World Developments in Social Security

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Almost without exception the nations of the world are committed to programs of social security—programs that vary from country to country but have in common the establishment of protection, generally through compulsory social insurance, against such risks as sickness and the economic consequences of unemployment, disability, old age, and death. The following survey, based largely on a longer report,[1] is an attempt to show in broad outline the evolution in such legislation for the years 1939–49 and the extent and general character of such programs at the end of that time.

ONE of the most widely shared objectives of the people of the world in the mid-twentieth century is social security. The systems of social insurance and assistance that constitute the common basis of social security affect hundreds of millions of persons in all parts of the world. The most widely established programs are old-age, invalidity, and survivors insurance (or pensions), health and maternity insurance, workmen's compensation, unemployment insurance, and family allowances. Some countries have all five types of protection; a few have none. The present review undertakes to show the extent to which the various regions of the world have adopted such social security legislation, with particular attention to the changes taking place during the 11 years 1939–49.

One of the clearest facts that emerges will be familiar to students of social security; namely, that the second great war of the century—like the first conflict—released or accelerated social forces making for a greater effort to achieve social security. The Beveridge Report, the Atlantic Charter, the "Declaration of Philadelphia" issued by the 1944 International Labor Conference, and the creation of the Inter-American Committee on Social Security were examples of this trend.

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[1] Carl H. Farman and Veronica Marren Hale, *Social Security Legislation Throughout the World*, Division of Research and Statistics, Bureau Report No. 16, 1949.

Soon after the beginning of the war, many countries enacted legislation that either created new systems or (more frequently) fundamentally amended programs already in existence. At the beginning of 1950 the situation with respect to the types of protective legislation in force in all countries of the world, as compared with January 1939, was as follows:

Type of program	Number of countries with laws in operation	
	January 1939	December 1949
Old-age, invalidity, and survivors insurance and pension (or assistance) programs	33	44
Health and maternity insurance	24	36
Workmen's compensation	(1)	57
Unemployment insurance	21	22
Family allowances	7	27

1 Approximately the same as in 1949.

More significant in terms of the number of persons affected than the number of new laws in force have been the major legislative changes in Great Britain, France, and other countries. Earlier measures have been expanded to cover more people, make benefits more adequate, and otherwise increase the effectiveness of social security. Before considering the specific developments, it is desirable to examine briefly the essential character of each type of social security under review.

Summary

Old-age, invalidity, and survivors insurance and assistance.—The long-term risks of income loss resulting from old age, invalidity (of nonoccupational origin), and death of the worker are most commonly met through a system of contributory old-age, invalidity, and survivors insurance, in which benefits are provided without an income test to persons who meet the qualifying requirements. In a number of countries pensions are paid to all aged, disabled, or survivor claimants with insufficient means, provided they meet citizenship or residence requirements. Such pensions subject to income test are the only benefits in Australia, Canada, Denmark, Norway, Spain, and the Union of South Africa. In another group of countries, assistance payments on the basis of need supplement insurance programs; this is the case in Argentina, Belgium, Czechoslovakia, France, Great Britain, the Netherlands, New Zealand, Sweden, Switzerland, the United States, and Uruguay. In Ireland, old-age pensions require an income test, but insurance programs govern payments to invalids and widows and orphans.

The amount of the benefit payable under old-age, invalidity, and survivors insurance ordinarily varies with the years in covered employment and the previous earnings of the insured worker. Almost invariably the method of determining the rate payable favors lower-paid workers by fixing a minimum amount, by including a basic sum that is the same for all beneficiaries, or in other ways. Some countries—mainly British and Scandinavian—pay a flat-rate benefit instead of a variable figure. Survivor benefits are as a rule smaller than the benefits to the aged or disabled worker himself, but for a widow with children the benefits may commonly reach, as a maximum, the level for old age or permanent disability. To qualify for a benefit for himself, or for his dependents in case of his death, the insured must customarily have had 5 or 10 years in covered employment. This period, however, is subject to considerable variation; it is much

shorter in several countries for permanent disability than for old age.

In most insurance systems (21 out of 38) the insured, the employer, and the Government share in the financing. Under nine laws the employer and insured meet the full cost. Five countries, all in eastern Europe, levy the entire assessment on the employer—generally the nationalized industry. In two countries the insured person and the Government are responsible; and in one, the employer and the Government. Of the six countries having systems that pay benefits only after an income test, in three the pensions are financed by the employer and the insured, in two by the Government only, and in one by all three sources.

Health and maternity insurance.—The customary health insurance system provides both cash benefits in case of disability and medical attention when necessary. The maximum duration of the cash benefits is generally 26 weeks, after which the worker may be entitled to invalidity benefits (usually under the old-age, invalidity, and survivors insurance system). Most countries provide medical attention to the dependents of the covered workers.

The maternity benefit commonly consists of medical attention, either by a midwife or attending physician or in a hospital, and cash payments for a period that is generally 6 weeks before confinement and 6 weeks following. Nursing benefit in the form of milk or of cash with which to purchase it is often also provided.

In some countries, medical services are provided independently of insurance coverage, under the administration of the health departments instead of the social insurance agencies. The British National Health Service, which provides medical, hospital, and dental care, as well as medicines and appliances, to all persons in the country, is financed mainly from general taxation, but slightly more than one-tenth of the employer-employee contribution for national insurance goes to the health services. These contributions meet at this time about one-ninth of the cost of the National Health Service.

Workmen's compensation.—Programs of protection against employment injuries, including occupational diseases, have generally been put into operation in advance of other social security measures. All stages of development are therefore to be found. In several countries a labor code or a special work-accident law imposes on the employer fixed obligations for cash benefits and provision of medical care, without creating guarantees that these obligations will be met if the risk materializes. Elsewhere compulsory insurance is required. In the latter case, private insurance companies or employers' mutual associations may carry the insurance, or, as in 27 countries, the program may be administered by a public agency exclusively.

