

# SOCIAL INSURANCE AND RELATED MEASURES IN WARTIME EUROPE

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*With full realization that events in the current European situation may reduce to mainly academic interest the provisions outlined below, and equal realization of the implications which war holds for all programs for social security, this article is nevertheless presented to outline current information on the main emergency measures adopted by European nations to adapt the structure of their social insurance systems to meet the hazards which war brings to civilian populations as well as to the fighting forces.*

THE SPREAD of the war in Europe, bringing with it the need for emergency measures to deal with unusual economic problems, has naturally had a marked effect on the existing social insurance systems in the countries involved. New methods of warfare, quite unlike those of 1914-18, have created additional hazards which governments must recognize and for which compensatory provisions must necessarily be made. Under present conditions, the civilian population is subject to injury to virtually the same extent as are the fighting forces, and ordinary disability benefits under a peacetime social insurance program are too limited in scope and adequacy.

Further, what in normal times would be called unemployment is particularly aggravated in the case of families whose breadwinner is engaged in military activity, not only by the loss of any unemployment benefits but also by the fact that his military pay alone would not suffice to provide proper support for his dependents. For reasons of social equity, therefore, as well as of national expediency in maintaining the morale of the civilian population at as high a level as possible, governments must see to it that the families of the fighting men suffer as little as possible from their enforced absence. Finally, in simple justice, provisions must be made for the maintenance, without continued contribution payments, of the benefit rights which the fighting men may have acquired in their normal occupations.

The leading belligerent countries were prompt in adopting legislation to meet these requirements, and other nations—some still neutral, and some subsequently involved in hostilities—had likewise made preparations for possible emergencies. It is, of course, too early to determine the extent

of the financial burden which these extraordinary disbursements will entail, especially when it is remembered that regular war disability and survivors' pensions will add further national commitments which will increase in volume as the war progresses. In fact it may even be said that a war of the present magnitude must necessarily strain the financial and economic resources of participating countries to such a degree as to provide a critical test of the basic strength of existing social insurance systems. By way of illustration, it is sufficient to recall Germany's experience following the termination of the first world war.

## *Modifications of Old-Age and Sickness Insurance Systems*

In an outline of wartime measures with respect to the basic systems of old-age and sickness insurance, it is interesting to observe that the three leading belligerents—France,<sup>1</sup> Great Britain, and Germany—have made the same general modifications in their programs, in spite of the fact that the administrative features of their respective systems are entirely unlike. France, for example, assesses old-age insurance contributions on the basis of a percentage of salaries, and determines the pensions by the amount of lifetime earnings. The British system has flat-rate contributions, varying only with the sex of the individual, and grants flat pensions, regardless of earnings. Germany uses the wage-class system, and its old-age pensions represent a flat amount payable to all recipients, over and above the amount paid on the basis of individual contributions. In all three countries measures were taken promptly at the outbreak of

<sup>1</sup> It should be remembered that this article was written before the cessation of hostilities in that country.

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war to maintain the insurance rights of mobilized men and to protect whatever rights to sickness insurance benefits they and their families had acquired through the wage earner's affiliation.

In France, the adaptation of the general social insurance system to war needs was effected by decree of September 26, 1939. For purposes of old-age and invalidity benefits, a mobilized person is deemed to have continued to receive, throughout the entire period of his service, the same salary or wage he was receiving when called to the colors. Upon discharge, he will be considered to have paid the necessary minimum contribution to entitle him to a continuation of his rights under the sickness insurance system. Wives and children of service men also retain their rights to sickness and maternity benefits, without the payment of contributions. The same broad policy is being followed in Germany and to a modified extent in Great Britain.

Prior to the war, members of the British regular armed forces were covered under compulsory health and pensions insurance. Under the National Health Insurance and Contributory Pensions (Emergency Provisions) Act of September 3, 1939, the same rules were made to apply to the nonregular forces, including women engaged in the nursing and auxiliary services. To maintain insurance status, contributions must continue to be paid in behalf of the individual. For that reason, a member of the fighting forces is called upon to pay his own contribution toward pension insurance—namely, 5½d. a week in the case of men—but the equivalent amount which is normally contributed by the employer becomes payable by the Government.

