards facilitate speedy processing of pension files, which begins at the work center where the workers' labor record is kept. Payment of subsidies is carried out by the management of the work center; payment of pensions is done through center throughout the country (Banco Popular de Ahorro agencies, post offices and authorized officers). Modern technology and automation (computers, micro-film) have provided greater speed and efficiency in administrative operations.

4. RECAPITULATION AND PROSPECTS

Over the last thirty years, life in Cuba has evolved under the conditions and following the principles of the socialist system. The system has operated on the inherited social and economic characteristics of the past to bring about far-reaching changes in the contents, principles and organizational structures of different sectors of social policy. Labor, employment, salary, education, health and social security institutions have had their objectives and regulations radically revised. Proof of these changes is the fact that social security has become a responsibility of the State, which must guarantee the organization and operation of the Social Security System with direct intervention and total financial coverage by the State budget.

The system provides for benefits for all members of society who cannot participate in social production, as well as broad-ranging medical and hospital attention without the requirement of fees or other a priori payments by the beneficiary.

The present organization reflects the principle that governs the functional structure of the bodies of the central administration of the State: coordinated distribution of its respective functions to ensure comprehensive implementation of the economic and social policy. This distribution determines the relations of the Social Security System with



REPUBLICA DE CUBA

COMITE ESTATAL DE TRABAJO
Y SEGURIDAD SOCIAL

20

the Ministry of Public Health (responsible for the National Health System) as well as with the Central Planning Board, the State Committee for Finances, the Banco Nacional de Cuba and the Banco Popular de Ahorro.

Thus, given its organization, objectives and principles, social security in Cuba develops as an intrinsic part of the single social and economic development program and is charged with one of its main objectives. The concept emanating from this essential feature denies the consideration of the institution as an end in itself, as a closed circle of managing entity and contributors governed by the practice of "do ut des."

Defending this principle amid the difficult struggle waged over thirty years to solve the essential problems of the population and help forge a new way of life for society has implied difficulties and required efforts to perfect the Social Security System.

Despite the dedicated and sustained efforts made by Cuban society, it has not been able to totally eradicate the social and economic impact of underdevelopment. Severe were the social problems inherited, great were the difficulties stemming from a deformed economic structure and serious were the aggressions from abroad since the triumph of the Revolution.

In the present world economic juncture characterized by a deterioration of terms of trade between the industrialized countries and the so-called developing countries, the implementation of protectionist policies by the developed countries and the foreign debt, the gap between the developed countries and the so-called Third World increases continuously. Cuba has not been spared from these difficulties, which are compounded by the problems derived from the changes that have taken place in the countries of Eastern Europe and the difficult straits facing the USSR. Over the last thirty years, Cuba's trade and economic



REPUBLICA DE CUBA
COMITE ESTATAL DE TRABAJO
Y SEGURIDAD SOCIAL

21

relations have centered essentially on those countries and, therefore, the country must now make adjustments in its economic and social development programs to be able to survive and continue advancing.

The development attained since 1959 -- the direct result of a policy aimed at a harmonious balance between economic and social progress -- has been objectively based on social ownership of the means of production, which allows for a more adequate distribution of the wealth created by the society, and has had the decided and conscientious support of the people, the creative protagonist behind these achievements. The values that govern Cuban society today guarantee the definitive victory over the obstacles that stand in the way of the country's progressive development, even in the event of a foreign aggression.

Cuba declares before this assembly that it will continue with its intense work and undertakes the commitment, despite the complex situation facing it, to continue implementing the priority programs that will contribute to the development of its economy as an essential means to defend its social achievements and surpass them as far as possible.

26868