Provision for compensating and providing medical attention for scheduled occupational diseases like silicosis is customary. Some of the programs establish and enforce standards of industrial hygiene and safety, and some provide for the vocational rehabilitation of the disabled worker.

Although under most plans the worker sustaining permanent injury receives a pension that is not subject to a time limit, this is not universal practice. A maximum in the amount payable, or in the duration of benefit, is found in 16 countries—Argentina, Australia, Brazil, Colombia, Costa Rica, the Dominican Republic, Egypt, El Salvador, India, Japan, New Zealand, Nicaragua, Panama, the Philippine Republic, Syria, and the United States of America (more than half the States). Some of these countries pay lump sums only.

Unemployment insurance.—Most of the industrialized nations had enacted unemployment insurance legislation by 1939. This circumstance, plus the fact that full employment conditions existed during and after the war in most countries, accounts for the enactment of little new unemployment insurance legislation in recent years. In Czechoslovakia, France, and Spain the systems formerly in existence have been eliminated in favor of cash assistance or public works and vocational training measures. New programs include those in Australia (cash benefits subject to an income test rather than insurance), Canada (after an earlier law was declared unconstitutional), Japan, and—with limited coverage—Greece and Uruguay.

The recent trend has been toward compulsory rather than voluntary unemployment insurance. In 1939, of the 22 programs then existing, nine were of the type in which the governments subsidized trade-union systems. At the end of 1949, 18 of the 22 systems in operation were compulsory and only Denmark, Finland, Sweden, and Switzerland had trade-union plans.

The amount of benefit is generally about 50 or 60 percent of earnings (often increased for dependents). The maximum period for which benefits may be paid usually ranges from 4 to 6 months and may be longer if an income test—as in Australia, Austria, Chile, and New Zealand—is or may be imposed.

The rate of contributions varies but is most generally from 1 to 4 percent of taxable earnings. The insured, employer, and Government contribute in nine countries; insured and employer in six; insured and Government in four; and the employer only in four.

Family allowances.—Subsidies to families with children have proved increasingly popular as an instrument of national social policy. Only seven such programs (in Belgium, Chile, France, Hungary, Italy, New Zealand, and Spain) were in operation in early 1939. By the end of 1949, 27 countries had enacted such legislation. Other countries—Denmark and the United States, for example—provide assistance to families with children in case of need and in specified circumstances.

Eighteen of the family allowance systems pay for the first and each subsequent child; four, for the second; and the remainder for larger numbers only. Payment may be based on residence—as in the British Commonwealth and Scandinavian countries—or employment. In the former case the national treasuries meet the cost; in the latter the employer is usually responsible, and a fixed percentage of pay rolls is customarily assessed. In Austria, Chile, Italy, Poland, Portugal, and Spain, not only children but adult dependents may be entitled to an allowance.

The programs are found in all parts of the world, but Europe has 19 of the

27 plans. The non-European plans—except those in Canada, New Zealand, and Australia—are more restrictive in coverage (as in Brazil and Chile), or in that an income test is imposed and there must be a large number of children before payment will be made (both limitations apply in Brazil, Iceland, and the Union of South Africa).

The extent to which these several types of social security protection operate in the different parts of the world is briefly reviewed in the remainder of this survey. Except for the British Commonwealth the approach is regional. The most widely discussed social security proposal of recent years was the Beveridge Plan of 1942. It was the basis for the new social security program adopted in Great Britain in 1946, and it also influenced many other countries, probably affecting more persons than any other one social security development in the years under review. The British Commonwealth countries—which are best treated together—are accordingly considered first. Thereafter the review passes to Europe, and within Europe to certain areas that for social insurance purposes are rather clearly defined. The American republics, where the programs are more recent, are then considered, with the largest program—that of the United States—summarized first. In conclusion, the developments in Asia and the Near East are noted.

Only national or Nation-wide systems with broad coverage are considered. Programs for special groups of workers—such as public employees, railwaymen, or miners—are necessarily omitted from a general survey of this character.

The British Commonwealth and Ireland

The British Commonwealth.—Two members of the British Commonwealth—Great Britain itself and New Zealand—provide cash payments for virtually all the risks covered by any social security system and extensive medical benefits for the entire population. In Australia, cash benefits are similar but medical benefits are limited. In Canada the benefits under unemployment insurance, workmen's compensation, and family allowances are paid irrespective of other income; assistance to the aged and blind is subject to income test. South Africa has systems of workmen's compensation and unemployment insurance, plus assistance to aged persons, blind persons, and needy families with more than two children.

The programs established by the Asiatic members of the Commonwealth can be noted only briefly. In India an old workmen's compensation law is operative; the new workmen's compensation act of 1948 and the health insurance law of that year have not yet taken effect. In Burma and Ceylon, protective legislation exists against work injuries. When these countries are able to undertake large-scale social security operations, priority will in all probability be given to bettering the national health, whether by insurance or other methods.

In the English-speaking countries the current programs are largely the product of recent legislation, though New Zealand's principal act—a comprehensive measure except for workmen's compensation—dates from 1938. In the United Kingdom the whole structure, though owing much to earlier laws, is based on legislation enacted in 1946. In Australia also the current system is largely new, though based on older laws, while in Canada both of the national systems—unemployment insurance and family allowances—were established recently. In South Africa the existing workmen's compensation and unemployment insurance acts were rewritten in the past decade, and allowances for needy children provided for the first time.

Flat-rate benefits are characteristic of the British Commonwealth countries. In Great Britain the insurance benefit amounts to 26s. weekly for a single adult without dependents. The rate is the same for old age, long or short-term disablement, widowhood, and unemployment. In Australia and New Zealand the benefit is a maximum amount, subject to deduction for other income above a specified sum. In New Zealand the maximum benefit is 45s. a week. In Australia the adult benefit is 25s. weekly for unemployment and sickness, but it is 42s. 6d. for a single aged or invalid pensioner or a widow. In all three countries the benefits are usually increased for dependents.

