Social Security in Latin America, 1945–47

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SOCIAL INSURANCE institutions now cover some 8.25 million workers in South America and another 1.2 million in the Central American and Caribbean nations. In addition, about 6 million dependents of covered workers are eligible for medical care under health insurance programs. The accompanying table provides from various recent official sources a general guide to the social insurance operations of the Latin American countries.

For most of the Latin American countries, the period since January 1, 1945,[1] has been a time of full employment and wage increases with a resulting positive effect on social insurance coverage and finance. It has been a time of full employment and wage increases. On the negative side must be counted the higher cost of goods and services, which has seriously affected both the beneficiaries of social security and the institutions providing benefits.

The importance of social security to the people and their governments throughout Latin America is unquestioned. During the period under review, laws introducing general compulsory social insurance systems have been adopted in Guatemala, Colombia, and the Dominican Republic.[2] Other important legislation—some for new risks and some for large new groups of workers—has been adopted in Costa Rica (a new old-age, invalidity, and survivors insurance program), Cuba (textile and tobacco workers' retirement systems), Argentina (old-age, invalidity, and survivors insurance for commercial employees, industrial workers, and seamen and civil airmen), Brazil (increases in minimum cash benefits in all programs, plus better provision for medical care), Bolivia (stronger financing of work accident insurance), and Chile (increased benefits for work accidents). In three countries—Cuba, El Salvador, and Haiti—draft bills that would establish broad general social insurance programs are now under consideration.

Argentina

The tempo of social insurance expansion has been rapid in Argentina, where retirement plans for commercial employees, industrial workers, seamen, and civil airmen first began to function in the period under review. The two large plans, those in commerce and industry, took effect in January 1945 and September 1946, respectively, under Decree-Laws 31,665 of November 22, 1944, and 13,937 of May 15, 1946. In both of these very similar programs the worker pays 8 percent of his salary or wage, and the employer contributes 11 percent of pay rolls. The employer must also collect and pay a sales tax—on wholesale sales in the industrial program and on retail sales in commercial establishments—amounting to approximately 3 percent of pay rolls. He may substitute a pay-roll tax for the sales tax.

Retirement benefits in both programs are normally payable to men at age 55 after 30 years of service and to women aged 50 after 27 years of service. The amount of the benefit, for workers with salaries averaging less than 100 pesos[3] monthly, is 95 percent of such salaries for industrial workers and 90 percent for commercial employees. The percentage is gradually reduced as the average salary rises, but the benefit stands at two-thirds of salary when the latter is 1,200 pesos a month.

The plans for commerce and industry provide two other types of retirement pension—the reduced and the voluntary—and they also pay invalidity and survivor pensions. If the worker has not acquired pension rights by the time he retires or dies, his contributions are repaid, with interest at 4 percent a year.

A decree of March 1, 1946, established a Merchant Marine Section in the National Institute of Social Security, making operative in amended form a program initiated in 1939. Coverage extends to civilian airplane personnel as well as to seamen and affiliated workers in public and private navigation enterprises. The system comprises old-age, invalidity, and survivors insurance, financed principally by contributions of 7 percent from the workers and 9 percent from the employers.

Coverage for the entire population is proposed in the bill on social insurance transmitted to the Argentine Congress on October 21, 1946, as part of the Five-Year Plan. This measure would supply a modest subsistence minimum that would be the same for all beneficiaries. Persons wanting higher benefits could use a system of voluntary insurance like that now provided on a compulsory basis by the existing retirement programs. This very broad bill provides that within 10 months of its adoption a specific program must be drawn up for old-age, invalidity, survivors, health, and maternity insurance, plus protection at the employer's expense against industrial injuries and involuntary unemployment.

The Five-Year Plan also provides for an expenditure of 427 million pesos on the public health problem. All types of hospital beds would be increased, and medical services would be provided to 65 percent of the population.

Meantime, Decree-Law 30,656 of November 1944, providing preventive and curative medicine for persons affiliated with a social insurance agency, has been the basis for active planning. A commission, which included representatives of the National Institute of Social Security and the Depart-

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[1] For developments in 1944 see Arthur J. Altmeyer, "The Progress of Social Security in the Americas in 1944," *International Labour Review*, June 1945. The *Inter-American Handbook of Social Insurance Institutions*, prepared by the Inter-American Committee on Social Security and published by the International Labor Office in 1945, is a useful survey of the programs in operation at the end of 1944. For a comparative analysis of social insurance trends, planning, and legal changes in the Western Hemisphere for the period 1942–47, and for details as to legislation in some of these countries, see also chapter IV of the Secretary's report to the Second Inter-American Conference on Social Security, to be held in Rio de Janeiro, November 1947.

[2] For a discussion of new legislation in Colombia, Costa Rica, the Dominican Republic, and Guatemala, see the *Bulletin*, June 1947, pp. 13–19.

[3] The exchange value of the peso is 30 cents in United States currency.

ment of Public Health, met in mid-1946 to organize the program and put it into operation.

Bolivia

The basic Bolivian program in the period under review has remained one of insurance against work injuries and compulsory savings for mine and factory workers, initiated in 1935. Work injuries insurance is supported by the employer at varying rates; compulsory savings, by the worker through a 5-percent charge on wages or salary. The program covers mining and factory workers in La Paz, Oruro, Potosí, Cochabamba, Sucre, Uyuni, Tupiza, and Uncia. Employers with more than 50 workers are the only ones obliged to insure, but many smaller firms insure voluntarily. In addition, Bolivia has a number of retirement programs, of which the railway, streetcar, and public utility workers' fund with some 6,500 members is the largest.

A decree of November 1944, which became law on January 8, 1945, strengthened the financial base of the employment injuries system. The Insurance and Workers' Savings Fund, which operates the system, was authorized to fix contribution rates annually for each firm on the basis of the degree of risk in the employment. For 1946—and provisionally for 1947—the Fund's Board of Directors set the rates at 5, 7, 10, or 15 percent of pay rolls for mines, and at 5 percent for factories. The increased revenue resulting from the new contribution rates is indicated by the collection of 45 million bolivianos[4] for the miners' section in 1945—nearly 20 million bolivianos more than in 1944 and more than a third of the total contributions for the 11 years 1935–45. These higher contributions were essential because of the benefit increases guaranteed by the Labor Law of 1942.

