Social Security Programs of Foreign Countries

A COMPREHENSIVE report on social security programs in other countries has recently been published by the Social Security Administration.[1] The report is the sixth in a series of surveys that have been prepared periodically since 1940. The last previous report of this type was issued in 1961. This article summarizes some of the information contained in the new report and is in part a condensation of the introduction to it.

The survey covers a total of 112 countries in which at least some type of general social security measure was found to exist at the beginning of 1964. There were 24 American countries, 18 countries in Western Europe, nine in Eastern Europe, 18 in Asia and Oceania, nine in the Middle East, and 34 in Africa. Some nations that gained their independence during 1961–63 are included for the first time. They are Algeria, Burundi, Jamaica, Kenya, Rwanda, Sierra Leone, Tanganyika, Trinidad and Tobago, and Uganda.

National programs for the following five major branches of social security are covered in the survey: (1) benefits for the long-term risks—old age, invalidity, and survivor benefits; (2) sickness and maternity benefits; (3) family allowances; (4) unemployment benefits; and (5) work-injury benefits. The survey also covers measures embodying the following different approaches to social security: social insurance, social assistance, public service, provident funds, and—to some extent—employer-liability measures. An attempt has been made to include all countries of the world where statutory programs of these types cover at least significant segments of the private labor force.

COVERAGE OF RISKS

Social security systems differ widely from country to country in the number of risks with which they deal and thus in the number of social security branches they contain. In some nations the general systems are limited to only one of the five branches. Others contain two or three or four branches. A number of countries have programs in operation for all five branches.

[1] *Social Security Programs Throughout the World, 1964*, U.S. Government Printing Office, 1964.

The number of risks covered is fairly closely related in most countries to the age of the social security system. The age of the system, in turn, often reflects the length of time a country has been independent. This relationship, however, is complicated by the fact that a number of the newer countries have inherited considerable social security legislation that had been enacted during their colonial period.

On the American Continent, only Chile and Canada have programs dealing with all five of the main social security branches. The general systems of five other countries contain four branches: Bolivia, Brazil, and Colombia exclude only unemployment benefits, Ecuador excludes only family allowances, and Uruguay only sickness benefits. Nine American countries have three main branches—pensions, sickness benefits, and work-injury benefits in eight countries and pensions, family allowances, and work-injury benefits in Argentina. The systems of El Salvador, Honduras, and Venezuela are limited to sickness and work-injury benefits; that of Trinidad and Tobago to social assistance for long-term risks and work-injury benefits; and that of Guatemala to accident benefits (work and nonwork). Two countries provide only work-injury benefits. Legislation adding to the risks covered in the American countries during the past 3 years includes pension provisions in Colombia (1961), survivor pension provisions in Panama (1962), and sickness insurance provisions in Cuba (1963).

Among the African nations, only Algeria has general legislation dealing with the five social security branches. Four branches exist in Guinea and Morocco (all but unemployment benefits) and in South Africa (all but sickness benefits). The social security systems of eight African countries contain three branches; in addition to work-injury benefits, they include long-term and sickness benefits in Libya and Nigeria, sickness benefits and family allowances in Tunisia, and pensions and family allowances in the two Congo Republics, the Ivory Coast, Mali, and Upper Volta. Four countries deal with the long-term risks and work injury—Burundi, Rwanda, the United Arab Republic, and Liberia (the last on an employer-liability basis only). Ten countries

in West Africa and Central Africa have family allowance and work-injury programs. Eight other countries, mainly in East Africa, have work-injury benefit measures only.

Recent trends in the coverage of risks in Africa may be briefly summarized. Protection tends to be broadest in the countries of North Africa. All the ex-French territories throughout Africa have maintained family allowance and work-injury programs, established before their independence; in an increasing number the two programs are being structurally integrated. New general pension programs have also been established in recent years, as follows: during 1960 in Guinea, the Ivory Coast, and Upper Volta; during 1961 in the Congo (Leopoldville) and Liberia; and during 1962 in Burundi, the Congo (Brazzaville), Mali, and Rwanda. Among the ex-British territories, a new provident-fund program was established in Nigeria in 1961, and Ghana and Tanganyika are currently studying the introduction of such a program. Social security in other ex-British territories in Africa consists largely of workmen's compensation and limited government medical care programs.

In Asia and Oceania, only Australia and New Zealand have programs in the five branches; Japan has all but family allowances. The systems of Ceylon, China (Nationalist), India, Malaysia, and the Philippines deal with the long-term risks, sickness, and work injury (though the first four countries pay only lump sums for long-term risks). The two risks of sickness and work injury are covered in Burma and Pakistan, and Cambodia and South Viet-Nam have family allowance and work-injury programs. The only general programs in Afghanistan, Indonesia, South Korea, and Thailand are those for work injury. Pakistan, which adopted a new sickness insurance program in 1962, was the only nation in Asia that made a major change in the general coverage of risks during the past 3 years.