The systems in Canada and the Union of South Africa are based on legal structures quite different from those of other members of the Commonwealth; a separate act governs each type of benefit. The unemployment insurance benefit in both countries varies according to the wage class of the insured and is roughly one-half of earnings, being proportionately more for the lower-paid and less for the higher-paid worker. The benefit for aged persons is paid only after individual inquiry into means. The maximum is £5 a month in South Africa. In Canada the maximum varies from Province to Province; under an arrangement between the National and Provincial Governments, the Dominion Government pays three-fourths of the first $30 monthly paid by the Provinces to needy aged and blind persons. By an act of 1949 this amount was raised to $40 monthly, and the new figure will take effect when appropriate agreements have been made. Most Provinces now pay more than $30.

Pensions become payable at age 65 for men and 60 for women in Great Britain, Australia, and South Africa; at 60 for both men and women in New Zealand; and at 70 in Canada.

Family allowances are paid on the basis of residence and are not restricted, as in most other countries except the Scandinavian, to persons connected or formerly connected with the labor market. In Canada the amount varies from $5 to $8 a month (being larger for older children), in Australia and New Zealand it is 10s. a week, in Great Britain 5s. a week, and in South Africa the allowance is made according to need. Payments begin with the first child in Canada and New Zealand, with the second in Australia and Great Britain, and with the third in South Africa.

Medical benefits are most comprehensive in Great Britain, where every type of care is provided to all residents of the country without payment of a fee. For medicines, however, the Government announced late in 1949 that a maximum of 1s. would be charged for each prescription. The program is administered by the Ministry of Health. Hospitals are nationalized, nearly 2,700 hospitals with half a million beds having been

taken over by the Ministry.[2] The general practitioner, however, serves under the capitation system whereby doctors register, if they choose, with local executive committees and residents sign with a doctor of their choice. The doctor receives a flat amount per year for each person on his list, but dentists are paid according to a fee schedule. Specialists are paid by salary (not necessarily full-time salary) under the hospital system. There is no insurance requirement for eligibility.

In New Zealand and Australia, eligibility for medical benefit is also broad, being based on permanent residence in the country rather than on insurance contributions. However, the services provided are fewer than in Great Britain. Public hospital ward care is free, and the patient in a private hospital is reimbursed up to the amount ward care would cost. New Zealand pays the physician or reimburses the patient for medical services at specified rates, but doctors may charge additional amounts. Australia proposes a somewhat similar arrangement under a 1948 law not yet in operation. New Zealand includes X-ray, laboratory, massage, and district nursing services in its benefits. Australia has a special tuberculosis program. Both countries provide free medicines, but in Australia this is contingent on use of a standard form by the doctors, and compliance has been limited.

The financing of the unified social security programs of Great Britain, Australia, and New Zealand is summarized in table 1. Britain, it will be noted, has a flat-rate system in which the employer meets a substantial share of the cost; the contribution of the insured worker amounted to about 3.5 percent of average wages in April 1949. Australia and New Zealand finance their programs mainly through earmarked income taxes. Certain programs in each country are independently financed, including workmen's compensation in Australia and New Zealand, the greater part of the British health services, and all of British family allowances.

In Canada and the Union of South Africa the unemployment insurance systems are national contributory insurance programs to which the employer, insured, and Government contribute. Workmen's compensation is financed by employer premiums. Family allowances and old-age and blind pensions on a needs basis are paid wholly from public funds, the source in South Africa being the national budget for both programs. In Canada, general revenues finance family allowances, and Dominion-Provincial funds defray the cost of old-age and blind pensions.

Ireland.—All five types of protection under review are provided under Irish laws, which have mainly evolved from British legislation and example. Contributions and benefits have remained at lower levels than those reached in the United Kingdom, while noncontributory programs have continued to be relatively more important.

Table 1.—*Social security contributions, Great Britain, Australia, and New Zealand, December 1949*

Contributor	Great Britain (per week)	Australia	New Zealand
Insured	4s. 11d. (adult male employee). Covers all cash benefits except family allowances.	Income tax of 1.25–7.5 percent of income, depending on size of income.	Income tax of 7.5 percent on gross income.
Employer	4s. 2d. (adult male employee).	2.5 percent of pay roll of employer of 20 or more persons. Full cost of workmen's compensation.	Income tax of 7.5 percent of net income of firms. Full cost of workmen's compensation.
Government	2s. 1d. (adult male employee). Plus sums for cash benefits as voted by Parliament. Plus about 90 percent of cost of National Health Service. Plus full cost of family allowances.	Meets deficit.[1]	Meets deficit.[2]

[1] No deficit in recent years.
[2] Thirty-eight percent of total social security charges, 1947–48.

Old-age and blind pensions are payable only after a needs test. Invalid benefits are paid under health insurance, at a lower rate than the temporary benefits. Widows' and orphans' payments are provided both by an insurance system and by assistance for those not in the contributory plan. Unemployment insurance covers workers in commerce and industry; unemployment assistance may be claimed, subject to a means test, by persons between ages 18 and 70. Workmen's compensation, dating back to the nineteenth century but currently governed by laws of 1934 and 1948, does not require the employer to insure. Family allowances provide 2s. 6d. per week for the third and each subsequent child.

Benefit rates have been substantially increased in recent years, particularly by the Social Welfare Act of 1948. They vary for men and women; for men, they are roughly two-thirds of present British benefits. A White Paper issued by the Government in 1949 proposed broader coverage, adoption of contributory old-age insurance, liberalized benefits, and greater administrative coordination. Health insurance would be retained as primarily a cash benefit program, with medical attention limited to optical, dental, hospital, and certain other services.

Europe

France, Benelux, and Switzerland.—The French social security system has been expanded and revised by wartime planning and subsequent legislation. In the Benelux countries and Switzerland, great changes have likewise taken place in the past few years. Belgium, like France, has thoroughly recast its system.