The benefits now consist of compensation of 100 percent of wages up to 6 months for temporary partial disability; 100 percent for 12 months for temporary total disability; monthly payments according to degree of disability for 18 months for permanent partial disability; 2 years' wages, in a lump sum, for permanent total disability; and the same sum, plus funeral costs, in case of death.

Medical services have been expanded despite a delay in the construction of the long-planned Workers' Hospital in the Pura-Pura section of La Paz. A 20-bed clinic for textile workers was opened in November 1946 in the Miraflores zone of La Paz. At present, services are paid for

[4] The exchange value of the boliviano is 2.36 cents in United States currency.

Table 1.—*Social insurance in Latin America: Income, expenditures, and coverage, by specified date* [1]

[In thousands]

Country	Date	Monetary unit	Income			Expenditures							Workers covered
							Benefits paid						
			Total	Contributions	Other	Total	Total	Old-age, invalidity, and survivor	Sickness and maternity	Occupational accident and disease	Administrative and other	Other	
Argentina [2]	1945	peso	593,370	536,213	57,157	241,750	230,647	218,320	3,458	8,869	—	11,103	1,961
Bolivia	1946	boliviano	55,216	(3)	(3)	[4] 62,512	[4] 46,512	—	—	46,512	(3)	16,000	35
Brazil	1944	cruzeiro	1,970,158	1,632,070	338,088	810,399	511,992	338,290	42,989	83,382	47,331	298,407	2,640
Chile [2]	1946	peso	3,048,694	2,601,672	447,022	2,001,113	1,708,493	344,560	479,141	67,493	817,299	292,620	1,243
Colombia [2]	[5] 1946	peso	5,145	5,145	—	(3)	[6] 2,345	(6)	(6)	(6)	—	(3)	60
Costa Rica [2]	1945	colón	(3)	(3)	—	(3)	2,667	—	2,667	—	—	(3)	60
Cuba [2]	1943	peso	18,421	18,421	—	(3)	(3)	12,996	1,081	2,062	(3)	(3)	627
Ecuador	1945	sucre	45,916	39,124	6,792	18,437	12,972	123	5,642	—	7,207	5,465	90
Mexico	1945	peso	54,100	51,900	2,200	24,500	(3)	(3)	19,200	(3)	5,300	(3)	328
Panama [2]	1945	balboa	4,027	3,390	637	760	549	79	460	—	10	211	50
Paraguay	1944	guaraní	1,230	1,230	(3)	606	488	(3)	253	(3)	—	118	41
Peru	1945	sol	19,073	15,155	3,918	(3)	8,698	90	8,205	—	403	(3)	245
Uruguay [2]	1944	peso	59,306	(3)	(3)	(3)	46,366	(3)	—	—	—	(3)	689
Venezuela	[7] 1945–46	bolivar	(3)	19,618	(3)	(3)	3,558	(3)	(3)	(3)	—	(3)	80

[1] Data not available for Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, and Nicaragua.
[2] Includes data for government employees.
[3] Data not available.
[4] Excludes compulsory savings program under which 23 million bolivianos was withdrawn.
[5] August 1945–December 1946.
[6] Mainly for sickness, maternity, and occupational accident and disease.
[7] October 1945–August 1946.

Source: Argentina: *Boletín Mensual*, Instituto Nacional de Previsión Social, October 1946. Bolivia: monthly tables, *Protección Social*, 1946–47, and *Previsión Social*, Chile, January–March 1947. Brazil: *Anuario Estadistico Ano VI—1941/1945*. Chile: *Previsión Social*, January–March 1947. Colombia: *Previsión Social*, Chile, January–March 1947. Costa Rica: *La Prensa Libre*, San José Nov. 14, 1946. Cuba: *Seguridad Social en Cuba*, Ministerio de Trabajo, 1944. Ecuador: *Seguridad Social*, Quito, September 1946. Mexico: *Social Security Bulletin*, Washington, D. C., July 1946, and *Boletín de Información*, Feb. 16, 1947. Panama: *Estadística Panameña*, June 1946. Paraguay: *Inter-American Handbook of Social Insurance Institutions*, Montreal, 1945. Peru: *Anuario Estadística del Perú*, 1944–1945. Uruguay: Rogelio Cheroni San Román, *Cajas de Jubilaciones y Pensiones del Uruguay, Datos Estadísticos al 31/XII/944*. Venezuela: *Síntesis de la Labor Cumplida por el Instituto Venezolano de los Seguros Sociales . . . hasta Septiembre de 1946*.

by the firms that send their workers to the clinic with requests for hospitalization. Later, a regular system of health insurance is expected to provide the main financial basis of this and other hospitals.

Despite the legal limitation restricting benefits to compensation for employment injuries only, a wide range of medical attention is afforded by the system. The insured receives free ophthalmological and dental services in addition to the required medical attention in case of accident or occupational disease. Insured women and the wives of insured men are entitled to maternity services, and medicines are either free or are sold to insured persons at a discount. The employer defrays these costs through arrangement with the Fund.

The activities promoted during 1946 include establishment of a dental service, determination of uniform reporting requirements for employers, and a census of insured workers. The census, which was mainly the responsibility of the employers, resulted in significant data on wages, living conditions, health, and family status of miners and textile workers. Experimental work in low-cost housing has preceded a planned program of construction.

Brazil

Brazilian achievements during 1945–47 have included adoption of a general "Organic Law of Social Services," intended gradually to provide social security for the entire population; an increase in the scale of cash benefits for all retirement, survivor, and cash sickness programs; putting into operation a new system of work accident insurance; and creation of workers' welfare services, especially medical care, in commerce and industry.

The Organic Law of Social Services (Decree-Law No. 7,526, May 7, 1945) is intended to provide all persons in the country except public employees and members of the armed forces with all essential social insurance benefits and assistance services. This objective is to be reached through universal coverage under a single administrative agency, which will pay to insured persons cash benefits of not less than 70 percent of the regional minimum wage. An Organizing Commission appointed to fill in the details of the Organic Law has made comprehensive research studies and recommendations.

