

The parent is placed in the position of intermediary between the agency and the child. The ambiguity in the title and wording of the provision obscures the status of the parent as applicant and recipient and would seem to have its roots in the "suitable home" philosophy of mothers' aid, in which the agency assumes a quasi-guardian role, undefined in its responsibilities and powers.

Experience of the last 25 years in psychiatry, child guidance clinics, and progressive child welfare agencies has supplied strong arguments against well-intentioned efforts to serve children living with their parents except through their parents and with their

parents' wholehearted and voluntary support. Insofar as we are concerned with the welfare of children in their own homes and the preservation of their family relationships, our weight should be thrown into strengthening respect for parental rights and responsibilities, for experience has amply demonstrated that, as long as the parent as well as the child is in the home, the parent must be treated as the responsible and determining agent. The detachment of the needy dependent child from the parent implied in the title and phrasing of the provision operates against recognition of and respect for the parent and implies that the parents'

inability to meet the child's need justifies an undefined intervention of the agency in behalf of the child. The effect constitutes a disservice to the social interest in preserving and strengthening the family and the parents' role and responsibility in its functioning.

As middle ground between some such measure as children's allowances and a comprehensive general assistance program covering the need of all families with children, whatever the cause of need, aid to dependent children has had some justification, but this justification exists only as long as it is impossible to obtain a better provision.

## Foreign Experience in Social Insurance Contributions for Agricultural and Domestic Workers

By Wilbur J. Cohen\*

*The Social Security Board has recommended extension of social insurance to agricultural and domestic workers. While administrative problems arise in covering these two groups, many foreign countries have successfully accomplished this task. This article describes various methods which have been used in collecting contributions and recording wage data for agricultural and domestic workers.*

BECAUSE OF ADMINISTRATIVE problems connected with covering agricultural workers and domestic employees under old-age and survivors insurance, coverage of these two groups has generally lagged behind that of industrial and commercial workers. As administrative experience has been gained, countries which have excluded agricultural and domestic employment from their original insurance laws have tended, however, to include them at a later date. Today, according to the best information available, agricultural employees in at least 16 countries<sup>1</sup> and domestic employees in at least 18 countries<sup>2</sup> have social insur-

ance protection against the risks of old age and disability. Several other countries provide by law that the administrative agency may extend coverage to either or both groups.

The chief problem in extending coverage to agricultural and domestic employees under old-age and survivors insurance lies in the collection of contributions. Frequently adjustments have had to be made in the contribution basis or methods of collection. For agricultural workers, two countries—France and Hungary—have established separate systems. For domestic workers, on the other hand, no country has had to establish a separate system, though special provisions have sometimes been found necessary.

Perhaps the most interesting contrasts in administrative techniques are found in the systems of Chile, Czechoslovakia, France, and Great Britain, which are summarized here briefly to show in cross-section some of the major alternatives in methods of fixing and collecting social insurance contributions for these groups. Brief information is also included for

seven other countries—Germany, Hungary, Italy, the Netherlands, the Union of Soviet Socialist Republics, Peru, and Canada.<sup>3</sup> It has not been possible to follow wartime developments in all countries, and unless otherwise indicated the information relates to the pre-war period. Because of the war, it has not been possible to verify all material.

### Chile

The operation of the workers' compulsory sickness, invalidity, and old-age insurance fund, which covers all classes of manual workers—including agricultural laborers, domestic workers, and the self-employed—is particularly significant because it combines a stamp plan with a percentage-of-wage tax. The Chilean law was enacted in 1924, and contributions were first collected in 1925.<sup>4</sup> In general, the contributions from employers are 5 percent of pay rolls, from workers, 2 percent, and from the Government, 1½ percent. In certain mining zones, slightly higher rates are assessed to cover the additional cost of providing medical service in these isolated areas.

Contributions are paid on wages rounded off to the nearest peso.

<sup>3</sup>For a discussion of the Swedish and New Zealand systems, which cover practically the entire population in those countries, see Hohman, Helen Fisher, *Old Age in Sweden: A Program of Social Security*, Washington, 1940, and Rockwell, Almon F., "The New Zealand Social Security Act," *Social Security Bulletin*, Vol. 2, No. 5 (May 1939), pp. 3-9.