In the Middle East the general social security systems of Iran, Israel, and Lebanon deal with all risks except unemployment, and those of Cyprus and Iraq with all except family allowances. The Turkish program contains three branches providing pensions and sickness and work-injury benefits. Legislation for long-term risks and work injury exists in Syria and Saudi Arabia. Jordan provides only work-injury benefits. Major changes in risk coverage in the Middle East during the past 3 years consist of a new (1963) general social insurance law in Lebanon and social assistance legislation (1962) for long-term risks in Saudi Arabia.

All but one of the Western European nations now have programs in all five main branches of social security. Portugal covers all risks except unemployment. The only change occurring in this position during the past 3 years was in Finland, which adopted its first general sickness insurance program in 1963. In Eastern Europe, programs dealing with all branches exist in East Germany, Hungary, and Yugoslavia. The other six countries each have systems covering four branches but do not provide unemployment benefits.

COVERAGE OF PERSONS

The population groups covered under the social security programs of the different countries vary according to whether benefits are provided through a public service, social assistance, or social insurance program.

Public Service Programs

Benefits provided as a direct public service are, in general, universally available to every member of the community for whom the pertinent risk occurs. Seven countries—Canada, Denmark, Finland, Iceland, New Zealand, Norway, and Sweden—pay pensions to every aged resident, regardless of earlier contributions or employment. Some of the Scandinavian countries provide universal invalidity and survivor pensions as well.

A few countries — for example, the United Kingdom and New Zealand—likewise provide medical care to every member of the population needing it. A number pay a cash maternity grant with respect to every birth in the country. Twelve countries pay family allowances to every family that is ordinarily resident in the country and that has the specified number of children.

These different types of public service programs, with their universal benefits, represent the broadest type of coverage. Under some of them, however, special requirements concerning previous residence or reciprocity are imposed on aliens.

Social Assistance

In another group of countries, at least some of the principal programs take the form of social assistance. They limit their coverage, in principle, to low-income or needy residents who satisfy the means test applied. This approach is extensively used, for example, in Australia, New Zealand, Saudi Arabia, South Africa, and Trinidad and Tobago. The proportion of the population eligible at any given time for payments under such assistance programs naturally depends on the specific point at which the means limit is set.

Social Insurance

Most social security programs—the old as well as the new—take the form of social insurance. Benefit rights under such programs grow out of past contributions or coverage, and benefit amounts usually vary with previous earnings. Coverage of the programs, therefore, not only determines eligibility for benefits when a risk materializes but also involves enrollment of the worker and payment of contributions for a specified period of time before the need for benefits arises. Since coverage is thus linked to some form of earlier occupational activity rather than to residence or individual means when the risk occurs, it is necessarily expressed in terms of particular occupational categories.

As a result of the administrative operations and revenue sources involved, the categories most commonly covered by social insurance consist of employees in industry and commerce, where employing enterprises are usually the largest and most stable. A number of the newer social insurance programs are still limited in their coverage to these groups and exclude agricultural employees. Under the older systems of Europe and elsewhere, however, agricultural employees are usually covered. Some of the older systems also cover self-employed persons under their pension programs, but only a few pay short-term cash benefits to the self-employed in case of sickness, work injury, or unemployment.

There has been a tendency among Latin American, Asian, and Middle Eastern countries to introduce their social insurance programs gradually in different geographic areas. Coverage often starts only in the capital city or perhaps in a few other centers, and it is then extended by degrees to more and more urban areas and later to rural areas. This procedure allows the staffing and administrative structure of the program to be built up gradually and permits the medical facilities required under sickness insurance to be constructed as funds are available.

The social insurance programs of many of the new nations in Africa apply, in principle, to all employed persons. Since, however, employment for wages in a number of these countries is found almost wholly in the urban centers where only a small part of the population lives, most of the systems now cover only a small fraction of the total population. Efforts to broaden the coverage of social insurance in most countries with limited programs continued during the past 3 years. Coverage has been extended significantly in a number of countries by the inclusion of new occupational groups, new geographic regions, or both. Recent changes under older systems where broad coverage already exists have been minor and affected some marginal categories of workers.

The coverage of provident-fund and employer-liability programs is also, for administrative and financial reasons, usually employment-related. It therefore exhibits some of the same trends as social insurance coverage—notably a tendency to be restricted to employees of the larger employers in industry and commerce.