One of the greatest reforms contemplated by the Organic Law was achieved by Decree-Law 7,825 (Aug. 6, 1945), which fixed for all existing social insurance agencies a minimum retirement and invalidity benefit rate of 70 percent of the regional minimum wage and set the survivors' minimum at half this amount. In addition to raising the minimum benefits, the Decree-Law contained a scale for increasing all benefits by percentages ranging from 105 percent for pensions granted in 1923 to 10 percent for those granted in 1944. It also established maximum rates. The President of the Industrial Workers' Institute declared that in that agency alone some 40,000 beneficiaries would be aided by the increased amounts provided under this measure. He pointed out, too, that the ratio of social insurance benefits to salary is now higher in Brazil than in most other countries.

The contributions, in the case of Institutes and Funds not already having an equal or higher rate, were fixed at 15 percent of wages or salary. The worker, the employer, and the Government pay 5 percent each. The Decree-Law of August 6 also provides for prompt payment of the Government contribution.

The work accidents law (Decree-Law No. 7,036, Nov. 10, 1944, slightly amended in June 1945) broadened the definition of accidents, made certain other improvements, and provided that by 1953 all work accident insurance must be handled by the social insurance institutions. This law—which applies to agriculture, domestic service, and all public employment, as well as to commerce and industry—went into operation on July 1, 1945.

The extension of social security services through a nutrition service dates from 1940. It operates low-cost restaurants and food shops and uses trucks to serve hot meals to insured workers. Somewhat similar services, but emphasizing medical care, were initiated by Decree-Law No. 9,403 (June 25, 1946), which required the National Confederation of Industry to create an Industrial Social Service to study, plan, and carry out measures of worker welfare, and particularly to help conserve the real value of wages through housing, nutrition, and health measures. It requires industrial establishments in the Confederation to pay a monthly contribution of 2 percent of wages or salaries to the social insurance agency with which they are affiliated. A similar program for commercial workers—the Commercial Workers' Social Service—operates, by agreement with the government of the Federal District, maternity and child welfare centers in that area. In addition, it has begun construction of a network of medical and recreational centers in the Federal District. Each will include a clinic, small surgery, crèche, dental office, and recreational center.

This review can note only briefly the very active field of Brazilian social insurance thought, as expressed in popular discussions, conferences, official committees, and other outlets. The work of the Organizing Commission already referred to is the outstanding example of recent Brazilian social insurance research. It has produced scores of studies and recommendations, most of them as yet unpublished. The Second Brazilian Congress of Social Law, held in São Paulo in May 1946, touched on many subjects, including rural life, labor unions, wages, profit-sharing, and numerous aspects of social insurance.[5]

The productive and socially useful employment of social insurance reserves has been the subject of discussion in the press and by social insurance officials. In March 1947 the President of the Republic sent a message to Congress on social questions, in which he recommended broader coverage under social insurance and declared that reserves should be used for activities of social interest.

It may be noted in this connection that 28 percent of the total capital stock of the great steel mill at Volta Redonda is held by social insurance agencies. This enterprise, the Companhia Siderúrgica Nacional, was capitalized at 1¼ billion cruzeiros[6] in

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[5] See the *Bulletin*, October 1946, pp. 48–49.

[6] The exchange value of the cruzeiro is 5 cents in United States currency.

1945. In that year, four Institutes and two Funds invested 200 million cruzeiros in new stock, raising their total holdings to 350.5 million cruzeiros.

Chile

The Chilean social insurance programs[7]—large in proportion to population, and particularly well developed as to workers' medical care and salaried employees' pensions—have not been substantially modified since January 1945. Benefits for employment injuries have been improved, lawyers are now covered by retirement insurance, and a number of important social insurance agencies have been required to increase their investments in low-cost housing.

Law 8,198 of September 3, 1945, increased the temporary disability benefit for work accidents and occupational diseases from 50 percent to 75 percent of the daily wage and raised by 100 percent the pensions already being paid. The law, which took effect as of June 1, 1945, approves the continued existence of both private companies and the National Fund, but requires the former to pay to the National Fund 5 percent of all accident insurance premiums. These payments go to a special reserve which will bear the cost of the pension increases noted, and—if funds permit—be used to retrain injured persons and to promote accident-prevention work.

A Bank Employees' Fund was created by Law No. 8,569 (Sept. 26, 1946). This institution is under the Superintendent of Banks; it combines several, though not all, existing separate bank employees' programs into one system of retirement, savings, and family allowances.

An increase in low-cost housing funds was the aim of Decree No. 535 (June 19, 1945), which requires several important social insurance agencies—but not the Workers' Compulsory Insurance Fund—to invest at least one-fourth of their real annual budget in houses for rental to insured workers with low incomes. As a result, from 100 to 200 million pesos[8] annually is expected to go into workers' housing. Though some of this money would have been so invested in any event, the increase resulting from the new law will be substantial.

By Decree No. 1,962 (May 1945), lawyers were required to affiliate with the Public Employees' Fund. The decree implements Law No. 7,871 (Sept. 15, 1944) on the subject.

Among nonlegal developments in the social security field during the past 30 months, the planning and progress of medical care and medical statistics are noteworthy. Detailed surveys of the different zones of the country, showing their medical problems and the results of social insurance activities, have appeared over the past 2 years in the *Boletin Médico-Social*, the official journal of the Compulsory Insurance Fund's medical service.

Colombia

With the adoption on December 26, 1946, of Law 90 on Compulsory Social Insurance,[9] Colombia joined the other nine South American nations in enacting social security legislation applicable to commercial and industrial workers. The Government has expected to put the act into operation, at least in part, in 1947. Law 90 is a broad measure, which includes employment injuries, health, maternity, invalidity, old-age, and survivors insurance. Health and maternity insurance are to receive priority. The details of the program, including benefit and contribution rates, are still to be spelled out.