<sup>4</sup>Bustos A., Julio, Vizcarra, José, and de Viado G., Manual, *Extension of Social Insurance Coverage to Agricultural Workers, to the Self-Employed and to Domestic Servants*, Inter-American Committee to Promote Social Security, Montreal (International Labor Office), 1942.

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<sup>1</sup>Belgium, Bulgaria, Chile, Costa Rica, Czechoslovakia, France, Germany, Great Britain, Italy, the Netherlands, New Zealand, Peru, Spain, Sweden, Union of Soviet Socialist Republics, Uruguay.

<sup>2</sup>All countries in footnote 1 (except Peru) and Poland, Rumania, and Yugoslavia.

Sample page from a worker's stamp book, Chilean social insurance fund

**II LAS ESTAMPILLAS DE SEGURO DEBEN ADQUIRIRSE SOLAMENTE EN LAS OFICINAS ESTABLECIDAS POR LA CAJA**

**IMPOSICIONES**

TIEMPO	CANTIDAD GANADA (SALARIO MAS REGALIAS)	CAJA DE SEGURO-CHILE	CAJA DE SEGURO-CHILE	CAJA DE SEGURO-CHILE	LIBRETA DE LA FECHA EN QUE EL ASEGURADO EN QUE SE RETIRA.
ANO 1942	\$ 200	\$0.40 \$200	\$0.16 \$80	\$4.00 \$200	
		\$1.40	\$0.56	\$14.00	
		\$16.00 \$800			
		\$56.00			
		\$0.02 \$1.00			
		\$0.07			
		\$0.20 \$10.00			
		\$0.70			

RECIBIRSE.—Para empleados domésticos (camareros, cocineras, etc.) la cuota y la comita está evaluada en \$ 120.— y \$ 150.— según que sume el sueldo que se le pague en dinero más \$ 120.— o \$ 150.— según que sume a Arica \$ 150.—

REGALIAS.—Para empleados domésticos (camareros, cocineras, etc.) la cuota y la comita está evaluada en \$ 120.— y \$ 150.— según que sume el sueldo que se le pague en dinero más \$ 120.— o \$ 150.— según que sume a Arica \$ 150.—

Las regalías que corresponden a las actividades agrícolas y otras se afijarán al salario de acuerdo con el avalúo establecido por la Caja.

workers in agriculture and domestic service, in 1924, grafting it onto an earlier health insurance program as Great Britain had done. But unlike Great Britain, Czechoslovakia uses the pay-roll reporting method exclusively. Contributions for health insurance are varied according to 10 wage classes, which are combined into 5 for old-age, invalidity, and survivors' insurance. The combined contribution for both programs is collected by the health insurance funds, which also do most of the record-keeping and claims adjudication, under the supervision of the Central Insurance Institution at Prague.

There is a separate system of old-age, survivors', and disability insurance for salaried employees, including those in agriculture. This system—adapted from an Austrian system which had operated since 1909 in what later became Czechoslovakian territory—is not attached to health insurance. It also uses pay-roll reporting, and contributions are varied according to 11 wage classes for old-age insurance and 15 for health insurance.

When the workers' plan was drafted, a stamp system was considered but rejected. Accordingly it was decided to follow the pay-roll reporting method used for many years in the system for salaried employees and in the workers' health insurance system.

Entrance and separation reports

Thus the system may be considered a wage-class system with intervals of 1 peso. The employer purchases stamps from the social insurance fund, affixes them in the worker's stamp book (see attached illustration), cancels them, and deducts the worker's share of the contribution from his pay.

Stamps are in 12 denominations, ranging from 7 centavos to 56 pesos; each stamp shows both the total value of the combined contribution, the employee's share, and the employee's wage. Originally separate stamps had to be affixed for the employer's share and for the employee's, but a single stamp is now used for both. From 1 to 6 stamps may be affixed for each wage payment, but 3 or 4 are usual.

The worker's stamp book is approximately 4½ x 5½ inches in size and contains 40 pages, several of which give information concerning the benefits of the law and the regulations with respect to payment. It is valid for a year, at the end of which it is returned to the fund, which posts the value of the stamps to the employee's account and supplies a new book showing the total value of contributions to date.

When the employer buys stamps from the fund, he makes out a form indicating the number of stamps of each denomination that he wishes (see attached illustration). The right-hand portion of the form is detachable and serves as the purchaser's receipt. The reverse side of the form contains instructions for calculating the contributions, and il-

lustrations showing how to affix the least number of stamps for a given wage payment.