FINANCING

Social security programs in the form of a public service — whether providing pensions, medical care, or family allowances—are financed wholly or in large part from general tax revenues. Some do receive the yield of earmarked surtaxes on other regular taxes to assist in their financing, but eligibility for benefits is unrelated to payment of such surtaxes. Social assistance programs are also ordinarily financed entirely from general government revenues; frequently the national and local governments share some costs.

A principal characteristic of the social insurance programs is that all or most of their revenues come from special contributions paid by insured persons and/or employers. The contributions are deposited in special trust funds, kept separate from all other government accounts, and benefits are paid from these funds.

The trend under many social insurance systems today is toward a tripartite system of contributions, under which government—as well as insured persons and their employers—contributes to the program. A minority of the programs rely on employer and employee contributions alone for the revenues required.

Under a third common method of financing, the program relies on employer contributions alone. Most countries follow this procedure for their work-injury benefit programs, and many use it in their family allowance program; it is widely used in Eastern Europe for various types of benefits.

Two main trends predominate in the allocation between employees and employers of responsibility for social insurance contributions. In many countries, employees and employers must contribute at the same rate. In another sizable group, the employer contribution rate is double that for the employee. Contributions of self-employed persons are nearly always larger than those of employees; no employer contribution, of course, is payable on their behalf.

All but a few social insurance programs express the contributions due from employees and employers as a fixed percentage of wages (or else use a wage-class system, with the rates approximately uniform for all contributors). The majority of the programs also place a ceiling on the maximum wages of an individual on which contributions are payable. Many countries collect a single joint contribution covering two or more programs—pensions and sickness insurance, for example, or these programs plus unemployment or work-injury insurance or family allowances. Such arrangements complicate efforts to compare the contribution rates of one country with those of another for any particular branch of social security.

Provident-fund programs are also usually financed from regular percent-of-payroll contributions of employees and employers, made in the same manner as those for social insurance. The contributions are placed in a central fund, but a separate account is maintained for the amounts paid on behalf of each employee. Employer-liability measures, as the name implies, are the sole financial responsibility of the employer. In some cases—particularly for work-injury benefits — employers can insure their potential liability, thus substituting a known, regular premium cost for an uncertain and perhaps highly irregular amount of direct expenditure.

ADMINISTRATION

The two main functions in the administration of public service programs consist normally of processing claims and paying benefits. These are also the chief functions in the administration of social assistance, except that the first function includes investigation of the needs and resources of each claimant and the second includes periodic investigations to verify continuing eligibility. Administration of social insurance, in contrast, usually involves registration of employees and employers when they are first covered by the program, periodic collection of contributions, and maintenance of coverage records for each worker for a long period, in addition to the ultimate processing of claims and the payment of benefits.

The types of agencies now administering social security programs vary greatly from country to country. The differences stem from several factors, including the particular nature of the program, its historical evolution, the general government structure, and the patterns traditionally followed in the administration of other social programs. One form of administrative organization is that found in countries where administration is entirely in the hands of a government ministry or department. More often than not, the role assigned to such agencies is, however, only supervisory in character, with responsibility for actual administration entrusted by law to social insurance "institutions" or "funds."

The latter agencies, except for general government supervision to ensure compliance with relevant laws, are largely self-governing and autonomous. They are generally managed by tripartite boards on which insured persons, employers, and the government are represented. The managing boards in some countries, however, are bipartite with representatives of insured persons and employers or of insured persons and the government. When coverage is organized separately for different occupations or for wage earners, salaried employees, and the self-employed, there is usually an independent institution or fund for each program.

A number of the agencies referred to above, whether government departments or semiautonomous institutions, administer all branches of social security in the country as a single unified program. Many others administer at least two main branches of social security.

OLD-AGE, INVALIDITY, AND SURVIVOR BENEFITS

The 1964 survey shows 78 countries with some type of statutory old-age, invalidity, and survivor program. They are 18 American countries, all 27 European countries, 8 countries in the Middle East, 15 in Africa, and 10 in Asia and Oceania. Such programs were established during the 1960's in the following countries: the Ivory Coast and Upper Volta in 1960, Colombia, Liberia, Mali, and Nigeria in 1961, the Congo (Brazzaville) and Saudi Arabia in 1962, and Lebanon in 1963.

Finland and Iceland made fundamental changes in the form of their pension programs during this period. In Finland a supplementary system of graduated pensions payable by employers was added in 1961 to the universal pensions previously provided. Iceland changed in 1961 from social assistance to a universal pension system. Important changes in pension programs were also made during the period in Costa Rica, Cuba, Panama, Peru, Portugal, South Africa, Spain, and Sweden.

