include such items as mortgages on the family dwelling or other real property and money owed on rent, taxes, and the purchase of goods and services, or to banks and insurance companies.

Like the average consumption functions of migrant and nonmigrant families, part of the difference between the savings functions of the two groups is probably related to differences in other relevant family characteristics such as income level and age of the family head. But these characteristics do not completely account for the difference since migrant urban families have a lower average savings function than nonmigrant urban families even when suitable adjustments are made for other relevant characteristics.

In addition to the use of the 1960–61 survey data in evaluating the economic effects of migration on families, the data were used to estimate rates of mobility and migration. The study concludes that although the dissolution and formation of new families are important reasons for mobility, most individuals who make distance moves make them as members of established families. The rate of migration (distance moves) for urban families and one-person consumer units who had been in existence for at least 1 year before the interview was set at close to 6 percent for the period 1951–66.

A number of inferences were made from the study's conclusions. It was suggested, for example, that increases in public expenditures or private domestic investment expenditures that cause or encourage migration are likely to have a larger multiplier effect, and thus result in a larger increase in national income and gross national product, than expenditures that do not foster migration. When the conclusions of the study are considered along with the relativetly high mobility rates of the postwar period, they may also help to explain why the ratio of aggregate personal consumption expenditures to aggregate disposable personal income has not shown any tendency to decline during the past two decades. The results also suggest that public programs intended to encourage relocation of unemployed or underemployed workers are not likely to be successful unless they provide financial assistance or support over and above out-of-pocket moving expenses.

Social Security Abroad

RECENT DEVELOPMENTS of significance in the field of social security are reported for several countries in the notes that follow.*

CENTRAL AMERICAN COMMON MARKET

Signing of the Multilateral Convention on Social Security by the Council of Labor and Social Welfare of the Organization of Central American States (Organizacion de Estados Centroamericanos)[1] on October 13, 1967, at San Jose, Costa Rica, marked a step forward in the progress of Central American regional economic intergration. The convention is the first of a series being developed by the Ministers of Labor and the Social Security Directors aimed at achieving uniform labor and social security legislation throughout the Central American Common Market.

The agreement is designed to facilitate greater mobility of the work force within the Central American Common Market. Hitherto, international migration has been confined largely to seasonal workers living in or near border areas. Plans call also for the eventual movement of skilled and technical workers.

The Convention provides for procedures to ensure equality of benefits and working conditions, adjudicate disputes, and develop coordination between the social security institutions of the member states. Prepared by ODECA with technical assistance from the International Labor Organization, it was originally approved by the Council of Labor and Social Welfare in 1965 but was redrafted in simplified form to make ratification easier.

Subject to conditions to be prescribed in subsequent regulations, the contracting countries undertake to provide coverage for the risks of

* Prepared by International Staff, Office of Research and Statistics.

[1] Members of ODECA are Costa Rica, Guatemala, Honduras, Nicaragua, and El Salvador. In addition, Panama is participating in the work of several of the subsidiary organizations of ODECA, including the Technical Regional Commission on Social Security.

sickness and maternity, work accidents, and occupational illness, as well as invalidity, old-age, and, survivor benefits. The Convention covers general and specialized social security systems based on direct contributions by employers and employees but does not cover social assistance programs or noncontributory benefits. The legislation affecting workers' benefits covered by the convention is that of the contracting country in whose territory the worker is employed, even if the worker is residing in the territory of another contracting party. The agreement guarantees the worker, as well as his family and survivors, equal treatment with respect to rights and obligations under the social security laws of the contracting parties. It provides for his right to receive benefits in kind or cash while he is employed in the territory of another contracting party, as well as the right of portability of pension credits and other benefits earned from the territory of one contracting party to another.

One of the main problems in meeting the aims of this Convention is the wide diversity in the approach to social security found in the existing legislation of the five Central American countries and Panama. In general, the Central American countries have followed the procedure of a gradual extension of covered risks by beginning with those geographic regions in which hospital and medical facilities were already established. In most countries the first contingencies covered have been those of sickness and maternity and occupational risks. Population groups covered have been limited chiefly to wage and salary workers in commerce and industry, where problems of financing and administration have been minimum. Most Central American countries exclude agricultural and domestic workers; the self-employed are excluded in all the countries.

Following ratification of the agreement, a signatory country will transmit to the Secretary General of ODECA a declaration specifying which categories of social security risks are to be subject to the agreement. This procedure recognizes the fact that several of the contracting parties do not have programs corresponding to all of the risks covered in the convention. It allows subsequent ratification of all risks specified in the agreement once the contracting country has established a general coverage program. Honduras, for example, is preparing regulations covering invalidity, old-age and survivor insurance; El Salvador is undertaking preliminary steps to extend its current social security progarm.