The stamp system was preceded by a pay-roll reporting system, which proved unsatisfactory in Chile. After several years' experience with both methods of tax collection, the administrators of the Chilean law now seem convinced that the stamp system is easier and more practicable; they also prefer it because it provides an automatic receipt for the employee.

**Czechoslovakia**

Czechoslovakia enacted its old-age, invalidity, and survivors' insurance system for workers, including

Sample form for purchase of stamps, Chilean social insurance fund<sup>1</sup>

CAJA DE SEGURO OBLIGATORIO  
LEY 4054  
ESTAMPILLAS DEL 7½ (color rojo)

PAPELETA COMPRA DE ESTAMPILLAS N.º.....  
Tarjetón Rol N.º.....

COMPRADO POR CUENTA DEL PATRON

Don MR. JOHN SMITH

Domiciliado en 123 KING ST.

para la actividad DOMESTIC SERVICE  
(Agrícola, industrial, minera, salitrera, carbonifera, comercial, construcción, doméstica).

ubicada en 123 KING ST.

la cantidad de 9 PESOS 94 CENTAVOS

\$ 9.94

correspondiente al mes de SEPT. 1942

*John Smith*  
Firma del comprador

*Christ Jones*  
Timbre del Cajero

15<sup>th</sup> de September de 1942

A	B	G	D	E
Salario		NUMERO DE ESTAMPILLAS	Valor de las Estampillas	VALOR DE LA COMPRA
\$	\$		\$	\$
				ctva.
830			56	
500			35	
200			14	
100		1	7	7 00
80			5.60	
50			3.50	
20		2	1.40	2 80
10			0.70	
8			0.56	
5			0.35	
2			0.14	
1			0.07	
Valor total de la compra			\$	9 80
Uno por mil sobre salarios, Ley 6528			\$	14
TOTAL			\$	9 94

Form. N.º 1927

VEASE A LA VUELTA

<sup>1</sup> The right-hand portion of the form, the employer's receipt, is not shown; it is practically a duplicate of the right-hand side of the sheet reproduced here.

form the basis of the reporting system. Every employer must report to a health insurance fund when he hires a worker and when a worker leaves his employ. The form on which he makes his report has two parts. He keeps one section for his records; the other, containing relevant information on the employment status of the worker, is held by the fund and used to determine the worker's wage class. Agricultural employers use special forms, and those who employ seasonal agricultural workers may substitute a list, submitted to the fund once a month, showing the names of the workers and the number of days each has worked.

From these employer reports the fund keeps a detailed record for each worker, showing wage class, date of entering employment and of separation, and contributions paid. The wage reports and contributions are due in general each month, though certain employers, such as those in agriculture, may pay bimonthly or quarterly. In collecting the contributions, four variations of the pay-roll reporting system are used:

1. An employer of 1, 2, or 3 workers receives once a year from the fund a booklet containing 12 forms, which constitute specially printed checks or money orders. Each month the employer fills out and returns one of these forms. The booklet also contains a schedule of the contributions payable for each wage class for the number of days worked up to and including 31 days. Employers of agricultural laborers and domestic servants, and professional men, such as doctors with one assistant, pay contributions by this method.

2. For an employer of as many as 5 persons, a booklet like that for the very small employer is used, but the forms are slightly larger to include information on more workers. In general, the large health insurance funds fill in the necessary information from their records before the book is sent the employer, who then needs enter only the additional information—the date a worker was separated from employment, for example—and the amounts paid.

3. For a medium-sized firm, the fund makes up a special form each month, listing the employees. The employer makes the necessary addi-

tional entries on the form, which has space for some 20 names, and returns it with his contributions to the fund.

4. For a large firm, the fund maintains a ledger containing information for each employee. An identical book is kept by the employer, and each month an official of the fund visits the employer and verifies the required information.

The fund gives each insured worker a social insurance book, which is 4½ x 6¼ inches and contains 26 pages. The account number and the name of the worker, his date and place of birth, and other information are entered on the first page, a carbon copy of which is sent to the central health institution. The book has 3 pages of information and instructions and 16 pages of 72 lines, in 4 columns of which the employer fills in the date the worker entered employment, the name of the insurance fund, the date the employee left the job, and his own signature or identification mark. The last 3 pages of the book are reserved for the use of the insurance fund in entering the worker's employment history if his previous book is completely filled or is lost or mislaid.