Pending the organization of the social insurance program, the labor law of February 19, 1945 (Law No. 6 of that year) provided for certain important benefits by making the employer responsible for (1) medical and cash benefits for employment injuries; (2) cash benefits for 180 days in case of general illness; and (3) payment of a dismissal wage amounting to a month's salary for each year of service. The law does not apply to casual or home workers with no permanent contract or to the employees of an artisan having no more than five workers in his service. But large firms—those capitalized at more than 1 million pesos[10]—are required to pay a retirement pension of two-thirds of the average wage during employment (and not less than 30 or more than 200 pesos a month) to employees 50 years of age with 20 years' service. Domestic servants have the right under this law to a month's salary and medical care in case of illness and to 2 weeks' salary for each year of employment in case of unjust dismissal.

This law also provided important benefits for public employees, which were implemented by Decree No. 1,600 of 1945, dated June 30. The decree organized the Fund for Social Insurance of National Salaried Employees and Wage Earners. The benefits comprise those stipulated under Law 6, including the retirement benefit, as well as an invalidity pension equal to full pay, with a minimum of 50 pesos monthly and a maximum of 200 pesos. The retirement benefit was increased by Law 65 of 1946 (December 20) to two-thirds of the salary received in the last year of service. Survivor pensions are not among the benefits, but the dismissal wage to which a deceased employee would have been entitled at the time of his death is payable to his heirs.

Resources for this program are a Government contribution of 3 percent of the ordinary receipts of the national budget, a 3-percent contribution from salaried employees of the Government, and a 2-percent contribution by wage earners, plus a payment by the worker of a sum equal to one-third of his first month's salary.

Costa Rica

In December 1946, the month following the fifth anniversary of its social security program, the Costa Rican Social Insurance Fund issued a regulation making old-age, invalidity, and survivors insurance compulsory for a large sector of the population.[11] The unusual degree of autonomy enjoyed by the Fund is demonstrated by its power to inaugurate a complete program without new legislation.

Up to the end of 1946 the system had comprised health and maternity insurance for public and private workers in selected population centers of the country. The program was expanded notably in 1945 and 1946 through con-

[7] See the *Bulletin*, May 1947, pp. 10–19.

[8] The exchange value of the peso is 3 cents in United States currency.

[9] See footnote 2.

[10] The exchange value of the peso is approximately 57 cents in United States currency.

[11] See footnote 2.

struction of a large Central Hospital and polyclinic in San José and construction of the Turrialba Hospital. It also operates 10 dispensaries in different parts of Costa Rica but makes use of existing public hospitals and other institutions when necessary.

The program was one of the first in Latin America to establish a brief qualifying period for health insurance benefits. Workers with 4 weekly contributions are eligible for complete medical benefits up to 52 weeks, and to cash benefits at one-half of wage or salary for 25 weeks. As the Fund has erected and equipped its own hospitals and dispensaries, it has extended medical care to dependents of an insured worker who has made 8 contributions. Maternity benefits, however, are still limited to the insured woman. The health and maternity program is financed by employer and worker contributions of 2.5 percent each, which are increased to 3 percent when dependents are entitled to medical benefit.

The new retirement program, which is mainly for salaried employees, provides an old-age benefit at age 65 after 15 years of insurance and invalidity and survivor pensions irrespective of age if 3 years of contributions have been paid. Contributions totaling 7.5 percent of salary are divided equally among the insured, the employer, and the Government.

A law of August 6, 1945, transferred all public housing authority in Costa Rica to the Social Insurance Fund. Approximately 300 houses are being built in various cities and towns at the present time; these will remain the property of the Fund and be rented to families with low incomes.

To meet the problem of temporary unemployment due to shortages of materials the Government has set up a special unemployment fund, financed by the Office of Economic Defense, to pay one-half of wages to certain groups of workers who are involuntarily unemployed. The Secretary of Labor and Social Welfare administers the program, which is supported by taxes on structural iron and steel. The problem of financing dismissal-wage legislation has come to the front recently, and the recommendation has been made that the Social Insurance Fund cover the risk of unemployment by a genuine social insurance program.

Cuba

Cuba has a great variety of social insurance systems but lacks as yet a Nation-wide and comprehensive program; maternity insurance, however, is Nation-wide and compulsory (except in agriculture). Health insurance is voluntary and operates on an extensive scale through large mutual societies. Retirement insurance has proceeded by occupational groups, and during the 30 months ended in June 1947 new retirement legislation expanded rapidly. In January 1945, there were seven such special systems for workers outside public employment—in journalism, medicine, and banking and in the maritime, railroad, sugar, and telephone industries. There were also seven funds for public employees. In the period under study, seven more retirement funds—one for public workers—were created by law for pharmaceutical workers (1945), lawyers (1945), textile and henequen workers (1946), tobacco workers (1946), barbers and hairdressers (1946), Government manual workers (1947), and dentists (1947).

The program for textile and henequen workers—one of the most important of the new systems—is one of old-age, invalidity, and survivors insurance. The amounts of benefits vary according to wages and years of service. Workers with high earnings who qualify for benefit after 10 years of coverage will receive only 15 percent of their average wage in the last year of employment. At the other extreme of low earnings and long coverage, the benefit is 70 percent of the wage. The normal qualifying requirement is 35 years' coverage, irrespective of the age of retirement, or 30 years' coverage at age 50. Workers may retire at age 60 after 10 years of service. The invalidity benefit rates are the same as those for retirement. Survivor pensions for widows amount to one-half the pension of the insured spouse; other survivors are entitled to share equally in the remaining half of the benefit paid or payable to the covered worker.

The financial support comes principally from a 6-percent contribution, shared equally by workers and employers. The administrative body, as in practically all the Cuban programs, is an autonomous institution with workers and employers represented equally on the Board of Directors.

As against the fragmentary tendency to create many new retirement funds, Cuba has in recent years considered several bills looking toward a general system covering all the major risks. The proposed Labor Code, which was first submitted to the President on June 13, 1946, contains the latest such project. It would establish a program of health, invalidity, retirement, survivor, and unemployment insurance. Maternity and work accident insurance would also be included in the general framework of a single supervisory and coordinating agency, the National Social Insurance Commission. Contributions of 10 percent of wages or salaries, with worker and employer paying 5 percent each, would constitute the principal resources. The Government would contribute 2 percent of its ordinary budget each year.