About 60, or three-fourths of the existing programs, are social insurance measures. Among the others are seven universal pension systems, found in Canada, Denmark, Finland, Iceland, New Zealand, Norway, and Sweden; and four that are mainly social assistance programs in Australia, Saudi Arabia, South Africa, and Trinidad and Tobago. (Assistance pensions are also available on a supplementary basis in a number of countries providing insurance or universal pensions.) Provident funds exist in Ceylon, India, Iraq, Malaysia, and Nigeria. Liberia has an employer-liability law requiring employers to pay specified minimum pensions to their employees.

Almost all these programs provide periodic old-age pensions. In Lebanon and Nationalist China and under the five provident funds, however, only a single lump sum is payable. The provident funds are, in fact, essentially compulsory savings programs, since total contributions made on behalf of each employee are returned to him with accrued interest in a lump sum when he reaches retirement age.

A few pension programs, such as those of Cyprus, Ireland, Israel, and the Netherlands, and the basic British program pay uniform pensions—commonly described as "flat" pensions—for all recipients. Pensions paid under the universal systems are also uniform in amount. There has been a trend in recent years, however, toward adding a supplementary graduated pension system to the existing basic flat pension programs. The United Kingdom took this step in 1958, Sweden in 1959, Finland in 1963, and Denmark in 1964.

The great majority of old-age pension programs in operation today, however, are "wage related" and graduate the pensions of individual pensioners according to their earnings. Pension amounts are computed on the basis of each worker's average earnings during a specified period, which in the majority of countries relates to the last year or last few years of coverage.

In some countries, however, earnings are averaged—as in the United States—over all or most of the period of potential coverage under the insurance program. Among them are countries where wages recorded for earlier years are automatically revalued, in line with changes in national average wages or the cost-of-living index, to compensate for a rise in the general economic level. Countries following this practice include Belgium, France, Germany (Federal Republic), and Sweden.

Great diversity exists among the national formulas for determining the percentage of average wages to be paid as a pension. Some formulas use a fixed percentage, not varying with length of coverage. Others provide for a uniform basic percentage but add an increment of 1 percent or 2 percent for each year of coverage; the result is that workers with longer periods of coverage receive larger pensions. Some programs also provide a further increment for workers deferring retirement beyond the minimum pensionable age. Many systems provide still other supplements, such as those for a dependent spouse or children.

A number of countries also provide automatic adjustment of pensions currently being paid to

changes in the official price or wage index, to protect them from a decline in real value caused by inflation. Provisions of this type now apply in Belgium, Chile, Denmark, Ecuador, Finland, France, Israel, Luxembourg, the Netherlands, Sweden, and Uruguay.

The age at which old-age pensions are first payable now ranges from as low as 50 in some countries to as high as 70 in others. The greatest concentrations are at ages 60 and 65. There is a general tendency—although with exceptions—for the minimum pensionable age to be higher in the more northern countries and to be lower in the more southern latitudes. About half the countries have the same pensionable age for women as for men. In the others, women can obtain a full pension at a younger age than men; the difference is commonly 5 years.

All social insurance systems require a minimum number of years of contribution or coverage to qualify for a full old-age pension, although a proportionately reduced pension is often payable if only part of the qualifying period is met. The length of the qualifying period ranges from 5 years (or even less) to 45 years. This variation can be realistically evaluated, however, only by taking account of the pension formula as well. Most of the newer systems have transitional provisions enabling workers to qualify for a full pension with relatively few years of coverage in the system's early years.

A number of countries—for example, Algeria, Canada, Chile, Cyprus, France, Germany (Federal Republic), Iran, Ireland, Luxembourg, the Netherlands, Norway, Paraguay, Sweden, Switzerland, and Uruguay—permit pensioners to receive their pension even if they continue in full-time work. Other nations require pensioners to retire completely from covered or all employment to qualify for a pension, or else to substantially retire (apart from certain exempted earnings).

Practically all pension programs now furnish a benefit for "invalidity" or permanent disability, as well as for old age. Two exceptions are Cyprus and Israel, where no general benefit is provided for invalidity. The Philippines, Lebanon, and Nationalist China, as well as all the provident funds, pay lump-sum grants but do not pay pensions in the event of invalidity.

Invalidity pensions are usually computed in much the same way as old-age pensions and often are based on identical formulas. They therefore usually vary in relation to average wages during a defined period and consist of a basic proportion of such wages plus, in some countries, an increment related to length of coverage. The same supplements for dependents are generally granted.

Most invalidity programs also pay a special supplement to persons who are so severely incapacitated that they require the constant attendance of another person. Some programs pay a larger "total invalidity" pension in case of incapacity for all work and a smaller "occupational invalidity" pension for workers incapacitated for their usual work but not for all other occupations.