This book constitutes the worker's permanent evidence of his continued insurability. Although he must deposit it with the employer when he takes a job, he need not leave it with him. When he leaves the job, however, he must present the book to the employer so that the date of exit may be recorded. Neither the worker's wage nor his wage class appears on his social insurance book.

Collection of contributions and wage reporting under the plan for salaried employees is even simpler than under the workers' plan. The salaried employee has no social insurance book for either old-age insurance or health insurance. All forms sent in by the employer to report entry into and exit from employment and change of employment conditions are signed by both the employee and the employer. The General Pension Institution makes out a second form bearing the necessary information and sends a copy to the employee, who is thus able to keep a continuous record of his insurance status. The employer sends his contributions monthly to the General Pension Institution.

## France

France is one of the two countries (Hungary is the other) that have established a separate system for agricultural workers. Domestic workers, however, are included in the general system with some modifications.<sup>8</sup>

Up to 1930, a stamp system was generally used for collecting contributions and worked satisfactorily under a voluntary insurance system. Contribution rates were low, the danger of fraud was small, and errors were kept to a minimum by the use of a single annual contribution card to which the stamps were affixed. Beginning with 1928, however, France greatly extended its social insurance system. The amendments of 1930 introduced wage classes, flat contributions, and different methods of stamping for old-age insurance and for sickness insurance. With the increase in the contribution rates, the danger of fraud grew. Errors also increased as the types of stamps and contribution cards were changed. Administrators of the program felt, moreover, that the system of wage classes was contrary to the principle of equity and increased both the chances of fraud and the difficulties of administration.

As a result, the pay-roll reporting system was gradually introduced, and in 1935 the stamp method was abolished for the normal collection of contributions, and with it the wage-class system. Under the 1935 change, a majority of contributions were paid on a percentage-of-wage basis, reported on a quarterly contribution card.<sup>9</sup> Payments for old-age and sickness insurance were combined and made by cash or postal order. The stamp system, simplified by the use of ordinary postage stamps, was permitted for certain groups for whom the pay-roll method seemed impracticable—piece workers, home workers, intermittent workers, per-

<sup>8</sup> See also the author's "Collection of Old-Age Insurance Contributions and Recording of Wage Data in France" in *Social Security Hearings* before the House Ways and Means Committee, 1939, Vol. 2, pp. 1238-1245. For a summary of the wartime revisions, see "Changes in the French Social Insurance Scheme," *International Labour Review*, Vol. 16, No. 1 (July 1942), pp. 88-91.

<sup>9</sup> See Fooner, Michael, "The Use of a Stamp System for Social Insurance in France," *Social Security Bulletin*, Vol. 2, No. 6 (June 1939), pp. 18-22.

sons working for several employers, and in the agricultural plan.

Originally the agricultural system used the same five wage classes for contributions and benefits as were established in 1930 for workers in industry and commerce, but the contribution rates were lower and the contribution was divided into two parts. A flat contribution of 10 francs a month, divided equally between worker and employer, was assessed for health insurance; for old-age insurance, however, the contribution was set at 4 percent, half payable by the worker and half by the employer. Under the decree law of October 1935, the dual contribution was abolished and rates were set according to three classifications: children under 16, women, and men. An additional classification—adults earning more than 12,000 francs annually—was set up in June 1938, and the first category was expanded to include apprentices, students, and handicapped employees. The four-class system became effective January 1, 1939. The 1939 contribution schedule for agricultural workers is shown in the following tabulation; the amounts, half payable by the worker and half by the employer, are given in francs.

Class	Total amount (in francs)		
	Daily	Monthly	Annually
Children up to age 16, apprentices, students, et cetera.....	.60	12	144
Women.....	.80	16	192
Men.....	1.00	20	240
Adults earning more than 12,000 francs a year.....	1.50	30	360

Although the rate of contributions for agricultural workers is different from that for workers covered under the general system, the same methods are used, in general, for recording the wage data and making payments. The worker in industry and commerce whose contributions are made by the stamp method has two leaflets—a stamp leaflet and a quarterly reporting leaflet, containing his name, address, registration number, employer's name and address, and the total amount of wages and contributions paid for the quarter. Workers in agriculture get a combined quarterly

and stamp leaflet with space for as many as 60 stamps. Instead of reporting the amount of wages for the quarter, however, the agricultural leaflet reports the number of days and months worked.