The measure contemplates the temporary continuance of the existing retirement programs but provides for negotiations looking toward unification. In almost all essentials the social insurance portions of the proposed Code follow the drafts prepared by the Office of Health and Social Welfare of the Ministry of Labor. An unemployment insurance bill drafted by the Ministry was considered separately by the Congress in 1946, but no action was taken.

Dominican Republic

Under Law 1,376 of March 17, 1947, the Dominican Republic established a system of old-age, invalidity, health, and maternity insurance.[12] Within 60 days of its promulgation, all employers in the country, except those hiring private domestic help only, were required to register themselves and their employees. Employer contributions were due at once. Six months from its publication—or 9 months if the President should so order—medical and cash benefits for health and maternity insurance were to be in operation. Employees will pay contributions only after medical services are available.

[12] See footnote 2.

The payment of a single contribution qualifies the insured worker for medical benefits, and payment of 6 weekly contributions in the 9 months preceding illness entitles him to cash benefits equal to one-half his wage or salary for as long as 26 weeks. The retirement benefit will be payable at age 60 after 8 years of contributions; the invalidity pension is to be paid irrespective of age if 250 weekly contributions have been paid. There is no survivor pension, but a lump-sum benefit is provided. A rather unusual aspect of the sickness and maternity insurance system is that salaried employees may elect to obtain their own medical services and request remuneration from the insurance system according to a scale not yet published.

The total social insurance contribution is 9 percent of wages, the employer paying 5 percent, the worker 2.5 percent, and the Government 1.5 percent. The employer must also pay the workers' share for apprentices, workers who are not paid in cash, and persons earning not more than 6 pesos[13] weekly. The Government will meet the cost of health and invalidity insurance for farmers in the frontier regions.

Ecuador

Ecuador has in recent years undertaken a broad revision of its compulsory health, pension, and work accident insurance. The authority of the National Insurance Institute has been strengthened, and both its branches—the Insurance Fund for privately employed persons and the Pension Fund for Government workers—have been modernized in a number of important respects.

The legal bases of the program are the Compulsory Social Insurance Law of 1942, the regulations of 1944, and the Constitution of 1945. Although the regulations affecting public employees went into operation in 1944, a longer period of preparation was necessary in the Insurance Fund. To increase public understanding and obtain worker support for the new system, the National Insurance Institute conducted a 5-day conference for insured persons. The Institute paid the traveling expenses of workers' representatives coming from outside Quito to the capital. At the meeting, the system was explained and workers' recommendations were invited and received; subsequently the proceedings were published.

The new program is superior to the old in its adoption of standards that have now been widely accepted as desirable. While the law of 1935 provided for protection against sickness through medical benefits only, and for not more than 3 months, the new system assures care up to 6 months and also provides for a cash benefit equal to one-half of wages for the first 4 weeks and to 40 percent of wages for another 22 weeks. The first cash sickness benefits were scheduled to be paid in January 1947. The definition of invalidity has been changed from that of permanent and total disability to inability to earn at least one-third of the usual remuneration. Benefits to adult survivors, formerly payable for 15 years, will now be ordinarily paid for life.

Financial support for these and other benefits is derived from an employee contribution of 5 percent of wages or salary, an employer tax of 7 percent (raised from 5 percent on July 1, 1946), and a Government contribution from the proceeds of certain taxes.

Substantial administrative modifications have been made, including a revision of employer reporting to provide better records. The Institute has also decentralized the records of the Social Insurance Medical Department, which is responsible for medical care of both Government and nongovernment workers. Public employees were first eligible for medical care in 1944. The Institute has also undertaken to decentralize the Insurance Fund by creating a semi-autonomous branch in Guayaquil, with jurisdiction over the social insurance program in the Provinces of Guayas, Los Ríos, El Oro, and the Archipelago of Colón.

El Salvador

El Salvador has not as yet adopted a social security law, but constitutional measures to that end were adopted in 1945, when the Constitution of 1886, with several amendments, was reinstated as the supreme law of the land. Title 14, Family and Labor, calls for enactment of a labor code (now being drafted) and declares that a compulsory social insurance system shall be established with contributions from the Government, employers, and workers. Other provisions call for the promotion by the Government of institutions of social assistance, credit, and savings, and every type of cooperative. Another step was the creation in October 1946 of the Ministry of Labor and Social Welfare.

Social insurance planning reached an advanced stage in 1947, when a special commission transmitted a draft bill to the Minister of Labor and Social Welfare on May 28. The measure provides for establishment of a Salvadoran Institute of Social Insurance to administer a broad program of health, maternity, invalidity, old-age, and survivors insurance, and a program of family allowances. Coverage would extend ultimately to the entire working population but would begin with provision of health and maternity insurance for employed persons in urban areas.

The draft bill specifies that health insurance benefits shall be available for 26 weeks—52 weeks in some cases—and that the cash benefit shall not exceed 75 percent of wages or salary. Maternity benefits, both in services and cash, would be available for 6 weeks before and 6 weeks after childbirth.

Beyond providing that old-age and survivors insurance shall be established, the bill gives no details. For invalidity insurance, there is the interesting departure from most systems in that an invalid is defined as one whose loss of earning capacity is 30 percent or more. When the loss exceeds 60 percent, a basic pension would be payable; when the loss is between 30 and 60 percent, the payment would be half the amount of the basic pension. The bill emphasizes rehabilitation and preventive medical services.

Guatemala

Guatemala's liberal Constitution of May 11, 1945, which includes provision for the establishment of social insurance to be supported by workers, employers, and the Government, was followed by a general social security act

[13] The exchange value of the peso is $1 in United States currency.

on October 30, 1946.[14] This legislative decree, entitled "Organic Law of the Guatemalan Institute of Social Security," provides the legal blueprint for gradually putting into operation a large-scale social insurance system in a predominantly agricultural Nation of 3.5 million persons.

The administrative agency charged with this task has been created and is already functioning; it is the Guatemalan Institute of Social Security, with a Board of Directors on which a number of key institutions are represented.