Many laws specify a minimum percentage loss of working or earnings capacity necessary to come within the definition of invalidity; most commonly it is around 66⅔ percent. A minimum of 5 years of contribution or insured employment is the most frequently specified qualifying period. Some countries have a qualifying period that lengthens, however, with the age of the claimant at time of disablement.

Survivor pensions are usually provided with old-age and invalidity pensions, although a few countries pay only lump sums to survivors (Burundi, the Dominican Republic, Paraguay, the Philippines, Lebanon, Rwanda, and the two Chinas). The rates of survivor pensions under most programs are expressed as a proportion of the pension being paid or that would have been payable to the deceased worker at the time of his death.

Some systems pay pensions to every widow who is eligible. Most systems, however, pay pensions only to widows above a specified age, disabled widows, and those having young children in their care. The rate of a widow's pension is generally 50–75 percent of the pension of the deceased worker. Numerous programs also pay pensions to a widower if he is an invalid and was financially dependent upon his wife at her death.

Orphans' pensions are also provided under most pension programs. An upper age limit, such as 15 or 18 years, is always specified, although higher limits often apply if the orphan is a student or apprentice or is disabled. Full orphans usually receive pensions that may be as much as 50 percent larger than those for half orphans. Pensions are also frequently payable to other surviving relatives, such as parents or young

brothers and sisters, if there is no eligible surviving spouse or orphan and if they resided with and were dependent upon the worker.

SICKNESS AND MATERNITY BENEFITS

Sixty-four countries are reported in the 1964 survey as having some type of sickness and maternity benefit program. They include 18 American countries, all European nations, five Middle Eastern countries, eight countries in Asia and Oceania, and six nations in Africa. An additional 18 countries—14 of them in Africa—have maternity insurance programs for working women. Countries enacting their first general sickness insurance legislation during the 1960's include Guinea in 1960, Pakistan in 1962, and Cuba, Finland, and Lebanon in 1963. Nigeria adopted a provident-fund system in 1961 under which cash sickness benefits are paid. Major reforms of older sickness insurance systems were made by Yugoslavia in 1962 and by Belgium and Iceland in 1963.

Most sickness benefit programs are social insurance ("health insurance") programs that provide both cash benefits and medical services in cases of sickness and maternity. Eligibility for medical services, as well as for cash benefits under these programs, is normally contingent upon coverage under social insurance. A qualifying period of 1–6 months of coverage is generally required for cash sickness benefits, 10 months for maternity benefits, and either current coverage or 1–6 months of earlier coverage for medical benefits. In some countries, such as Austria, Belgium, Denmark, Federal Republic of Germany, Iceland, Japan, Luxembourg, the Netherlands, and Switzerland, eligibility for benefits is linked to membership in a sickness society or club. Such membership is normally compulsory.

A few countries—for example, New Zealand, Sweden, and the United Kingdom—do not provide medical services through social insurance but maintain a national health service that provides services for the entire population without any qualifying period. In a number of ex-British territories in Africa and Asia (among them Ceylon, Cyprus, Ghana, Kenya, Malaysia, and the Sudan), the government also provides a considerable amount of curative care to the population generally, within the limits of hospital and dispensary facilities available.

Cash sickness benefits are payable under most programs whenever a worker is unable to work because of a nonoccupational illness. The benefit rate is ordinarily 50–75 percent of current earnings, with supplements sometimes provided for a wife or children. Benefits are not usually payable during an initial waiting period of 2–7 days. They are usually payable only for a specified maximum period—most often 26 weeks. Administrative extension to as many as 52 weeks, or 78 weeks in special cases, is sometimes permitted for certain types of diseases or if a cure appears likely within the period of extension.

In addition, sickness insurance programs usually pay cash maternity benefits to working women covered by the insurance system for a specified period before and after childbirth. Recipients must abstain from paid work while benefits are being received, incur an actual wage loss, and make use of any prenatal and postnatal services provided. The percentage of wages payable as a maternity benefit differs considerably, with most systems paying 50–100 percent. Benefits may usually be claimed for as many as 6 weeks before the expected date of confinement and may be continued for a maximum of 6 or 8 weeks after the delivery. Special nursing allowances for a maximum of 6 months or longer are also payable under a number of programs, as well as some type of layette grant and sometimes a lump-sum maternity grant for use in meeting special additional expenses involved.

Most social security programs paying cash benefits for sickness and maternity also provide medical benefits or services for the same risks. The general rationale of this twofold set of benefits presumably is that the cost of medical care, like the loss of wages, is a severe financial burden to a sick worker and that it is therefore a risk to be insured against in the same way. Moreover, the earlier that curative care enables workers to return to work, the lower the cost to the insurance system of their cash benefits and the greater the benefit to the economy of their restored productivity.