Employers in agriculture pay their contributions in practically the same way as employers under the general system. The employer is responsible for paying the joint contribution and deducting the worker's share from his wages. Instead of sending in the employee's quarterly report and stamp leaflet to the post office at the end of the quarter, however, agricultural employers may file reports and make payments in stamps, cash, or postal order through agricultural mutual-benefit societies.

The operation of the agricultural system through these mutual-benefit societies and the separate schedule of contributions for agricultural workers raise problems when insured workers work alternately in industry and agriculture. The type of insurance fund to which the worker belongs is determined by his principal employment, which in turn is determined by the time spent in that employment during the current year. If there is any doubt, the worker is insured under the general system. To compute his benefits, certain coefficients are used to determine the value of the different types of contributions.

All domestic employees are insured under the general system, whether they work for farmers, whether they receive board and lodging, or whether they are hired for one time only, work intermittently, or work for several employers permanently. They pay a flat rate of contribution, which varies with the size of the community and sex of the worker.<sup>7</sup> The following tabulation shows the contribution schedule<sup>8</sup> which went into effect in 1939 for domestic employees; the amounts are in francs, half paid by

<sup>7</sup> For a more detailed analysis of the problems involved in insuring domestic workers, see "Les Assurances Sociales et les Gens de Maison," *Bulletin Mensuel des Allocations Familiales et des Assurances Sociales* (Comité Central des Assurances Sociales), April and May 1937.

<sup>8</sup> Based on 8 percent of an annual salary computed as follows: cities of more than 80,000 population—8,400 francs for men, 4,800 francs for women; other places—6,000 francs for men, 3,600 francs for women.

the employer and half by the worker.

Class	Total amount (in francs)			
	Daily	Weekly	Monthly	Annually
Paris, Department of the Seine, and cities of more than 80,000:				
Men.....	1.90	12.80	56	672
Women.....	1.10	7.40	32	384
Other places:				
Men.....	1.40	9.20	40	480
Women.....	.80	5.60	24	288

### Great Britain

Great Britain enacted compulsory health insurance in 1911 and in 1925 added a system of widows', orphans', and old-age insurance benefits.<sup>9</sup> Agricultural and domestic workers are included on the same basis as industrial and commercial workers.<sup>10</sup>

A stamp system and flat-rate contributions, varying for men, women, and children under 18 years, characterize the British plan. Every employed person in Britain is required to obtain a contribution card, which he must deliver to his employer when he takes a job or whenever the employer may reasonably require it to pay contributions or to submit to an inspector or other authorized person. If the worker fails to produce a card when the contribution is to be paid, the employer must use a special emergency card obtainable at any post office.

As in most stamp systems, the employer is responsible for making the joint payment and deducting the worker's share from his wages. Delegation of the stamping procedure to an employee or agent does not relieve the employer of his responsibility.

<sup>9</sup> For the British Government's current proposals for a comprehensive system of social insurance, see "The British White Paper on Health," *Social Security Bulletin*, Vol. 7, No. 3 (March 1944), pp. 12-18, and "A Social Security Plan for Great Britain: The Government's White Paper," Vol. 7, No. 11 (November 1944), pp. 27-35.

<sup>10</sup> Though, for unemployment insurance, contributions and methods of payment for agricultural workers are similar to those described here, the amount of both contributions and benefits is lower than for industrial and commercial workers and is specified in a separate law. See the author's *Unemployment Insurance and Agricultural Labor in Great Britain*, Social Science Research Council, Committee on Social Security, Pamphlet Series No. 2, 1940.

The insurance stamps are on sale at all post offices, and post office authorities will, if requested, give an official receipt provided the value of the stamps amounts to not less than £1 and that the number and value of the stamps of each denomination are entered by the purchaser on a form supplied by the post office or on a private form prepared in duplicate. Stamps other than the proper insurance stamps must not be used, and heavy penalties may be incurred for the use of canceled or defaced stamps, or those that have already been affixed to cards.

As an alternative to the use of adhesive stamps, employers who obtain permission from the proper authorities may use machines for impressing stamps, by means of metallic dies, on the contribution cards of regular employees.