Under terms of a regulation of the Institute approved last June by the Chief Executive, the first program to take effect will be insurance against employment injuries in firms having five or more workers. The first zone of operations will be Guatemala City, where 714 such employers had been registered by July 15. September 15 was tentatively decided upon as the date for beginning operations. Insurance against general accidents will follow soon after the work accident scheme. The benefits for nonoccupational injuries are scheduled to precede general health insurance because the medical resources of the country are still very limited. At the same time, it is expected that administrative simplification will result from eliminating the distinction between the different causes of accidents.

Other parts of the system will begin operation as the Institute determines, but it is intended that the second broad program to be made effective will be that of maternity and hospitalization insurance. Here again, an urgently needed sector of a general health insurance program is given priority, partly because of its importance and partly because the medical facilities can be provided more readily for maternity and hospitalization insurance than for all sicknesses. A program of widows' and orphans' pensions will be provided next, to be followed by general health insurance and, finally, by old-age and invalidity insurance.

After 10 years, by 1957–58, it is expected that all persons engaged in producing goods and services—some half million in all—will be members of the social security system. In the beginning, however, the groups covered will be employed workers in more densely populated localities. Contribution rates remain to be determined, but the law declares that approximately half of the expenses shall be allocated to the employer and one-fourth each to workers and the Government.

[14] See footnote 2.

Haiti

Haitian social legislation has emphasized assistance rather than insurance. This is the case even with the Social Insurance Act of 1943, which directs that contributions of 1 gourde[15] fortnightly from laborers on large undertakings shall be used for benefits to injured workmen, for the housing of aged laborers, or for certain other purposes. In these respects the law supplements existing legislation. Some of the funds collected have been employed for important construction undertakings that involved the relief of unemployment as well as the provision of educational facilities.

The Congress of 1946–47 received from the Department of Labor a social insurance bill[16] that would create an autonomous social insurance institution; repeal the act of 1943; and provide compulsory insurance for employment injuries, sickness, and maternity. The institution would be empowered to introduce the programs gradually, taking into consideration the possibility of registering employers and workers, of making collections, and of efficiently providing the specified medical and cash benefits.

A 1-percent tax on the employer would finance the work accident benefits, but the worker and employer would share equally the cost of health and maternity insurance at rates to be determined after study. Under health insurance, the insured person would receive medical attention up to 27 weeks and cash benefits equivalent to 50–70 percent of his wage (according to the number of dependents) for 26 weeks. Dependents would be entitled to medical care for 13 weeks. In case of maternity, the insured woman would receive medical and cash benefits.

[15] The exchange value of the gourde is 20 cents in United States currency.

[16] See the *Bulletin*, June 1947, pp. 13–14.

Honduras

Honduras has as yet adopted no social insurance legislation and has announced no immediate plans. The Inter-American Health Service in 1946 completed construction of a two-story, 108-bed tuberculosis hospital outside of Tegucigalpa at a cost of approximately $215,000.

Mexico

In January 1945, social security in Mexico had been on the statute books for 2 years and in operation for 1 year.[17] It was then functioning only in the Federal District, but during the year operations began in Puebla and Monterrey. In 1946 a regional fund was established in Guadalajara, and in 1947 in Orizaba. As a result, the number of covered workers increased 45 percent from June 30, 1945, to December 31, 1946. In the spring and summer of 1947, committees were active in exploring the possibilities of extension to a large number of additional cities.

After the change in government in the 1946 elections, the Mexican Institute of Social Insurance was reorganized into three main branches—medical, technical, and administrative—each headed by an assistant director. Departments and offices under each branch were reshuffled, and the Ministry of Economy replaced the Ministry of Labor and Social Welfare as the cabinet office concerned with social insurance.

A study of the law and its possible amendment in the light of experience was initiated early in 1947, when a commission of experts was named to formulate recommendations for new legislation. An actuarial valuation, conducted in 1946–47 by the Chief Actuary of the Compulsory Social Insurance Fund of Chile, is expected to be released in the fall of 1947.

The Mexican program comprises health, maternity, old-age, invalidity, and survivors insurance, plus employer-financed insurance against employment injuries. Contributions

[17] For Mexico's first 2 years of social insurance, see the *Bulletin*, July 1946, pp. 22–27; for an analysis of the law of 1942, see the *Bulletin*, March 1943, pp. 11–16.

in the general program total 12 percent of wages or salaries; the employer pays 6 percent, and the worker and the Government pay 3 percent each.

Invalidity and survivor pensions may become payable after the worker has made 200 weekly contributions, so that the first persons to qualify for these benefits may be eligible in November 1947. Old-age benefits require 700 weekly contributions. But medical services for the insured and his dependents are available from the date the worker enters covered employment, while cash sickness benefits go to the worker who has paid 6 weekly contributions in the 9 months preceding illness.

The need for hospital facilities is being met gradually in spite of the handicap that wartime conditions imposed on construction. The Social Insurance Institute was planning to dedicate in mid-1947 its Maternity Hospital No. 1, with 200 beds and 100 cribs. Maternity Hospital No. 2 was opened in April 1947 with 120 beds. At the same time the Institute was remodeling the Italian Sanatorium—purchased in March at the cost of 1.3 million pesos [18]—for a traumatological hospital.

The Institute's Office of Hospital Planning has worked out designs for important hospitals in all the regions as well as in the Federal District. The Institute has also opened several new pharmacies throughout the Federal District to satisfy the demand for conveniently located facilities of this type. Eight modern clinics, each designed for the area to be served, are being built or planned in the Federal District. The three begun before the spring of 1947 are designed to serve 60,000 persons each; they will provide general, specialist, dental, maternal-infant, and other care.

Nicaragua

Nicaragua has witnessed little social insurance activity as such. Under the Labor Law of 1945, however, employers are required to bear the cost of occupational accidents and diseases, provide sanitary conditions, and assure measures of accident prevention. This law also makes provision for free Government employment offices.

The primary emphasis in the welfare field has been on public health work, a movement which has received great stimulus from the Inter-American Cooperative Health Service. Among other accomplishments, this joint effort has resulted in construction in Managua of a National Ministry of Health building, with a health center, and in the establishment of six health centers and the expansion of two others.