Three different methods of providing medical benefits are followed under national sickness insurance systems, although a number of countries use a combination of different methods or variants

of these methods. One general procedure is for insured patients themselves to pay the bills of doctors, hospitals, and druggists in the first instance. They then obtain partial or full cash refunds later from the social insurance system. This is the principal method followed, for example, in Algeria, Belgium, Finland, France, Norway, and Sweden.

A second procedure is for the system to pay doctors, hospitals, and druggists directly for services rendered to patients on either a fee-for-service or capitation basis. This procedure is used extensively in Austria, Denmark, Italy, Japan, Luxembourg, the Netherlands, and the United Kingdom. Payment is frequently made in accordance with general contracts concluded between the social security agency and the providers of services.

A third general approach, followed in a number of countries, is for the social insurance agency to own and operate its own clinics, hospitals, and pharmacies, through which it provides medical services directly to its insured population. This is the prevailing practice in, for example, Bolivia, Burma, Chile, Colombia, Costa Rica, Ecuador, Greece, Iran, Mexico, Peru, and Turkey.

The systems that provide medical benefits for insured workers on a social insurance basis usually make much the same services available to their dependents, including the spouse and at least young children. Where medical care is provided as a public service, dependents are, of course, eligible in the same way as family heads.

A number of countries that provide medical services through social insurance cover old-age, invalidity, and survivor pensioners, as well as current workers, under the medical care provisions of their sickness insurance programs. The pensioners may make no contributions, as in Belgium, France, Germany (Federal Republic), Italy, and Norway, or they may pay a specified percentage of their pension or fixed amounts for coverage for medical care, as in Austria, Chile, Luxembourg, Mexico, the Netherlands, Panama, and Paraguay.

The coverage of medical care programs in countries where care is provided as a public service always includes pensioners as well as all other residents. Some of these programs, in fact, provide more free services for pensioners than for the population in general.

FAMILY ALLOWANCES

In early 1964, there were 62 countries with statutory family allowance programs under which regular cash allowances are paid to families with children. Such a program exists in every country of both Western Europe and Eastern Europe. The total includes 20 countries in Africa, where all ex-French territories have such programs. They date mainly from the French Overseas Labor Code of 1952, which contained family allowance provisions that went into force in 1956.

There are five family allowance programs in Asia and Oceania (Australia, Cambodia, New Zealand, and the two Viet-Nams), three in the Middle East (Iran, Israel, and Lebanon), and seven in American countries (Argentina, Bolivia, Brazil, Canada, Chile, Colombia, and Uruguay). Nearly all these programs were in existence before 1960, but important changes in or extensions of family allowance measures were enacted in 1960 by South Africa and Tunisia, in 1961 by the Federal Republic of Germany and Italy, in 1962 by the Netherlands, Spain, and Switzerland, and in 1963 by Brazil, Iceland, and Lebanon.

The family allowance programs of the world may be classified basically into two main types. Distinctive differences between the two groups are reflected in their coverage, method of financing, and also their administration.

Family allowances in 12 countries are paid, in principle, to any family, ordinarily resident in the country, that has the requisite number of children. These nations are Australia, Canada, Denmark, East Germany, Finland, Iceland, Ireland, New Zealand, Norway, Sweden, the Union of Soviet Socialist Republics, and the United Kingdom. The allowances are not linked to employment, and eligibility is not affected by the occupational status of the parent. These universal family allowance programs are financed wholly or mainly from general government revenues. They are customarily administered exclusively by a government department or ministry.

In the other 50 countries, eligibility for family allowances is ordinarily related to the employment status of the recipient, and allowances in many of them are restricted to the families of currently employed persons. Some of these countries do cover all or some of the self-employed; a few—for example, France, Luxembourg, and

the Netherlands—provide allowances to most or all nonemployed persons as well. The majority of programs that tie eligibility for family allowances to employment nevertheless continue them while a worker is receiving sickness or unemployment benefits or a pension.

Employment-related family allowances typically are financed wholly or in large part from employer contributions. The rate (percentage of payroll) is usually the same for all employers, irrespective of the total number of children of their employees who are eligible for an allowance. The programs are customarily administered at the national level by a quasi-autonomous "family allowance fund." In a number of countries, the individual employer himself commonly pays the allowances directly to his own employees, adding them to his regular wage payments. He then deducts the allowances thus paid from the contributions he owes and settles only the surplus or deficit with the central fund. This so-called equalization process makes it possible to impose a uniform contribution rate on all employers, regardless of the size of their workers' families. It thus removes any incentive to employers to discriminate in their hiring against workers with children.

