than in 1961. Of this amount $557 million was contribution income, $127 million was interest, and $361 million came from the financial interchange with the old-age, survivors, and disability insurance trust funds. Railroad retirement benefit payments of $1,050 million (also 4 percent more than in 1961) and administrative expenses of $9 million reduced the total assets of the account from $3,725 million to $3,709 million.

The greatest part of the assets was invested in U.S. Government securities: $2,996 million in 3-percent special Treasury notes (the statutory interest rate for special issues for this fund) and $412 million in public issues. Eight percent ($300 million) of the fund's assets was in outstanding loans, bearing 3-percent interest, to the railroad unemployment insurance account at the end of the year. The remaining $2 million was in cash balances.

The civil-service retirement and disability fund received contributions from employees and the Government totaling $1,820 million in 1962, and its invested assets earned interest amounting to $323 million. Benefits during the year totaled $1 billion, 10 percent more than in 1961, and $111 million was refunded to persons leaving Federal employment. Invested assets amounted to $12,415 million at the end of 1962, and cash balances of $99 million brought total assets to $12,514 million. In its first year of investment operations under the same "current yield" formula applicable to the old-age, survivors, and disability insurance system, the civil-service fund also acquired special obligations bearing interest of 3¾–4 percent.

Special public-debt obligations of all types totaled $43,426 million at the end of 1962 and again represented about 15 percent of the outstanding interest-bearing public debt. The three social security funds together hold about 48 percent of all special obligations—a lower proportion than in any of the 7 preceding years. Most of the remaining special obligations are held by the related trust funds. The civil-service fund held 27 percent in 1962, 25 percent in 1961, and 22 percent in 1960. For the past few years the three veterans' life insurance funds have held 15–16 percent of the special obligations (which constitute their total portfolio), and the railroad retirement account has held about 7–8 percent of these obligations.

Developments in Foreign Social Security Plans*

In recent months a number of countries have changed some provisions in their social security programs. Some of the more important revisions are summarized in the following pages.

AUSTRALIA

Effective January 1, 1963, the Commonwealth Department of Health provides a hospital benefit amounting to £1 16s. ($4) for each day an old-age, invalidity, or widow pensioner enrolled under its medical service program for pensioners, or a dependent of such a pensioner, is a patient in a public hospital. The benefit is three times the amount formerly available. The Department also provides £1 a day for every enrolled pensioner who is a patient in a State benevolent home for the convalescent and infirm.

These benefits are financed by the Commonwealth Government out of general revenues. In general they are paid directly to the State governments operating the institutions and are deducted from the patient's hospital account.

The medical benefits provided free under the program of medical service for pensioners are unchanged. They include general practitioner care and a full range of prescribed medicines.

CHAD

Several changes have been made in the 1958 law concerning work-injury benefits. Minimum earnings for the purpose of computing benefits are now fixed at 135 percent of the legal minimum wage—currently about 50,000 francs ($200) a year. Only a third of a worker's earnings in excess of twice the minimum wage is used in the computation; maximum earnings considered for benefit purposes are eight times the minimum wage.

Pensions for permanent disability equal the percentage of average earnings corresponding to one-half the percentage rate of disability below 50 percent, plus one and one-half times the

* Prepared in the Division of Research and Statistics. The information presented is based on Foreign Service dispatches, the publications of foreign governments and international agencies, and other sources.

rate of disability above 50 percent. Provision is also made for a constant-attendance supplement that is equal to 40 percent of the pension. Pension rates are to be adjusted automatically whenever the minimum wage is changed.

The insurance that employers must carry against their liability for work-injury benefits is to be handled, at least through 1964, by private insurance companies.

DAHOMEY

The employer contribution rate under the family allowance program has been raised to 8.5 percent of payroll. The additional contribution of 0.2 percent of payroll for maternity benefits is unchanged, although these benefits have been raised to 100 percent of earnings. The benefits are now payable to insured employed women for a maximum of 6 weeks before and 8 weeks after confinement, provided they do not work.