A few of the important French changes go back to the war years. At that time, unemployment insurance was abolished, assistance to needy aged persons was instituted to supplement old-age insurance, a pay-as-you-go ("distribution") system replaced the full-reserve technique in old-age, invalidity, and survivors insurance, and the family allowance program was liberalized by special benefits to families with a single breadwinner. Thereafter, in 1945

[2] *National Insurance Gazette*, Oct. 27, 1949, pp. 408–409.

and later, a general administrative reorganization and various benefit increases were effected, and insurance against work accidents and occupational diseases became a part of the social security system.

Of the Benelux countries, Belgium has effected a comprehensive reorganization of earlier programs under legislation enacted in 1944. Health and maternity insurance has been made compulsory, becoming part of a general program along with old-age and survivors insurance, unemployment insurance, and family allowances, as well as vacations with pay. Collection of contributions is centralized, but most administrative arrangements are decentralized. In the Netherlands, family allowances, medical benefit under health insurance, assistance payments to aged citizens with low incomes, and compulsory unemployment insurance have been added since 1939. In Luxembourg the prewar system was expanded and improved during the German occupation and still retains many of the features then adopted. A family allowance program was enacted in 1947. Switzerland enacted a sweeping old-age and survivors insurance law in 1946.

Table 2.—*Social security contributions*[1] *as percent of covered pay rolls, Belgium, France, Luxembourg, the Netherlands, and Switzerland, 1949*

Type of program	Contributions as a percent of covered pay rolls	
	Insured	Employer
	Belgium (wage earners only)	
Old-age and survivors		
Health, invalidity, and maternity	8.0	13.0
Unemployment		
Family allowances		
Work accidents	0	2.4
	France	
Old-age, invalidity, survivors	6.0	10.0
Health and maternity		
Family allowances	0	16.0
Work accidents	0	3.5
	Luxembourg	
Old-age, invalidity, survivors	5.0	5.0
Health and maternity	2.0	4.0
Family allowances	0	4.0
Work accidents	0	(2)
	Netherlands	
Old-age, invalidity, survivors	0	[3] 5.5
Health and maternity	2.8	3.8
Unemployment	2.0	2.0
Family allowances	0	6.0
Work accidents	0	2.1
	Switzerland	
Old-age and survivors	2.0	2.0
Health and maternity	(4)	0
Unemployment	(4)	0
Work accidents	0	(2)

[1] Government contributions (not available as percent of pay roll) are as follows: For *Belgium*, amount of deficit, unemployment insurance. For *France*, cost of old-age assistance to former self-employed; part of cost of family allowances to self-employed. For *Luxembourg*, part of cost of basic benefits and of administration, old-age, invalidity, and survivors insurance; part of cost of administration of health and maternity insurance; full cost of administration of family allowances. For the *Netherlands*, part of cost of supplements, old-age, invalidity, and survivors insurance; full cost of allowances to needy aged. For *Switzerland*, Federal and cantonal subsidies for old-age and survivors insurance (currently 30–40 percent, eventually 50 percent) and health and maternity insurance (approximately 15 percent); Federal subsidies for unemployment insurance (approximately 15 percent, plus additional grants if needed).

[2] Not available.

[3] Includes "compensation tax" of 4.5 percent introduced during German occupation and used mainly for pension supplements and assistance.

[4] Varies with fund.

A brief review of the programs in force in these five countries shows broad protection for the employed population. Old-age, invalidity, and survivors insurance exists in all except Switzerland, where provision is made for the aged and survivors only. The benefit amounts do not permit ready generalization, except that through minimum amounts or through the basic-sum formula plus increments, as in Luxembourg, they generally favor the lower-paid worker. Four of the countries, Luxembourg being the exception, provide old-age assistance (or pensions) to individuals not entitled to insurance or receiving amounts too small to live on.

Health and maternity insurance is compulsory in four of these countries. In Switzerland, under Federal enabling legislation, it is compulsory only in a number of cantons and elsewhere is of the government-subsidized voluntary type. For medical care, the insured has free choice of doctor in all the countries. In Belgium and France the patient pays the general practitioner and is reimbursed by his health insurance fund for 80 percent of the cost (as determined by a fee schedule). Administratively the systems are decentralized.

In each of these countries, work-accident insurance is the oldest program, dating back in every case to about the turn of the century. It is compulsory in four of the countries, but in the Netherlands the employer can assume the risk. In France and Luxembourg the insurance is administered exclusively by the social security organization.

Unemployment insurance is compulsory in Belgium and in the Netherlands, which enacted a new law in 1949 following the wartime abolition of the old trade-union program. Switzerland has a Government-subsidized voluntary system; France and Luxembourg do not have unemployment insurance, but France assists registered unemployed persons.

Family allowance programs are in operation in four of the countries but not in Switzerland. Payment is made for the first and each subsequent child, except in France.

The family allowance system is the largest of the French social security programs, payments being made to about one-fourth of the employed population. If there is more than one gainfully occupied person in the family, benefit is paid for the second and each subsequent child. The amount per eligible child is 20 percent of a "base wage"—that is, the minimum wage of an unskilled worker in the Paris steel industry, adjusted downward for other regions. If there is only one breadwinner in the family, an allowance is paid for the first child, and additional amounts are also paid for the second and third children. For a family with one breadwinner and three children, the allowances total as much as the base wage mentioned above. Allowances begin from certification of pregnancy. Cash maternity benefits are also paid, as well as the full cost of prenatal, obstetric, and postnatal care.

Table 2 shows the pattern of contributions in the five countries.

Germany.—The 66 million inhabitants of the four separately governed areas of Germany have three different systems of social security. The Bizonal Area and the French Zone are similar, the Russian Zone has its own unified system under an Order of 1947, and Greater Berlin operates under a special system. Under these several systems, all wage earners and salaried employees receive partial replacement of income loss caused by

old age, invalidity, death of the head of the family, temporary disability, maternity, and work injuries. They also receive medical and obstetrical services under health insurance. Unemployment insurance is in effect in the Bizonal Area but not in the Berlin Zone.