Ordinarily the contribution for any period—week, fortnight, or month—must be paid by stamping the card when the wages for the period are paid. On certain occasions, however, the card must be stamped in advance of the payment of wages. For example, within 6 days after the current card expires, it must be fully stamped to the date of expiration although the wages may be paid later. Or when the employment terminates, the card must be stamped to that date and returned to the worker, although he may have to come back later for his pay. Moreover, the worker has the right at any time, subject to 48 hours' notice, to demand that his card be stamped in payment of all contributions to date.

When wages are paid for periods of less than a week (for a day, that is, or so many hours, or for the job) the card must be stamped and given to the worker before he leaves, even though the wages have not yet been paid. If a person works in a covered job solely for wages in kind, the employer must stamp a card on the first day of employment of each week.

An employer of several regular workers may, by agreement with his employees, keep their current cards. He may then deposit with the Insurance Department, in regular installments, a sum sufficient to meet all contributions payable while the card remains current. At the end of the period the employer receives from the

Department stamps representing the value of the deposit and must stamp the cards in payment of all contributions due for the period. Though an employer who makes such a deposit is deemed to have paid the contributions when due, he is required to stamp and return the card of any employee who leaves his employ or who requests that it be stamped.

It is also possible, under certain conditions, for employers of a substantial number of regular employees to make arrangements whereby, on payment of a deposit, the cards may be stamped in the week following that in which the wages are paid.

After affixing the stamp the employer must immediately cancel it. He may write the date in ink across the stamp, but the preferable and practical method is to use a metallic die which stamps the date in indelible ink. In no circumstances must the stamp be canceled before it is affixed. For his own protection the employer may have his stock of stamps perforated if he obtains the permission of the Insurance Department and complies with prescribed conditions.

The worker keeps his own card unless he and the employer have agreed that the employer shall keep it while it is current. If the worker keeps it, the employer must return it to him as soon as it is stamped. If the employer keeps it, he is responsible for its safety and for stamping it regularly at the proper time. He must also return it to the worker if the latter leaves his employ; or if the worker requests its return; or on the expiration of its currency or within 6 days thereafter. On returning a card, the employer may demand a receipt if he sees fit. When for any reason other than its loss or destruction the card cannot be returned to the worker, or if a worker dies while the employer has the card, the employer must send it promptly to the Insurance Department.

#### *Other Countries*

In Germany, agricultural wage workers and domestic employees are covered by workers' old-age, survivors', and disability insurance. A separate system covers all salaried employees. Up to World War II, contributions were collected by means of a stamp system, and a wage-class

system was used for assigning contribution rates. Health and unemployment insurance contributions for industrial and commercial employees were not collected by means of the stamp system but rather through lists similar to those now used in old-age and survivors insurance in the United States. During the war the pay-roll list system has been substituted for the stamp system; stamps are used only for voluntary insurance and the compulsory insurance of independent workers—groups which have no employers and for whom the problem of multiple deductions for contributions does not arise.

Hungary, like France, has a separate old-age insurance system for agricultural workers; it is limited to men over age 18 and administered by a National Institute of Agricultural Insurance. The worker contributes a flat amount of 20 fillér a week. The employer's contribution is set at a certain percentage of the land tax and collected as a supplement to that tax; but if the taxable income of any property is less than 100 kronen a year, the employer pays no contribution. The State and the municipalities also contribute to the system.

Italy covers both agricultural and domestic employment under its old-age, survivors', and disability insurance system. Contributions are levied according to wage classes: 9 classes for salaried employees paid on a monthly basis, 10 for workers paid weekly, and 2 for agricultural workers. These 2 classes consist of persons who work regularly in agriculture, and agricultural day workers. For both classes the contribution schedule is further subdivided between men and women; for day workers, all girls and boys between 14 and 18 years of age are included with the women.

Before the war, the stamp system was generally used in Italy for collection of contributions. Available information indicates, however, that in certain cases pay-roll reporting is allowed and, for agricultural labor, collection through the regular system of direct taxes. There seems to be no special adaptation of either the contribution schedule or methods of collection for domestic workers, though up to 1939 their contributions

were graded according to the size of the commune where the work was performed, with variations by sex and by full-time or part-time work.