GUINEA

Changes made in the provisions concerning invalidity pensions have the effect of reducing the rates at which these pensions are payable. The amount payable to a worker who is totally disabled for all work is now 40 percent of average earnings, instead of 100 percent. Pensions for partial invalidity, which had been 40 percent of average earnings, now vary with the percentage loss of earning capacity; the maximum is 30 percent of earnings.

Employers must pay full wages during the first 8 days of an illness to workers who are temporarily disabled. Cash benefits equal to 50 percent of earnings are payable by the Guinea National Social Security Fund from the ninth day on. Half the cost of medical services provided to the worker or his dependents during the first 8 days of sickness is now met by the employer and half by the insured worker, and the National Fund then assumes the full cost.

ITALY

A law enacted August 2, 1962, increased all pensions by about 30 percent. The minimum old-age pension is now 12,000 lire ($19) a month; if receipt of a pension is deferred until age 65, the minimum is 15,000 lire ($24). The new amount of the minimum invalidity pension is also 12,000 lire a month. To finance these increases, contribution rates under the pension program have been raised to 7 percent of earnings for insured persons and 14 percent of payroll for employers. A further increase—to 7.6 percent for workers and 15.2 percent for employers—is scheduled to take effect July 1, 1963.

These contributions now finance not only the two types of cash pensions but also the medical benefits provided free to all pensioners and members of their family in Italy. A change in the financing of medical care for pensioners, however, will take effect at the start of 1964. Contributions under the pension program will then be reduced to 6.65 percent of earnings for insured workers and 13.35 percent of payroll for employers and will cover the financing of monetary pensions alone. At the same time, the 2.8 percent of wages required for financing medical care for pensioners will be added to contributions already payable under the sickness insurance program, through which medical care for pensioners is actually provided.

Important changes were also made in the provisions governing both contributions and allowances under Italy's family allowance program. The contribution rate is now uniform for most employers—17.5 percent of payroll. The rate is different only for insurance and credit institutions (18 percent of payroll), journalism (12.8 percent), and agricultural employment (a flat 110 lire per employee per day). The Government subsidy toward the cost of providing family allowances to agricultural employees is continued.

The sizable reduction in employer contribution rates for family allowances has been accompanied by a substantial rise in the maximum wage used in computing such contributions. The ceiling is now set at 2,500 lire ($4) a day for most occupations and at 2,000 lire for commerce and handicrafts. No ceiling will be used after July 1, 1964.

The amount of the cash allowance payable for each child in a family has also been increased to 4,940 lire ($7.90) a month for most workers. It is 6,500 lire for employees of insurance and credit institutions and 5,720 lire for journalists. The basic allowance for a spouse has been raised to 3,588 lire; that for a parent remains unchanged at 1,430 lire.

NORWAY

Contributions under the universal pension system were modified on April 1, 1962, to make them more progressive in relation to the income of taxpayers. These contributions are in effect a form of earmarked income tax, since eligibility for pensions is not based, directly or indirectly, on payment of contributions. Individuals whose income is 4,000 crowns ($560) or less a year no longer pay any contribution toward old-age and invalidity pensions. Residents who are under age 70 and whose annual income is 4,001–6,000 crowns pay 156 crowns a year. They pay 312 crowns if their annual income is 6,001–8,000 crowns, 468 crowns if it is 8,001–18,000, 702 crowns if it is 18,001–25,000, and 936 crowns if it is more than 25,000 crowns. In addition, all residents pay a flat contribution of 7.80 crowns a year toward survivor pensions.

Employers make the same pension contributions as their employees except for a flat annual contribution per employee (4.68 crowns) for survivor pensions. The remaining cost of the universal pension program—about one-fifth of the total—is met by government contributions. The National Government pays about two-fifths of this contribution, and the local governments pay the balance, as well as the full cost of the supplemental pensions that they provide.

The amounts of the universal old-age pension and the invalidity and widow's pension were raised by about 25 percent on April 1, 1962. These pensions are uniform in amount for all recipients. A single person now receives 279 crowns ($39.05) a month, and this amount is increased by a supplement of 50 percent for pensioners having a dependent spouse.