The system in effect in Western Germany is about the same as that before the war. Separate organizations administer health insurance, old-age, invalidity, and survivors insurance, and workmen's compensation; but collection of contributions, except for workmen's compensation, is unified. The Russian Zone has a single insurance institute with regional offices, and Berlin also has a centralized administration.

Important changes in the Bizonal Area became effective July 1, 1949. After some months of negotiation between German and occupation authorities, benefits for aged persons, invalids, and surviving widows and orphans were materially increased. Contributions were also increased by about 1.5 percent, and readjustments were made that lowered the contributions for unemployment insurance and increased them for old-age, invalidity, and survivors insurance. Contributions, apart from work-accident insurance, total 20 percent of taxable earnings, shared equally by insured and employer. The rate is the same in Berlin and in the Soviet Zone.

Austria.—The Austrian programs are largely based on the German National Insurance Code, which was introduced after the annexation of 1938. Though the Code has been amended in many respects, it still largely governs old-age, invalidity, and survivors insurance, health and maternity insurance, and workmen's compensation. Unemployment insurance, with benefit dependent on an income test, has been the subject of special legislation, and family allowances were introduced in 1948. Austria is therefore one of the few countries having all five types of social security. Contributions for pensions, health, and unemployment insurance total 16.25 percent of taxable earnings, shared equally by insured and employer. The latter pays the full cost of workmen's compensation (2 percent of wages; 0.5 percent of salaries), and the Government meets the cost of family allowances from general revenue.

Scandinavian countries.—In the Scandinavian countries [3] an old social security tradition has led to a recent evolution in which new risks have been covered and benefits increased. This change has not, as in many other countries, resulted in greatly increased direct contributions by the insured and employers, for the governments—National, Provincial, and local—pay a large part of the costs from general revenues.

The changes have been most marked in Sweden, where the National Pensions Law was rewritten completely and greatly liberalized in 1946, followed by a new compulsory health insurance law (enacted in 1947, but not yet in operation) and a general family allowance program (1947). Iceland enacted a comprehensive social security law in 1946, while Norway adopted family allowances in 1946. In Finland, family allowances were added in 1943; this program and the national retirement and work-accident legislation were modified in 1948 to provide larger benefits. In the Danish programs, benefit amounts have been increased.

The old-age, invalidity, and survivor programs in the Scandinavian countries are national systems in which eligibility is based on the citizenship (or residence) and personal income of the claimant rather than on attachment to the labor market. The Swedish program is an exception in that substantial old-age benefits are paid without an income test. The amounts are increased for low-income claimants, while for invalidity and widowhood an income test is a prerequisite for payment of adequate benefits. Norway has old-age pensions only, and Denmark pays no survivor benefits. In all the countries the benefit is set at a level intended to be sufficient for the maintenance of the individual or the family. The benefits become payable at age 65 for men and 60 for women in Denmark, 65 in Finland, 67 in Sweden and Iceland, and 70 in Norway.

[3] Both Finland and Iceland are grouped here because of the similarity of their programs.

Table 3.—*Sources of social security revenues, Denmark, Norway, and Sweden*

Country	Proportion paid by—		
	Insured	Employer	Government
Denmark (1945–46)	16.0	2.8	81.2
Norway (1948)	45.0	16.5	38.5
Sweden (1948)	12.0	3.6	84.4

Sources: For *Denmark*, "Socialpolitikken i Danmark 1939–45 Belyst ved Udviklingen i den Sociale Udgifter i Finansaarene 1938–39—1945–46," *Socialt Tidsskrift*, Dec. 1947, Afd. A. For *Norway*, Norwegian Joint Committee on International Social Policy, *Social Insurance in Norway*, 1949 (processed edition). For *Sweden*, Gustaf Holmstedt, "De Svenska Socialutgifterna under Aren 1946, 1947 och 1948," *Sociala Meddelanden*, 1949, No. 10.

Health and maternity insurance is compulsory in Norway and is of the voluntary, government - subsidized type in Sweden, Denmark, and Iceland. Finland has no health insurance. Both Sweden and Iceland have legislation under which the health insurance programs will be compulsory, but neither has yet put them into effect. Originally the Swedish program was to go into operation July 1, 1950; the date was later advanced to July 1, 1951, to allow for an expansion in medical facilities. The law provides for universal coverage, payment by the program of three-fourths of the cost of physicians' service, and payment of modest cash benefits that may be supplemented by voluntary insurance. Hospital care, medicines, and all maternity benefits will be provided outside the compulsory system.

The Danish health insurance system may be considered as quasi-compulsory, since the old-age and invalidity pensions are payable only to persons with a record of sick-club membership. More than 80 percent of the population is insured through the sick clubs.

In unemployment insurance, the Norwegian system is compulsory, and the Danish, Finnish, and Swedish systems are trade-union programs subsidized by the governments.

Family allowance programs operate in Finland, Iceland, Norway, and Sweden. Finland and Sweden pay for the first and each subsequent child, Norway for the second and subsequent children, and Iceland for the fourth and subsequent children. Denmark has no family allowance program but

makes assistance payments for needy children.

The financing of the social services in these countries can scarcely be shown as a percentage of wages, salaries, or pay rolls, partly because the individual health insurance societies and unemployment funds have different contribution rates (varying according to risk within the group covered and according to benefits), and partly because the governments (National, Provincial, and communal) pay the major part of the total social security costs (table 3). The employer pays the cost of work-accident insurance; otherwise, except in Norway, his direct contributions are very limited. The insured and the government generally meet the cost of pensions, health insurance, and unemployment insurance, but in Norway the employer pays two-elevenths of the health insurance contribution and contributes at the same rate as the insured under the compulsory unemployment insurance law.

Greece, Italy, Spain, and Portugal.—These countries have certain economic characteristics in common, including a moderate per capita income, relatively large agricultural employment, and less highly developed manufacturing industries, for the most part, than the European countries to the north.