In the Netherlands both agricultural workers and domestic workers are included in the general system. Contributions, which are paid only by the employer, are collected by means of stamps and in accordance with a schedule which is, in effect, a mixture of wage classes and flat rates. The schedule, which consists of five classes for men and four for women, assigns rates by age, though modifications are made for the character of the employment and method of remuneration.

Contributions are assessed, in general, on a weekly basis, and stamps are affixed to the worker's stamp card each week; for employment of less than 4 days in a week, however, the employer may pay contributions on a daily basis. The stamp cards are issued annually to each worker and

returned at the end of the year to the State Insurance Bank, where the record of contributions is kept.

The U. S. S. R. extends insurance coverage to certain agricultural undertakings as well as domestic employment. Contributions are paid entirely by the employer. According to available information, the employer of agricultural labor makes all payments to the credit institution selected by the insurance fund. The stamp system is used for domestic workers, and rates are assessed in accordance with a five-class system based on the employer's income. A distinctive feature of the stamp system in the U. S. S. R. is that both employer and worker have stamp books. The insurance stamp is in two parts, and the employer affixes one part in his book and the other in the worker's.

Under the Peruvian social insurance system, more than 70 percent of the 200,000 persons insured in 1942 were

agricultural workers. Contributions are collected by stamps in accordance with wage classes. For employees who work regularly for one employer, a four-page stamp card is available with spaces for stamps for each week in a 1-year period. For employees who work for more than one employer, a book with several pages is available.

A number of countries which do not cover agricultural or domestic employees under their social insurance programs use, nevertheless, the stamp system for industrial employees; this system, they feel, will enable them to extend coverage very simply on the same basis to agricultural or domestic employees. Canada uses a stamp book in conjunction with wage classes under its unemployment insurance program. An unusual feature of the Canadian system is that each stamp is divided into six parts so that one-sixth of a stamp can be affixed in the employee's book for each day he is employed.

## Merit Systems in the Social Security Program

By Oscar M. Powell\*

ONLY NINE STATES had State-wide civil-service systems when the Social Security Act was passed in 1935. The original act contained no specific provision requiring States to establish and maintain personnel standards on a merit basis as a condition of Federal grants for State programs. From early 1936, when grants to the States under the act first commenced, until August 1939, such efforts as the Board made to develop merit-system standards were under the authority of the general provisions contained in titles I, III, IV, and X of the act, which imposed on the Board the necessity for findings on methods of administration necessary for the proper and efficient operation of the State programs. During this period merit systems were voluntarily adopted by 28 unemployment compensation agencies and by 7 public assistance agencies, in addition to those which were operating under State-wide civil-service laws.

In August 1939 Congress provided that after January 1, 1940, these ad-

ministrative methods must include "methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Board shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods." This clause was inserted parenthetically, and, like the more general earlier wording, was made subject to Board interpretation through the specific language, "as are found by the Board to be necessary for proper and efficient operation." So that the States might know with some definiteness what the Board would consider as acceptable methods, work on a statement of standards was commenced immediately after the enactment of the 1939 amendment and the statement was issued as of November 1, 1939.

Both the States and the Board realized that the interval before January 1, 1940, was too short for the States to do all that was needed to bring merit systems into full operation. For that reason, the States were asked to indicate by January 1, in general terms, their intention

to establish and maintain methods in accordance with the November 1 standards. In good time all States did agree. I think this agreement was due in no small part to the care which had been taken in devising the standards. They did not spring fully developed from a few weeks' work, but evolved from the continuing study begun in the spring of 1936. I think, too, that they were accepted because the final product incorporated only those principles generally considered axiomatic.

This paper compliance, however, was by far the smallest and perhaps in many respects the least important part of the job to be done.

Not long before Congress enacted the 1939 amendment, the President of the United States had issued an Executive order requiring establishment of personnel departments in all agencies of the Federal Government. This action drained off into the Federal service a large number of the persons technically equipped in the personnel field. Only a limited crop was left to the States for discharging the responsibilities which they had undertaken by reason of the amendment. The Board's efforts to assist the States in meeting the inevitable administrative difficulties which faced them were of two kinds. Our first job was to point out again and again, and then to reiterate, the need for developing

\*Executive Director, Social Security Board. This article is based on a talk given before a field staff conference of the Board's State Technical Advisory Service.