Eight of the 12 universal systems and 42 of the 50 employment-related systems provide allowances to all families with children, even to those with only one child. In contrast, two of the universal systems (Norway and the United Kingdom) and six of the employment-related systems (Albania, France, Germany (Federal Republic), Hungary, Iran, and Morocco) normally pay the ordinary allowance only to the families that have two or more children. The universal systems of East Germany and the Union of Soviet Socialist Republics and the employment-related system of Israel pay allowances only to families with four or more children. A few countries also provide allowances for a nonworking wife or other adult dependent, which may be payable even if there are no children in the family.

The size of the allowance does not vary with the earnings of the family head, except in a few countries. It is sometimes a fixed amount that is the same for every eligible child, no matter how many children there may be in the family. A considerable number of countries, however, pay allowances that increase in size for each additional child in the family; the allowance is larger for the second child than for the first, larger for the third than for the second, etc. Allowances in a few countries also increase as a child grows older.

Allowances are normally discontinued for a child when he reaches a specified age (15–18 in most countries). This limit is raised in a large number of countries if the child continues in school or serves as an apprentice, and it is frequently raised or removed entirely if a child became an invalid before he reached a certain age. A lump-sum grant for each birth is also payable under the family allowance programs of some countries.

UNEMPLOYMENT BENEFITS

Thirty-two countries now possess some form of statutory unemployment insurance or related program. The majority are in Europe; a program exists in every country of Western Europe except Portugal, and in East Germany, Hungary, and Yugoslavia. In Asia and Oceania, only Australia, Japan, and New Zealand have programs; in Africa, only Algeria and South Africa; and there is also a system in Cyprus and a limited one in Iraq. Aside from Canada and the United States, the only American countries with even limited programs are Chile, Ecuador, and Uruguay. It is apparent that unemployment benefit programs have so far been established mainly in the more industrialized countries.

About two-thirds of the programs consist of compulsory unemployment insurance systems of broad scope. The systems in Denmark, Finland, and Sweden are also insurance programs, but they are subsidized voluntary unemployment insurance plans operated by trade-union unemployment funds.

Seven other programs—those in Algeria, Australia, France, Hungary, Luxembourg, New Zealand, and Yugoslavia—are not unemployment insurance but rather general unemployment assistance systems, under which allowances are paid to unemployed persons only after a means test. In France, however, there is also a large nonstatutory unemployment insurance program established by an industrywide collective agreement. The program in Ecuador provides only lump-sum benefits, and Iraq pays unemployment benefits only from its provident fund.

In addition to all the above programs, a considerable number of countries in Latin America, Africa, and the Middle East require individual employers to pay lump-sum severance or dismissal indemnities to discharged workers. Argentina, Iran, Tanganyika, and Turkey are among this group.

Weekly benefit amounts under the majority of unemployment insurance programs are equal to a specified proportion of the average wages of beneficiaries during a recent period. Some countries do not apply a single fixed percentage but use a system of wage classes; the result may be a scale of percentages that are roughly similar for all classes, or it may be a sliding scale weighted for the lower-paid worker. The percentage of wages represented by unemployment benefits, sometimes including dependents' supplements, is commonly 50–75 percent of wages below a specified ceiling. The practice of paying flat unemployment benefits that do not vary with earlier earnings is followed in a few countries—for example, Belgium, Cyprus, Iceland, Iraq, Ireland, and the United Kingdom.

Unemployment benefits are not usually payable during an initial waiting period of 3–7 days, although a few programs require a briefer period. Waiting periods reduce the administrative load by excluding a substantial number of very small claims, and they also make it easier to verify the genuineness of unemployment—a check that may be difficult to make if the unemployment lasts only a few days.

Most programs also place a limit on the period during which benefits may be drawn by any recipient. The maximum duration of benefits now varies from as few as 4 weeks to as many as 36 weeks or even longer in certain cases; the most common maximum is 26 weeks. A number of countries with compulsory unemployment insurance programs also maintain a supplementary unemployment or other assistance system. Persons exhausting their rights to regular insurance benefits may continue to receive some form of unemployment assistance under these systems subject, however, to an income or means test. In some of the countries that have only unemployment assistance and no insurance program, there is no fixed limit on the duration of payments.

Workers are usually required to satisfy several conditions in order to qualify for unemployment insurance benefits. They must be involuntarily unemployed, and generally they must have completed a minimum qualifying period of contribution or insured employment. The purpose of this requirement is to ensure that claimants are regular members of the labor force and actually sustain a wage loss as a result of being unemployed. The most common qualifying period is about 26 weeks, which usually must have been served within the last year or so before unemployment occurs.