The social insurance programs are well established. In Italy, all five types of protection are provided; in Greece, all except family allowances, and in Portugal and Spain, all except unemployment insurance. The number of new systems added by recent legislation is not great, inasmuch as fairly comprehensive social insurance laws were enacted shortly after World War I. In Italy and Spain the programs took effect soon after the legislation was passed, but in Greece and Portugal new legislation in the 1930's was necessary before general systems could be established.

Insurance legislation for certain occupational groups preceded wider coverage, and this type of program has not disappeared. The Portuguese programs still operate on an industry and establishment basis. In Italy, both health insurance and family allowances have different contribution and benefit scales in various occupational fields, including industry, commerce, banking, and agriculture. In Greece a large number of special funds providing retirement, sickness, and unemployment benefits continue to exist alongside the general social insurance institute.

Recent social security developments have included an upward adjustment in benefit rates in all the countries. Spain has added health and maternity insurance (1942); Greece, unemployment insurance (1945); and Portugal, family allowances (1942). Survivor benefits in Italy began in 1945 under the 1939 law.

All these countries have old-age, invalidity, and survivors insurance to which both insured and employers contribute. The Spanish system, involving a means test and flat-rate benefit, replaced an insurance program in 1939, but in 1949 contributions were again levied on the worker, benefits were increased, and conditions for receipt of benefit were liberalized. In Portugal the benefit is equal to 2 percent of earnings for each year's coverage; in Greece and Italy, because of inflation, the benefit amounts have been repeatedly increased in the effort to provide subsistence pensions. The ages at which benefits become payable are 65 in Spain and Portugal; 65 for men and 60 for women in Greece; and 60 for men and 55 for women in Italy.

Table 4.—*Social security contributions[1] as percent of covered pay rolls, Greece, Italy, Portugal, and Spain, 1949*

Type of program	Contributions as a percent of covered pay rolls	
	Insured	Employer
Greece		
Old-age, invalidity, survivors	2.5	3.5
Health, maternity, and work accidents	1.5	7.5
Unemployment	0	1.0
Italy[2]		
Old-age, invalidity, survivors	1.5	6.5
Health and maternity	0	5.0
Unemployment	0	4.0
Family allowances	0	18.45
Work accidents	0	4.0
Portugal[3]		
Old-age, invalidity, survivors; Health and maternity; Family allowances	5.0	15.0
Work accidents	0	(4)
Spain		
Old-age, invalidity, survivors	1.0	3.0
Health and maternity	3.0	6.0
Family allowances	1.0	4.0
Work accidents	0	(4)

[1] Excludes Government contribution (see text).
[2] For health and maternity insurance, rate shown is for wage earners in 1948; rates differ somewhat in other groups. For family allowances, which also have some variation, the rate is for persons in industry.
[3] Portuguese rates vary slightly; those shown are typical.
[4] Not available.

Health and maternity insurance is also common to all four countries. Italy has had compulsory tuberculosis insurance since 1927, and a large network of sanatoriums has been created throughout the country. Maternity benefits go back to 1910. Health protection through collective contracts has been compulsory in Italy since 1928, but a unified health insurance system is only gradually emerging under an act of 1943. The recent Spanish program has resulted in much hospital construction. Under legislation of 1935 and later years, Portugal has achieved coverage of approximately two-thirds of the commercial and industrial workers; most of the expansion took place in the 1940's.

Workmen's compensation is the oldest program in all four countries. In Greece it is an integral part of the social insurance system; in the other countries, insurance is compulsory but may be carried with a company chosen by the employer.

Unemployment insurance was established in Italy and Spain in 1919 and in Greece in 1945. Spain, however, discontinued its voluntary subsidized system in 1939; public works and public control of dismissals are among the techniques used to deal with unemployment. These methods are also used in Italy, in addition to unemployment insurance, for the unemployment problem is deeply rooted and extremely serious. Portugal has an extensive public works program for unemployed persons.

Under the family allowance systems of Italy, Spain, and Portugal, benefits are paid for the first and each subsequent child and also for specified adult dependents. The principal social security expenditure in these three countries is for family allowances.

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At the present time the Greek and Italian Governments are attempting to recast their systems and attain permanent and integrated social security programs. Spanish legislation of late 1948 established a single contribution for old-age, invalidity, health, and maternity insurance and for family allowances. A similar trend toward unity and coordination is to be found in Portugal, where the unified contribution is typical and the health insurance programs are being organized into federations to provide more adequate joint medical facilities.

The employer is the principal contributor to social insurance programs in these countries, and the Government share is negligible. The total rate is highest in Italy, and the employer's share the largest (table 4). In the other three countries the employer pays approximately three-fourths of the total charges, which vary from about 15 to 20 percent of taxable earnings. The Governments do not contribute in Greece and Portugal. The Italian Government pays about one-tenth of each old-age, invalidity, or survivor pension; in Spain the Government provides certain cash and medical benefits for maternity.

Union of Soviet Socialist Republics.—The Union of Soviet Socialist Republics has not substantially changed its social security programs in recent years. Benefits consist of medical care and cash payments for sickness, maternity, long-term disability, and work accidents; retirement, survivor, and funeral benefits; and family allowances.

The medical care system, which stands apart from the social insurance program, is administered by the Health Department of the USSR and by the health departments of the various Republics. All persons are entitled to State medical care without payment of doctors' fees, and emphasis has long been placed on training of doctors and expansion of health resources.

Russian social insurance proper has various special characteristics, many of which reflect the policy of using social security to further governmental planning and worker efficiency. Pensions, payable whether or not the worker retires, are paid at an earlier age for persons in heavy industry and dangerous occupations; disability benefits vary with the length of employment in the same undertaking. The labor unions have extensive administrative responsibility, and trade unionists are favored in all temporary disability benefits by receiving twice the sum paid to nonunion members.

Contributions are paid entirely by the employer—that is to say, the Government-operated industries and businesses. The rates vary from approximately 4 to 11 percent of pay roll, according to the risk of the industry. Workers on collective farms are not covered by the normal social insurance program, but 2 percent of the income of these farms is set aside for care of the aged and other welfare purposes.