The supplementary pensions that the local governments provide in addition to the universal pension are subject in some localities to an income test. Oslo now pays supplementary pensions of 100 crowns ($14.00) a month for single persons and 182 crowns ($25.50) for couples. Industrial workers in Oslo, whose average earnings are now about 16,000 crowns ($2,240) a year, thus receive a total public pension if they are married that is equal to about 45 percent of wages, on the average.

Family allowances in Norway are now financed entirely by the National Government, and local governments no longer share in the cost. At the same time that this change was made, the allowances were increased. For the second child under age 16 in a family, the allowance is now 400 crowns ($56) a year. The payment goes up 100 crowns for each additional child—to 500 crowns for the third child, 600 crowns for the fourth child, and so on.

PANAMA

A number of important changes were enacted August 1, 1962, that considerably expand the benefits provided. Part of the new legislation went into force on January 1, 1963, and the remainder will become effective January 1, 1964.

Compulsory coverage is extended to several districts, including La Chorrera, Las Tablas, and Bugaba. It is also extended for the first time to agricultural employees who are employed during at least 6 months in a year and to construction workers anywhere in the country who are employed by contractors on government projects.

Pensions

Old-age pensions continue to be payable upon retirement at age 60 for men and 55 for women. The minimum qualifying period for such pensions has, however, been shortened; the worker must have made contributions to the program for at least 180 months. A reduced old-age pension is payable, at age 55 for men or age 50 for women, to workers who have contributed to the program for 180 months and whom physical disability prevents from working. Old-age pensions equal 50 percent of average earnings during the preceding 5 or 15 years (whichever is more favorable), plus an increment of 1 percent of earnings for each 12 months of contribution in excess of 120 months. The minimum old-age pension is now 50 balboas ($50) a month, and the maximum is 500 balboas. A supplement of 10 balboas a month is payable to the wife of an old-age pensioner and one of 5 balboas for each child under age 14. Supplements for dependents may not total more than 50 balboas a month.

Invalidity pensions continue to be payable after a qualifying period of 36 months, including 18 months during the preceding 3 years. The new benefit formula, the minimum and maximum benefit amounts, and the supplements for dependents are the same as for old-age pensions.

The 1962 amendments introduce survivor pensions in Panama. A widow's pension is now payable that is equal to 50 percent of the pension the deceased person was receiving, or would have been entitled to, at his death. A pension will be payable for at least 3 years to every eligible widow but is paid thereafter only to widows who are caring for children of the deceased worker who are themselves eligible for orphans' pensions, or to widows who are aged 55 or over or who are disabled. Half-orphans under age 14 receive a pension equal to 20 percent of the pension of the deceased worker, and full orphans receive 50 percent. Total survivor pensions may not exceed 100 percent of the pension of the deceased person. A uniform funeral grant is also payable if the worker had made contributions for 6 of the last 12 months.

Sickness and Maternity Benefits

Cash sickness benefits are also being introduced in Panama. They are to be payable to workers making contributions for 6 of the preceding 9 months. The benefit is to amount to 60 percent of earnings and is payable, after an 18-day waiting period, for a maximum of 6 months for one illness (12 months in special cases). The rate of cash maternity benefits has been increased to 100 percent of earnings, and benefits are payable for a maximum of 14 weeks. The qualifying period for maternity benefits continues to be 9 months during the past year.

No major changes have been made in the provision of medical benefits to insured workers. For the first time, however, medical care is to be made available to the spouse and children of covered workers. The qualifying period for medical benefits is the same for dependents and for insured workers—2 months of contribution in the preceding 4 months.

Contributions

The contribution rate for insured persons to the joint pension and sickness insurance program has been increased to 5 percent of earnings. The corresponding rate for employers, which has been 4.5 percent of payroll, is now 5.5 percent of payroll; it will rise to 7.0 percent in 1964. No change has been made in the Government contribution, which consists of a payment (largely in bonds) equal to 0.8 percent of total covered earnings, plus an amount (approximating 0.3 percent of such earnings) allotted to the program from a special tax on the production of alcoholic beverages.