The fact that the British soldier is required to make a definite contribution out of his pay reflects the pay scales in the British forces, which are materially higher than those of France or Germany. A similar situation existed in the American armed forces during the first world war when, in the absence of a national system of social insurance, members of the United States Army and Navy were encouraged to take out Government life insurance at nominal rates and were also compelled to make regular allotments to their wives and children out of their pay.

In the matter of health insurance the British fighting man is not required to pay any contribution; the Government, however, pays the full

amount—3d. a week, a reduction of 6d. from the regular rate—thus maintaining all rights to which the insured would be entitled. These premiums are paid to the approved society of which the man was a member before his call to the colors, or, in the absence of such membership, to the Navy, Army and Air Force Insurance Fund, an organization which, in peacetime, fulfills the functions of an approved society on behalf of members of the regular forces. The Pensions Account, under the Treasury, continues to receive and to handle pension insurance contributions.

### *Family Allowances*

The extreme importance of ensuring maintenance, if not an adequate standard of living, for the families of the men who have been called to the colors has been recognized by the belligerent nations and by other countries not yet involved. Before the outbreak of the war, Germany and Switzerland had already established regulations for granting family allowances. France and Great Britain adopted provisions early in September 1939.

In France, under a decree of September 9, 1939, allowances are granted only to families who prove that they are in need because of the loss of the principal breadwinner; applications must be approved by special committees set up in each canton. The allowances are to be paid to the soldier's legal wife, or his children, or his nearest living parent; only one principal allowance can be made for the entire group of dependents, and only in exceptional cases can grants be made to individuals other than those listed. The basic allowance is set at 12 francs a day in Paris and the Seine department; this is reduced to 8 francs in other communities with more than 5,000 population and to 7 francs elsewhere. These amounts are increased by supplements for each dependent child under 16 years of age in the amount of 5.50 francs a day in Paris and 4.50 in other communities.

In Germany, the basic act of March 30, 1936, was brought up to date by orders of July 11 and September 1, 1939. The German provisions differ in one essential respect from French regulations, in that Germany grants family allowances to wives or children without proof of dependency. When the application for an allowance is made on behalf of some other member of the family,

dependency must be established. There is also a wide latitude in determining the amounts of the allowances, which are to be based on the cost of living and the normal standard of living in the district in which the applicant lives. An additional amount is to be granted to cover payments for rent and social insurance contributions.

By way of illustration, a study in the "Soziale Praxis" of September 15, 1939, indicates that the basic amount which would be payable in a city to the wife of a mobilized man would be about 64 marks a month, to which would be added about 19.50 marks for a child under 16 years of age; an additional 30 marks for rent would bring the total to 113.50 marks a month. If the wife enters employment, the amount of the allowance is reduced in proportion to her earnings. Incidentally, she is not only encouraged to seek work but must, under ordinary conditions, accept a suitable position when offered, under penalty of being denied the assistance allowance. The German system goes even further in its endeavor to ease the strain on the home front. If the mobilized man directed his own business, special provisions are made to remunerate the worker engaged to replace him, in order that the business may continue to operate and thus assure the necessary income for the subsistence of the family; in these cases, of course, the ordinary family allowance is not paid.

In Great Britain, uniform regulations granting family allowances have been adopted by the three branches of the fighting forces—the Army, Navy, and Air Force. An interesting feature is that the allowances are granted only if each man makes a definite weekly allotment out of his pay to his family. This allotment varies from 7s. to 28s. according to rank and pay. The supplementary Government allowance amounts to 17s. a week for the wife, 5s. for the first child, 4s. for the second, and 3s. each for any others. An allowance may be claimed by a single man in behalf of one dependent relative, but this allowance is contingent upon a household means test and is not granted if the relative in question belongs to a household in which the total weekly income, after payment of rent and local assessments, is 15s. or more per person. If the allowance is paid, it is not to exceed an amount which would increase the total household income to 18s. 6d. per person, or to 23s. 6d. if the relative is living alone.

Before entering the conflict, Belgium and the Netherlands had found it necessary to institute a system of family allowances as a result of the protracted period of anticipatory mobilization. It may be presumed that these allowances are no longer being paid. Among the nations which, at this time at least, are still neutral, family allowances are provided for in Switzerland, Sweden, Hungary, Yugoslavia, and Bulgaria. A measure of this nature was also in effect in Denmark but, in all likelihood, is no longer in force.

### *War Injury Provisions*

Under conditions of "total" warfare, the risks of death or physical injury are no longer confined to the fighting forces but menace the civilian population as well. Accordingly, provisions for compensation in such cases are known to have been made in France, Germany, and Great Britain.