Panama

The Panamanian social insurance program covers private salaried employees and laborers in the Districts of Panama and Colón (which have about a third of the whole population) and Government workers throughout the country. The contributions of 9.3 percent of wages—1.3 percent from the Government and 4 percent each from worker and employer—go primarily for old-age and invalidity insurance, but 11 percent of the revenue is used for medical care for insured persons and for cash and medical maternity benefits for insured women.

The Social Insurance Fund has made significant progress in constructing and staffing its own facilities for distribution of medical benefits. The modern administration building, erected in Panama City in 1945, contains a dental clinic with salaried dentists and a social insurance pharmacy where necessary medicines are supplied without cost to the insured person. Both services were established in 1945. The other medical care benefits are supplied by a physician who is selected by the patient; the latter receives from the Insurance Fund a partial payment of the costs of necessary attention. The Fund defrays hospital costs at the rate of 2 balboas [19] per day up to 15 days a year, a rate which meets the full cost for certain types of accommodations (the so-called "half-pension" facilities in the Government Hospital), but not the cost of private rooms.

Whereas the main problem in the health and maternity program has been the best allocation of limited resources, the retirement program has been concerned with the suitable investment of reserves. During 1945 and 1946 the Social Insurance Fund erected 6 apartment buildings containing some 420 units that are rented to insured persons. An additional project of 242 apartments was scheduled for completion in 1947. These buildings are the property of the Fund and are quite distinct from the important housing work of the Bank of Urbanization of Panama. The Insurance Fund is now considering means of making mortgage loans to insured persons on the pattern of the Chilean salaried employees' system.

Activities in the general field of public welfare included the creation on June 15, 1945, of a new Government department—the Ministry of Labor, Social Welfare, and Public Health, which took over existing functions from other ministries in an important reorganization. A National Youth Council was created in September 1946 as a branch of the Bureau of Social Welfare of the Ministry. In the same year the Ministry announced plans for constructing three new hospitals in 1947, including a 200-bed antituberculosis hospital, the first of its kind in the country. In the spring of 1947 the Ministry was authorized to approve a contract with the Social Insurance Fund for constructing and equipping this hospital at a cost of $750,000.

Paraguay

The extension of medical and maternity care to the family of the insured worker appears to have been the most important Paraguayan social insurance development during the period under review. Before April 1945 the insured worker could get medical attention for his family by payment of an additional 3 percent of wages. By Decree No. 8,438 (Apr. 25, 1945), the dependent parents, spouse, children, brothers, and sisters of any insured worker earning not more than 150 guaranís [20] per month are entitled to the same medical benefits as those for the insured worker at no extra cost.

The social insurance system encompasses retirement and survivor pen-

[18] The exchange value of the Mexican peso is approximately 21 cents in United States currency.

[19] The exchange value of the balboa is $1 in United States currency.

[20] The exchange value of the guaraní is approximately 32 cents in United States currency.

sions, employment injuries insurance, and health and maternity insurance. But the program is new—collections and benefits began early in 1944—and the benefits available in the early stages, except for work accidents, have been limited to medical attention in case of illness or maternity. Contributions are 5 percent of wages from the employer (plus 3 percent for employment injuries), 2 percent from the worker, and 1.5 percent from the Government.

Peru

Peru's general system of health, maternity, and pension insurance operated with very few changes in the past 2 years. The social security law itself is now more than 10 years old, dating from August 1936, and employer and Government contributions have been collected since 1937. The system first required worker contributions early in 1941, when it began to provide medical benefits. This characteristic of the Peruvian system—not to collect worker contributions until medical services are available—is found in a number of new Latin American health insurance laws.

The Peruvian system is limited to manual workers; no action was taken on a Senate Bill of 1945 to create a salaried employees' program similar to the Chilean white-collar funds. Coverage under the general system has been expanded by decrees covering workers regardless of their earnings, though collecting contributions and paying benefits only on the first 3,000 soles [21] earned. In 1945, coverage was extended to persons working by the day regardless of their earnings. Government employees employed on public works also came under the program in 1945 for the first time.

The first old-age pensions probably became payable in 1946, since the workers with 5 years of contributions may receive a reduced pension at age 60. The main benefits for a long time to come will be those for sickness and maternity; medical care and cash benefits are provided for both risks. A 6-percent total contribution—3.5 percent from the employer, 1.5 percent from the worker, and 1 percent from the Government—provides the financial resources. Benefits are limited to the insured worker unless an additional voluntary contribution is paid. There is no survivor pension, but a lump-sum payment of 33 percent of the deceased worker's average annual wage is paid to his wife and children.

Uruguay

Uruguayan social insurance consists primarily of eight retirement and survivors insurance programs with wide coverage and large aggregate benefits. During recent years much attention has been given to the problems of strengthening the finances and administration of the Funds and to drafting a law which will cover other risks, such as sickness—problems that Congress and the press discussed vigorously in 1945. The Institute of Retirement and Survivors Pensions, a general coordinating and supervisory body established in 1933, took steps to conduct a census of employers to obtain better enforcement of collections. In this connection, it was expected that the law of 1940 authorizing use of the stamp-book system for collecting contributions would give workers a chance to verify the fact that payments were being made on their behalf. The change in the method of making collections has taken place gradually.

The volume of claims for benefits, as an official committee pointed out in 1945, was straining administrative facilities. The Fund for commerce and industry recognizes years of employment before the establishment of the insurance system as counting toward the qualifying period for receipt of benefit. Careful investigation of claims is therefore essential and, though many records were being cleared and new pensions paid, a backlog of unsettled claims was accumulating. The picture during this period was thus one of substantial benefit expenditures under a system in which some reform and reorganization appeared to be necessary and highly probable.

In June 1947 the President transmitted a bill to the Congress proposing an administrative reorganization. It would abolish the Institute of Retirement and Survivors Pensions and create out of its four constituent Funds three new autonomous agencies: (1) a Fund for commerce, industry, public services, and related fields; (2) a civil-service and teachers' Fund; and (3) a Fund for noncontributory pensions, rural workers' retirement, and service workers' retirement. Each agency would have headquarters in Montevideo and a special committee in each departmental capital in the interior of the country to supervise local personnel and evaluate the insurance operations.