Other Provisions

The Panamanian Social Insurance Fund, which administers the program, is to be under the supervision of the Ministry of Labor, Social Welfare, and Health. Employer representation on the governing body of the Fund has been enlarged, and the Fund has greater autonomy.

The new legislation states that family allowances and some form of unemployment benefits will be added to Panama's social security program as soon as pertinent actuarial studies are completed.

SPAIN

A law enacted on April 12, 1962, established a new family allowance system that merges into a single plan the previous national program and the statutory system of family wage supplements administered by employers. The new system covers all employees in industry and commerce. Separate family allowance programs exist for agricultural workers, domestic servants, fishermen, and public employees.

The new program is to be financed principally from employer contributions amounting to 20 percent of payroll for most industries but varying from 15 percent to 30 percent in the remainder. In addition, the program is to be allotted a fixed share of contributions collected for other social insurance programs and will receive a Government contribution.

Family allowances are to be paid for children under age 21 and for a wife, invalid husband, and certain other dependent relatives. The exact size of the allowances for individual workers is to be calculated according to a point system, with the number of points credited to each worker determined, in effect, by the number of his dependents and whether or not his spouse is working. In general, a worker will receive not less than 200 pesetas ($5) a month for a nonworking spouse and 120 pesetas for a working spouse. He will receive not less than 40 pesetas for the first child in a family, 60 pesetas for the second child, 80 pesetas for the third, and so on progressively up to 400 pesetas a month for each dependent in excess of 15. Under the point system the allowances will be somewhat larger for employees of some employers.

All allowances are actually to be paid to workers by a "company fund," maintained in each establishment and administered by a committee elected by the workers. Each company fund is to be subsequently reimbursed for all allowances paid to individual workers in excess of about 240 pesetas a month, however, from a national equalization fund administered by the Spanish National Welfare Institute. Each individual company fund will retain 90 percent of the family allowance contributions paid by the employer concerned and will finance its expenditures from this source. The national equalization fund will derive its revenues from the remaining 10 percent of the contributions paid by employers, as well as from Government contributions to the program.

Special birth grants for large families, marriage grants, allowances for orphans and widowed mothers, and maternity care and nursing allowances for nonworking wives of insured workers are continued under the new program.

TANGANYIKA

A law enacted September 27, 1962, requires employers to pay severance allowances to workers whose employment has been terminated. Employees who have worked for at least 3 months for the same employer will be entitled to 15 days of severance pay for each year, or part of a year in excess of 6 months, during which they have worked for an employer. Credit must be given, in computing severance pay, for all work since June 1952.

URUGUAY

Minimum old-age and invalidity pensions, beginning August 1, 1962, are 300 pesos ($40) a month, and the minimum survivor pension is now 250 pesos. Provision is also made for the automatic adjustment of current pensions under the three programs for workers in industry and commerce, for rural and domestic workers, and for public employees and teachers. Pensions are to be adjusted every 2 years in accordance with changes in a "revaluation index." In the index, changes in cost of living and changes in average wages in the occupations covered by the three programs are each to be given weights of 50 percent. The law also provides for increases in contribution rates, as well as in various direct and indirect taxes earmarked for the pension programs, to cover the cost of automatic changes in benefit amounts.

A decree issued on August 3, 1962, established regulations putting into force the general unemployment insurance law adopted in 1958. The new program covers employees in industry and commerce generally, except those in certain small establishments. It is financed from contributions of 1 percent of earnings paid by insured workers and 1 percent of payroll paid by employers.

To qualify for benefits, the worker must have made contributions for 6 months. Unemployment benefits are to equal 50 percent of earnings, subject to a prescribed maximum. A supplement of 20 percent of the benefit is added for a dependent spouse. Benefits are payable for a maximum of 120 days in a year, but this period may be extended to 180 days in case of prolonged unemployment. Provision is also made for payment of partial benefits in case of underemployment. The new program is administered by the Retirement and Survivors Pension Fund for Industry and Commerce.