In addition, most unemployment insurance and unemployment assistance laws require that applicants for benefits be available for work and capable of work. If a worker is incapacitated, or if for some other reason he would be unable to accept a new job if it were offered to him, he will probably be found ineligible for benefits. Nearly all programs also require applicants to enroll for work at an employment office before benefits begin and to report there periodically as long as benefits are being paid.

Under most programs, workers may be temporarily or permanently disqualified from receiving unemployment benefits in certain circumstances, even though they satisfy the positive conditions referred to above. Some disqualifications relate to the manner in which the previous employment was lost. Thus, workers are disqualified in nearly all countries if they left their previous employment voluntarily without good reason, if they were dismissed because of misconduct, or if they were participating to a specified degree in a labor dispute that led to their unemployment. Benefits may also be temporarily or permanently suspended under nearly all programs if the worker rejects an offer of a suitable job without good cause.

WORK-INJURY BENEFITS

Most nations now have a program in force providing benefits in case of work-connected injuries or diseases. The 1964 survey covers such provisions in 110 countries. Some additional integration of work-injury benefits with other social security measures has occurred during the past 3 years, particularly among the African nations, where there has been a distinct trend toward the administrative linking of family allowances and

work-injury benefits. There have also been some recent increases in work-injury benefits in various countries, but relatively few other structural changes have occurred in this branch of social security.

Workmen's compensation laws that impose on each subject employer the responsibility for paying the compensation prescribed by law but that do not require him to carry insurance are now in force in about 35 countries. Some employers in these countries simply pay the compensation from their operating revenues as injuries occur. Others purchase a private insurance policy voluntarily, to protect themselves against their potential liability.

In a second group of about 20 countries, legislation makes it compulsory for employers to insure themselves against the risk of work injuries to their employees. Such insurance can be obtained only from private companies in about two-thirds of these countries. A public insurance fund exists in the other third, but employers are allowed to choose between insuring with it or with a private company; some employers are also permitted to self-insure in certain of these countries.

A central public fund exists, either as an integral part of the general social insurance program or separately, in the remaining 55 countries. Every employer covered by the law is obliged to make regular contributions to this public carrier, and the latter pays the benefits that are awarded. The countries in this group are about equally divided between those where a uniform contribution rate is payable by all employers and those where the rate of each employer varies with the past incidence of work injuries in his undertaking or industry.

Five main types of benefits are provided under most work-injury benefit programs—cash benefits for temporary disability, permanent total disability, permanent partial disability, and survivor and medical benefits for injured workers. Cash temporary disability benefits are generally provided from the beginning of a disability, although some programs have a waiting period of 1–3 days. They are commonly payable for a maximum of 6 or 12 months. The benefit rate is at least 50 percent of previous earnings, and in some countries it is as high as 100 percent.

Permanent disability benefits become payable after temporary disability benefits cease and are awarded after a medical determination that incapacity is permanent. The benefits provided under most programs are lifetime pensions equal to a percentage of the worker's previous earnings. A minority of the existing programs provide, however, only lump-sum grants amounting to several years' wages in case of permanent incapacity. A full benefit is usually payable when the degree of incapacity equals or exceeds from 66⅔ percent to 75 percent. If the degree of incapacity is less, the permanent partial benefit commonly awarded is the proportion of a full pension that corresponds to the percentage loss of capacity. Pensions for total incapacity due to a work injury are usually larger than ordinary invalidity pensions in countries where both are provided, and work-injury pensions rarely vary with length of previous employment as invalidity pensions often do.

Injured workers are also eligible for free medical care and related services under most programs. The care provided usually encompasses a broader range of services than that under the ordinary sickness insurance programs, no limit is placed on the duration of care, and no cost-sharing by the patient is required. A minority of laws, however, place a maximum limit on the amount of free care that must be furnished.

Most work-injury programs provide pensions to survivors of insured workers dying as a result of a work injury. The amounts are usually fixed as a percentage of the deceased worker's wages or, less often, as a percentage of his pension for total disability. They are somewhat larger, as a rule, than ordinary survivor pensions. A pension of about 30 percent of the worker's wage is commonly payable to a widow, irrespective of her age, until her death or remarriage, and also to a disabled dependent widower. A pension of about half as much is usually payable to each half-orphan, and one of about two-thirds as much for each full orphan, as long as they are under the age limit. If no spouse or orphan survives, pensions may be payable to surviving parents, brothers and sisters, or other dependent relatives. Many programs also provide a lump-sum funeral grant to cover the cost of burial. A few still pay the entire compensation due to survivors in the form of a lump sum equal to the wages of the deceased worker for a specified number of years.