Another development was the creation of an unemployment insurance fund in December 1945 for workers in the wool and hide industry. In general, this fund follows the same pattern as the program established for the meat-packing industry under the law of December 12, 1944. Workers paid by the hour, day, or piece are guaranteed 100 hours of work monthly, or compensation at a uniform rate if not employed the guaranteed number of hours. Because of the variable nature of the industry, the law does not determine benefits but authorizes a 5-member board to decide annually on the exact rates of benefit and the qualifying conditions for receiving payments. Financial support comes from a tax on employers of 4.5 percent of pay roll and on workers of 2 percent of wages, plus certain taxes on exported and on locally used wool. The law is liberal in its provision that only half the time worked outside the wool and hide industry is counted toward the number of hours of guaranteed employment.

Venezuela

Venezuela's program of health, maternity, and work accident insurance began operations on October 9, 1944, and was thus less than 3 months old at the beginning of 1945.[22] It functions in the Federal District, the two adjacent municipalities of Chacao and Petare, and the seaport of La Guaira.

In its provisions for family medical care and for cash payments to the insured worker in case of sickness, the system is one of the most comprehensive in any country. From the time

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[21] The exchange value of the sol is approximately 15 cents in United States currency.

[22] See the *Bulletin*, April 1946, pp. 3-8.

grams and the number of people served.

ROSENFELD, LEONARD S. "Province-Wide Hospitalization in Saskatchewan." *Public Affairs*, Halifax, Nova Scotia, Vol. 10, June 1947, pp. 157–163. 30 cents.

Outlines the benefits, eligibility conditions, and financing of the hospital insurance program inaugurated in Saskatchewan on January 1, 1947.

SHORTLEY, MICHAEL J. *July 6th Is Independence Day for Disabled Civilians.* Washington: Office of Vocational Rehabilitation, 1947. 33 pp.

A summary of the activities and accomplishments of the Office of Vocational Rehabilitation on its fourth anniversary.

SMILEY, DEAN F. "Health Centers Under the Hospital Construction Act." *Journal of the American Medical Association*, Chicago, Vol. 134, Aug. 2, 1947, pp. 1179–1181. 25 cents.

Examines the functions of a health center.

U. S. RAILROAD RETIREMENT BOARD. *Work Injuries in the Railroad Industry, 1938–40.* Chicago: The Board, 1947. 2 vols. Processed.

An analysis of the legal provisions governing payments to injured railroad workers and of the incidence of railroad accidents, showing the number and type of accidents, amount of cash payments to injured workmen, and medical and administrative costs. Includes a discussion of alternative proposals.

VAN STEENWYK, E. A. "Blue Cross Payments Pose a Problem in Co-operation." *Modern Hospital*, Chicago, Vol. 69, July 1947, pp. 71–76. 35 cents.

Appraises the various methods in current practice and discusses the difficulties of establishing a satisfactory schedule of Blue Cross payments to hospitals.

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New Federal Security Administrator

Oscar R. Ewing was appointed Federal Security Administrator by President Truman on August 19. Watson B. Miller, whom Mr. Ewing succeeds in office, was named Commissioner of Immigration and Naturalization.

The new Administrator, a native of Greensburg, Indiana, was graduated from Indiana University in 1910 and received his law degree from Harvard 3 years later. In 1917, after several years spent in teaching and practicing law, he entered the Army and became a captain in the Air Service, where he executed all contracts for the Army's then infant air force. Following his discharge from the Army in 1919, Mr. Ewing became associated with Charles Evans Hughes, later Chief Justice of the U. S. Supreme Court, and was a member of the law firm of Hughes, Schurman, and Dwight until its dissolution in 1937. He then became a law partner of Charles Evans Hughes, Jr., former U. S. Solicitor General. In 1931 he took part in the Geneva Conference To Limit the Manufacture of Narcotics.

In May 1942, as Special Assistant to the U. S. Attorney General, he prosecuted the trial of the Silver Shirt leader, William Dudley Pelley, for sedition, and in March 1947 he headed the prosecution in the trials for treason of Douglas Chandler and Robert Best.

Mr. Ewing took the oath of office as Federal Security Administrator on August 27.

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the worker enters covered employment, he and his dependents are eligible for medical and dental care for as long as 26 weeks. Specialist services, hospitalization, medicines, and optical appliances are included in the medical benefits. A single contribution also makes the currently insured worker eligible for cash sickness benefits amounting to two-thirds of wages for a maximum of 26 weeks. In maternity insurance, after 13 contributions have been paid, the insured woman worker receives medical care as necessary, plus two-thirds of her wage for 6 weeks before and 6 weeks after delivery.

From its earliest days the program has encountered a heavy demand for its services. The system of work accident insurance remained solvent, but the health and maternity program began to show a deficit within the first year. The Revolutionary Junta which took over the Government in October 1945 met the situation by appropriating an additional 4.6 million bolivars[23] for the period November 1945–June 1946. Approximately the same sum was allocated for the fiscal year ended June 30, 1947. The resulting scale of contributions is shown below as percentage of wages; when a change has taken place, the status before November 1945 appears in parentheses:

Source of contribution	Total	Work injuries	Health and maternity
Total	13.0 (9.0)	3.1 (2.6)	9.9 (6.4)
Worker	2.9	.0	2.9
Employer	5.2	2.3	2.9
Government	4.9 (.9)	.8 (.3)	4.1 (.6)

In the summer of 1947, two British actuaries went to Venezuela under official arrangements to study the system and make recommendations.

Administrative unification and centralization were achieved by Decree No. 239 (Apr. 6, 1946), which made the Venezuelan Institute of Social Insurance the sole authority for administering all branches of social insurance. This measure eliminates duplicate bodies—particularly the regional funds—which had existed as administrative agencies of the Central Institute. The finances of work accident insurance, however, remain distinct from those of the sickness and maternity program.

Possibilities for providing the insurance system with its own medical facilities have also been carefully explored. A modern hospital is being built in La Guaira, and a traumatological institute has been started in Caracas. Additions to municipal and national hospitals are being constructed for the use of insurance patients.

[23] The exchange value of the bolivar is approximately 34 cents in United States currency.

U. S. GOVERNMENT PRINTING OFFICE: 1947