Other Eastern European countries.—Most of the other Eastern European countries have social security programs of long standing, which now include old-age, invalidity, and survivors insurance, health and maternity insurance, work injuries insurance, and family allowances. Czechoslovakia adopted a new comprehensive social insurance act in 1948; Hungary still operates with its prewar social insurance laws, as substantially amended; and Poland, like Hungary, has amended but not replaced its legislation of the 1920's and 1930's.

Four of the countries have enacted new comprehensive laws that are similar in principle to the Russian legislation. The Yugoslav act dates from 1946, the Albanian from 1947, and the Rumanian and Bulgarian from 1948. Only the Albanian law is new in the sense of introducing social security for the first time.

The old-age and invalidity insurance provisions of these four countries make benefits payable at an earlier age and with a shorter employment record for persons in extra heavy or dangerous work.

In health and maternity insurance, only Rumania appears to follow the Soviet example of making medical care available to all residents independently of the insurance system. The other countries, however, have expanded their medical services.

Unemployment insurance is still to be found in Poland and Bulgaria but not in the other countries. Family allowances are included in all the programs except the Albanian.

Contributions are paid only by the employer (generally by national industry and so by the Government) in Albania (10 percent of pay rolls); Bulgaria (amount not available); Poland (22.3 percent, plus work-accident insurance); and Rumania (10 percent, plus family allowances). The insured as well as the employer pays contributions in Czechoslovakia (insured 8.4 percent; employer 13.4 percent), Hungary (insured 1 percent; employer 17 percent), and Yugoslavia (insured 6.5 percent; employer 14.2 percent, plus family allowances). Czechoslovakia has declared its intention to eliminate employee contributions as soon as possible.

In general, the postwar social insurance picture in these countries is different from that of a decade ago. Benefits do not appear to be appreciably greater, but coverage is wider, more emphasis is given to medical care, family allowances have become much more general, and contributions are shifting or have shifted to the employing industry.

The American Republics

United States of America.—The United States has three social insurance programs (old-age and survivors insurance, unemployment insurance, and workmen's compensation) and three Nation-wide assistance programs (old-age assistance, aid to the blind, and aid to dependent children).

The only general system administered on a national basis is old-age and survivors insurance, which began as old-age benefits with the Social Security Act of 1935. Payments to survivors were added by the amendments of 1939. The program covers workers in commerce and industry, paying retirement and survivor benefits at age 65 after 10 years of covered employment (or employment in one-half the time since the law went into effect and the time the worker retires or dies and as few as 1½ years for persons near retirement age when the law was adopted). The benefit is increased for an aged wife and for children under age 18. A surviving widow aged 65 or over or a younger widow in the case of widows with children under age 18 is entitled to survivor ben-

efits if the deceased worker had insured status for retirement benefits or if he had earned the required wage credits in half of the 3-year period preceding his death. The benefit rate, which has not been changed since 1939, is low. Benefits would be increased by an average of 70 percent for present beneficiaries and about 100 percent for future beneficiaries under a bill passed by the House of Representatives in the fall of 1949 and currently under consideration in the Senate. This bill would also extend coverage to most urban self-employed persons, to some domestic workers, to employees of nonprofit organizations, and—on a voluntary basis—to State and local government employees.

Workmen's compensation for industrial and commercial workers is Nation-wide but provided on a State-by-State basis.

Unemployment insurance is governed by both Federal and State laws. The Social Security Act of 1935 provided for a pay-roll tax of 3 percent on employers of 8 or more persons, the tax—except for 0.3 percent of pay roll—being remitted if the employer had paid contributions to a State unemployment insurance system conforming to a few broad Federal standards. Unemployment insurance quickly became Nation-wide, but the program in each jurisdiction (48 States, 2 Territories, and the District of Columbia) is governed by a separate law. Contributions collected by States are deposited to State accounts in a Federal unemployment trust fund. The Federal Government pays the costs of administration of the State systems. Benefits are, in general, about 50 percent of previous earnings, subject to maximum dollar amounts, and are payable in most jurisdictions for from 10 to 26 weeks, depending on the length of time the worker was in covered employment.

In public assistance the Federal Government makes grants to the States with plans that meet certain requirements for payments to the needy aged (65 or over), the needy blind, and to needy families with children where the principal earner is deceased, absent, or disabled. All 48 States, the District of Columbia, Alaska, and Hawaii have such old-age assistance programs, 50 jurisdictions have aid to dependent children, and 47 have aid to the blind. In addition, all make some provision for assistance to other needy persons, but there are no Federal funds for these programs, and in some States the cost is carried entirely or mainly by the local governments.

Old-age and survivors insurance contributions during 1937–49 were 1 percent of taxable earnings from the insured and 1 percent of taxable pay roll from the employer. In January 1950 the rate was increased to 1.5 percent each. Earnings in excess of $3,000 a year are not taxable under either the old-age and survivors insurance or the unemployment insurance program. Unemployment insurance contributions are paid by the employer only in all but two States. The initial contribution rate of 2.7 percent to State unemployment insurance funds has been reduced in all States for employers with a favorable employment record, so that average employer contributions to State funds in 1948 were 1.2 percent. Workmen's compensation is financed by the employer.

The Federal grants to the States for public assistance are paid from general revenues. Federal grants currently meet about 55 percent of payments to the aged and about 43 percent of payments to children and blind persons.

Latin America.—The social security programs of Latin America are of more recent date than the European and for the most part are at an earlier stage of development.[4]

Honduras has no social security legislation proper; in Nicaragua and El Salvador, only workmen's compensation laws have been enacted. El Salvador, however, has established a permanent social security commission and has been considering a Government bill since 1947. All the remaining countries have work-accident legislation; 11 have programs of old-age, invalidity, and survivors insurance; and 11 have health and maternity insurance. Haiti's 1949 act providing work-accident, sickness, and maternity insurance, which is not yet in operation, is not included in these totals.

Aside from workmen's compensation, the great majority of the programs have been established in the past few years; in Brazil, Chile, Peru, and Uruguay, they are older.