FRANCE

The nonstatutory supplementary unemployment insurance program, established in 1958 under a collective bargaining agreement, became obligatory as of January 1, 1968, for all employers in commerce and industry. The previously voluntary program now covers all employed persons in the private sector except agricultural workers and domestic servants. The extension results from one of several ordinances dealing with employment problems that were issued last July under the special authority to legislate by decree that had previously been granted to the Government. The ordinances came at a time when there was some increase in unemployment.

By its extension to an additional 300,000 establishments, the supplementary unemployment insurance program now covers approximately 10.5 million workers. Newly affiliated companies pay a contribution equal to 0.4 percent of their payroll until December 31, 1971. Thereafter their contribution rate will be the same as that of previously participating employer firms, which has been raised from 0.25 percent to 0.35 percent of payrolls. Eighty percent of the contribution is borne by the employer and 20 percent by insured workers, and it is applied to covered earnings up to 4850 francs[2] a month. Benefits under the supplementary unemployment insurance program now amount to 40 percent of covered wages, for a period up to 3 months.

Unemployment allowances under the unemployment assistance program were also increased, effective October 1, 1967. The increase was proclaimed by decree on August 4, issued under the ordinances of July 1967. The unemployment allowance, which is subject to an income test, now amounts to 6.30 francs a day in the Paris region for the first 3 months (an increase of 16.6 percent), and to 5.80 francs a day thereafter, plus a supplement of 2.50 francs a day for a wife or dependent adult. In areas of serious unemployment the higher daily rate may be extended beyond 3 months. The benefits may be drawn

[2] One franc equals 20 cents.

indefinitely but are subject to a diminuation of 10 percent after 12 months, with a further 10-percent reduction for each succeeding year (except for workers over age 55, who are subject to a maximum 30-percent reduction).

The other ordinances dealing with employment provided for the creation of a National Employment Agency with responsibilities for placement, counseling, and statistical services; the broadening of provisions for reconversion and retraining aid to include those still employed; the extension of government unemployment assistance coverage to all employees in commerce and industry (including provisions covering partial unemployment); and the lengthening to 60 days of the period of notice in the event of lay-off, plus the defining of a basis for legal minimum separation payments.

U.S.S.R.[3]

Effective January 1, 1968, the Soviet Union has liberalized pension benefits and raised disability pensions for farmers and former members of the armed forces.

Old-Age Pensions

New old-age pensions, provisions, effective January 1, 1968, affect collective farmers, women textile workers, veterans, and workers in hardship areas. The retirement age of collective farmers is to be decreased by 5 years to that of industrial workers (men at age 60 with at least 25 years of service, and women at age 55 with at least 20 years' service). Collective farm women who have had and raised at least five children to age 8 will be entitled to an old-age pension at age 50 after 15 years of work. Women in strenous jobs in the textile industry will be able to retire at age 50 rather than 55. In the Far North, workers are authorized, as of January 1, 1968, to retire after 15 years' service at age 55 (men) or 50 (women). In areas adjacent to the Far North, the same retirement ages apply, but a longer period of service (20 years) is required.

Old-age pensions in the Soviet Union range from a minimum of 30 rubles ($33.33) a month to a maximum of 120 rubles ($133.33).[4] Able-bodied pensioners whose skills or sevices are in demand are encouraged to continue working by the right to receive 50–100 percent (depending on the character of their work) of the pension they would be getting if they had retired. The introduction of this provision in 1964 increased the percentage of working old-age pensioners from 9.4 percent to 14 percent by 1966.

Disability Pensions

Disability pensions are increased for collective farmers as of January 1, 1968, and for former military personnel on May 1, 1968. The pensions for farmers amount to 40 percent or 50 percent (depending on the extent of their disability) of average earnings up to 50 rubles a month, plus 25 percent of earnings above 50 rubles. Minimum monthly pensions are as follows: 30 rubles for a farmer totally disabled in connection with his work and requiring someone to look after him; 12 rubles for a partially disabled farmer with a work-connected disability. These minimums are much lower than the minimum pensions received by nonfarm workers having a work-connected disability—50 rubles for total disablement and 21 rubles for partial disablement. Pensions for farmers who have been partially disabled while at work are new. Also new is the establishment of a disability pension of 16 rubles a month for individuals who have been totally incapacited from childhood and have reached age 16.

There were 34 million pensioners (more than 14 percent of the population) in the Soviet Union at the beginning of October 1967. The increase of about 14 million above the number on July 1, 1959, is due primarily to the extension of coverage to collective farmers in 1965. On January 1, 1966, the number of pensioners were as follows:

Total number of pensioners	32,027,000
Civilian	26,998,000
Collective farm	8,000,000
Military service	5,029,000

[3] Extracted from *Labor Developments Abroad*, Bureau of Labor Statistics, December 1967, page 9; see also Office of Research and Statistics, *Research and Statistics Note No. 1*, 1968.

[4] One ruble equals $1.11.