In Great Britain, under the terms of the Personal Injuries (Emergency Provisions) Act, 1939, and the Order of September 14, 1939, payments are made to persons enrolled in civil defense and also to all persons normally engaged in gainful employment. The grants consist of a temporary injury allowance, varying according to marital status and sex and paid in cases when the incapacity for work has lasted 7 consecutive days. Later, if the injury has resulted in serious and prolonged disablement, pensions become due and are established on a sliding scale with respect to sex, age, and the degree of disability above 20 percent. Thus, a male person under 18 years of age, with a disability rating of between 20 and 29 percent, would receive 2s. 6d. a week; a man over 21 years old and totally disabled would be entitled to 32s. 6d. a week. Corresponding figures for women would be 2s. 6d. and 22s. 6d., respectively. These pensions are supplemented by family allowances with respect to the wife and children under 15, and provisions are also made for survivors' benefits.

A special order of September 22, 1939, was issued for war pensions and detention allowances in the case of members of the mercantile marine; the size of the vessel and the nature of the duties performed on board serve to assign to officers and men ranks equivalent to those in the Royal Navy, and the pensions are paid according to the scale in force in that branch of the service. Of the detention allowances, which are determined by the

rank and the family status of the individual, a part is set aside for payment to the seaman on his return, and the balance is turned over to his wife or other dependents.

In France, provisions in this respect are embodied in the acts of March 31 and June 24, 1919, as amended by the act of July 28, 1921. Civilian war victims receive pensions on the same basis as those paid to members of the fighting forces and are entitled to virtually all the other prerogatives granted to ex-service men, such as free medical attendance, artificial limbs and orthopedic appliances, and vocational training. The only major difference is in cases of disability resulting from illness; to be eligible for a pension on this basis, a civilian must establish the fact that the illness was caused, and not merely aggravated, by ill-treatment at the hands of the enemy. Such a provision does not apply to service men.

Under an order of September 1, 1939, extending the provisions of an act of August 26, 1938, Germany provides for free medical and occupa-

tional assistance to its civilian war victims. In addition, monthly cash payments of 15, 30, or 50 marks, according to the degree of injury, are granted regardless of any other income except the pension or salary of a civil servant or the pay of an army officer. When the disability proves permanent, the pensions vary according to the family status and the place of residence; they range from 40 to 105 marks a month.

Measures have been generally taken to coordinate these various allowances with the basic social insurance legislation, in order to avoid administrative confusion and duplication of payments. In addition, the necessity once again of providing for war disability pensions and survivors' pensions for the dependents of deceased members of the fighting forces introduces another problem which, of course, can best be met with the passing of time. It is hoped that any outstanding developments may be reported here, on the basis of documentary material as it is received.

## EXTENSION OF THE SCOPE OF NATIONAL ASSISTANCE PROGRAMS IN GREAT BRITAIN

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*In contrast to the wartime emergency measures discussed in the preceding article, the changes outlined briefly here represent presumably permanent trends in the development of the British program for old-age security.*

IN 1934 Great Britain established a nationally financed and administered system of relief for the able-bodied unemployed who could not qualify for unemployment insurance benefits, had exhausted their rights to such benefits, or needed their insurance benefits supplemented. Varying local standards of relief to the unemployed were thus replaced by uniform scales of allowances and uniform definitions of need. Since 1921 a large part of the burden of caring for the unemployed had been carried by the National Government through the payment of extended unemployment insurance benefits. In 1931 the insurance system was limited to provision of benefits for 26 weeks in a year. The cost of relief to insured workers

who remained unemployed beyond this period was financed by the National Government, though the means test was administered by local authorities. In 1934 the administration of relief for the entire group of employable persons—both those previously covered by unemployment insurance and those not previously covered—was made subject to Nation-wide standards and entrusted to a new agency, the Unemployment Assistance Board.

In March of this year this Board was made responsible for the administration of supplementary relief payments to needy recipients of old-age pensions, and its name was changed to the Assistance Board. This change is of importance with respect to the future both of public assistance and of old-age insurance.

\*Bureau of Research and Statistics. For a discussion of the roles of unemployment insurance and unemployment assistance in Great Britain see an earlier article by the authors in the *Bulletin*, March 1940, pp. 3-12.