With exceptions to be noted, coverage is limited mainly to urban workers and to certain groups, such as seamen and railway personnel. Administration is commonly in the hands of an autonomous, public-law agency known as a "fund" or "institute," which is subject to the supervision of a Government department but is not itself a part of the Executive branch of the Government. This device provides continuity of administration and policy despite changes in the government in power.

Old-age, invalidity, and survivors insurance is the principal social security program in Argentina, Brazil, Cuba, and Uruguay. Argentina and Cuba have maternity insurance, and Brazil is currently expanding its health and maternity benefits to a significant degree. However, the retirement systems are the most advanced. In Uruguay they are particularly important, covering employers, agricultural workers, and domestic servants as well as persons employed in industry and commerce. In Argentina and Cuba, broad coverage is quite recent, but a few special programs have been in operation for many years. In all four countries the plans gradually developed from earlier retirement programs for specified occupational groups.

The retirement ages are commonly low—from age 50 to 60—and reduced pensions are payable at still earlier ages. Apart from Brazil, which requires 5 years' contributions, the qualifying period for the "full ordinary pension" is usually long—20–30 years—but this is modified in various ways. Payment of reduced benefits after a shorter period is usual, and employment before passage of the law is generally credited.

In Uruguay and Argentina, noncontributory pensions on a needs test basis supplement the insurance programs. The Uruguayan law goes back to 1919; the Argentine act was adopted in 1948.

Retirement systems are also in operation, though on a smaller scale, in

[4] Fuller treatment will be found in the country-by-country survey in the *Bulletin*, September 1947.

Chile, Costa Rica, the Dominican Republic, Ecuador, Mexico, Panama, and Peru. Special factors, such as recency of legislation or the use of lump-sum refund payments instead of life pensions, have resulted in only a limited development as yet of periodic retirement payments.

Bolivia, Colombia, Guatemala, Paraguay, and Venezuela have recent general enabling legislation authorizing the establishment of retirement systems but have not yet put programs into effect.

Provision for health and maternity benefits is the most important social security program in 10 countries—Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Mexico, Panama, Paraguay, Peru, and Venezuela. Seven of these systems were established after 1939, while in two others—Ecuador and Peru—the first significant benefit operations date from recent years.

The Chilean wage earners' health and maternity benefit system is the oldest in the hemisphere and covers both agriculture and domestic service. Salaried employees are protected only through small cash payments or loans for medical expenses and by the Preventive Medicine Act of 1938, which also applies to wage earners. This measure requires periodic medical examinations and, in case of a curable condition in tuberculosis and other specified diseases, provides medical care and pays full wages or salary while the individual is receiving such attention.

Only Mexico and Venezuela provide dependents with the same medical care as the insured. In both countries, and particularly Mexico, the social security institutions have made possible a large increase in clinical, hospital, and other facilities. Costa Rica provides dependents with medical services where facilities exist; Paraguay does so for low-income groups. Chile gives maternity and infant care to dependents.

Work-accident legislation is in effect in 18 of the republics. In six of these—Bolivia, Ecuador, Guatemala, Mexico, Paraguay, and Venezuela—it is an integral part of the social security legislation. However, the social security programs do not operate throughout the national territories of these countries, and labor codes or special workmen's compensation acts provide protection to workers not covered by social insurance. In Costa Rica, the Dominican Republic, and Uruguay the employment injuries programs are a monopoly of a public agency, which in the Dominican Republic is the social insurance fund. In Brazil, private insurance companies must cease to operate after 1953, when the program will be administered by the social security institutes. Chile has a public fund but permits insurance to be carried with private carriers. Elsewhere insurance is customarily carried by private companies, or the risk is assumed by the employer.

Unemployment insurance applies to salaried employees in Chile and to workers in the wool and hide and the cold-storage industries in Uruguay. The latter country also provides unemployment benefits for persons covered at least 10 years under a retirement system.

Family allowances are paid in Uruguay and to salaried employees in Chile.

Asia

With the important exception of Japan, the countries of Asia[5] have almost no social security programs in the Western sense. Workmen's compensation is to be found in the Philippines, where bills for other benefits have been introduced. There have been a few special programs in China, including medical care for workers in the salt mines.

In Japan, however, four compulsory systems are in operation. Two of these—workmen's compensation and health insurance—were enacted long before 1939, while old-age, invalidity, and survivors insurance dates from the war years, and unemployment insurance from 1947. Subsidized voluntary health insurance, supplementing the compulsory plan, began in 1938. Except for this program, coverage excludes agriculture, domestic service, and employment in firms with fewer than five workers. Hazardous work, however, is covered by workmen's compensation regardless of the size of firm.

Under the old-age, invalidity, and survivors insurance system the qualifying period of 20 years is long, but employment before passage of the law is credited. This program pays an annual benefit at age 55 that is equal to four times the average monthly earnings of the insured during the whole period of his employment. The other programs pay 60 percent of current earnings for the temporary risks of unemployment, sickness, and short-term disability resulting from an employment injury. The permanent disability benefit and the death payment under workmen's compensation are either a lump sum or a pension for not more than 6 years.

The "National Health Insurance" law of 1938 was intended to supplement coverage by setting up subsidized societies in which membership was open to all persons not covered by compulsory health insurance. This system had a rapid growth, and some 40 million persons were members during the war. The number is somewhat smaller today, but the program remains important. It provides medical care only and may be made compulsory in a prefecture if the local government so determines.

Near East

In the Near East, planning for social security has been far advanced in Egypt, Israel, Lebanon, and Turkey. Actual legislation is limited mainly to work-accident measures, practically all of which are recent. Turkey has in addition a maternity insurance program (1945) and a law for old-age, invalidity, and survivors insurance adopted in 1949, to take effect in 1950. In Israel, mutual funds have been set up, mainly for sickness, that are of considerable importance although not the result of legislation.

[5] India, Burma, and Ceylon are noted in the survey of the British Commonwealth.