



REPORTS AND ENQUIRIES

The Application of the New Social Insurance Legislation in France

The compulsory social insurance system instituted in France by the Act of 30 April 1930 consists of two main schemes which to a great extent operate separately: a general insurance scheme, covering workers in commerce and industry and domestic servants, and an agricultural insurance scheme. The risks covered (sickness, maternity, invalidity, old age, and death) are divided into two groups, described according to the system of financial organisation applied to them as accumulation risks (invalidity and old age) or assessment risks (sickness, maternity, and death).

The first report on the results of the working of the social insurance schemes was submitted to the President of the Republic at the beginning of 1934.¹ Most of the information it contains relates to the period 1 July 1930 to 31 December 1931, which was adopted as the first financial period for the scheme, but in certain cases the data also refer to the calendar year 1932. The figures are nearly always given separately for general and for agricultural insurance, and there are special statistics concerning voluntary insurance (general and agricultural) and the special women's scheme for non-working wives of insured men, widows of insured men, divorced women, and widows of deceased ex-service men who have not remarried.

The report closes with two theoretical studies. The first deals with morbidity, considered separately for members of the general and the agricultural schemes, and is based mainly on the distribution by age and wage classes of the 615,000 members of the Inter-Departmental Fund for Seine and Seine-et-Oise. The second discusses the scales of fees (*tarifs de responsabilité*) adopted by the funds for the repayment of medical, surgical, and hospital expenses, and the general scale fixed by the Superior Social Insurance Council (*tarif limitatif des droits à la réassurance*) as the limit beyond which the insurance funds may not reinsure for additional expenditure.

The following pages summarise the first report on the application of social insurance in France, considered successively from the standpoint of scope, insurance institutions, financial resources, benefits, and financial management.

¹ *Journal Officiel*, 8 March 1934, Annexe.

SCOPE

The bodies responsible for the registration of insured persons are the departmental or, in exceptional cases, inter-departmental services, which are administrative and supervisory services directly responsible to the Minister of Labour. These services receive the declarations of employment which the employers have to make for every insured person in respect of whom compulsory contributions are due. They register the insured persons on the basis of the declarations made by the employer or, in the case of workers employed by several employers or working intermittently for the same employer, by the workers themselves. Duplicate or unnecessary entries which may have been made for one reason or another, in particular as a result of a change of job or defective declarations, are then checked and eliminated.

The statistics of names entered in and removed from the register make it possible to calculate the number of compulsorily insured persons registered. The returns for 31 December 1932, which appear to be more exact and uniform than any of the preceding statistics, give the following figures for the various categories of workers covered by the Act of 30 April 1930.

The total number of persons registered under the general scheme (workers in industry and commerce and domestic servants) was 9,259,660 distributed as follows :

9,184,763 wage earners under 60 years of age and earning less than 15,000 francs a year (18,000 francs in industrial areas scheduled by the Minister of Labour) ;

42,500 wage earners under 60 years of age earning more than the specified maximum but admitted to insurance on account of their family responsibilities ;

875 persons compulsorily insured under the Workers' and Peasants' Pension Act of 5 April 1910, between 60 and 65 years of age on 1 July 1930, who fulfil the conditions entitling them to a life pension paid by the State under that Act and have not yet been awarded this pension ;

31,522 wage earners between 60 and 65 years of age on 1 July 1930 who have not satisfied the conditions entitling them to a State pension under the Workers' and Peasants' Pension Act.

The total of 927,216 persons registered under the agricultural scheme comprised :

918,567 wage earners under 60 years of age and earning less than 15,000 (or 18,000) francs ;

119 wage earners under 60 years of age earning more than the specified maximum but admitted to insurance on account of their family responsibilities ;

8,530 wage earners between 60 and 65 years of age on 1 July 1930, including persons compulsorily insured under the Workers' and Peasants' Pension Act.

separate statistics have been compiled for workers covered by special schemes in respect of certain risks, e.g. persons employed by State, departmental, or communal authorities, railway employees, etc., who are admitted to insurance in virtue of the so-called "Co-ordination Decree". At 31 December 1932 this category comprised 8,879 non-agricultural and 66 agricultural workers registered for insurance against accumulation risks and 39,536 non-agricultural and 20 agricultural workers registered for insurance against assessment risks.

Another series of statistics relates to workers who are not insured, but in respect of whom contributions must be paid by the employers. They are as follows :

- (1) wage earners under 60 years of age earning more than 15,000 (or 18,000) francs and less than 25,000 francs : 207,211 non-agricultural and 160 agricultural workers ;
- (2) wage earners over 60 years of age who are not eligible for insurance, i.e. who do not belong to any of the categories mentioned above : 402,474 non-agricultural and 31,311 agricultural workers ;
- (3) aliens who have resided in France for less than three months and are not covered by diplomatic agreements : 2,130 non-agricultural and 453 agricultural workers.

Payment of the joint contribution, which is borne in equal proportions by the employer and the insured person, is effected by affixing stamps to an annual card for accumulation risks and to quarterly cards for assessment risks. The affixing of stamps may be replaced by franking by a special machine. Special stamps, in books with counterfoils, are provided for use by employers whose business involves the frequent engagement and discharge of workers. Payment may also be made in cash or by crossed cheque. The four quarterly cards and the annual cards (combined in a contribution book since 1932) are issued free of charge to the insured persons by the departmental services. They are returned to the services stamped, machine franked, or accompanied by a receipt for payment in cash or by cheque.

The returns of the departmental services relating to the movement of annual and quarterly cards show the extent of their administrative activities and give some idea of the measure in which the statutory liability to insurance is actually applied. The most significant results are those obtained from the statistics of the general scheme. The proportion of superfluous registrations is shown by the ratio between the number of contribution books issued and the number of persons registered as insured. At the end of 1932 there were about 9,260,000 persons registered, and 8,216,865 contribution books had been issued during the year ; the latter figure represents a proportion of 89 per cent., showing that superfluous registrations amounted to about 11 per cent. of the whole number at the end of 1932. The measure in which the law is applied is indicated by the ratio of the number of quarterly cards returned to the departmental services properly stamped or with a receipt for cash payment, to the number issued to insured persons. For 1932 the proportion was estimated at about 70 per cent.

on the basis of the ratio of the number of quarterly cards returned (approximately 23,140,000) to the number issued, which is taken as four times the number of contribution books issued, or approximately 32,860,000.

A first estimate of the number of contributors may be made from the statistics of registrations and of affiliations to insurance institutions, but the figures so obtained — 9,000,000 for the general scheme and 900,000 for the agricultural scheme — are too high and may be regarded as representing an upper limit.

The results obtained from the statistics of annual and quarterly cards are more reliable. These give 6,450,000 persons liable to insurance under the general scheme during the period 1 July 1930 to 31 December 1932, which is equivalent to 5,800,000 insured persons paying contributions over the whole year. For agricultural insurance the number of contributors is estimated at 400,000 in 1931 and 600,000 in 1932.

INSURANCE INSTITUTIONS

Statistics of Funds and their Membership

The organisation of insurance funds follows the distinction established by the law between accumulation risks and assessment risks.

Accumulation Funds.

Invalidity and old-age insurance is administered by primary accumulation funds and by the General Guarantee Fund. The latter acts as an equalisation and reinsurance agency with the help of the two funds under its management, the Augmentation and Solidarity Fund and the Guarantee and Equalisation Fund.

The statistics relating to accumulation funds first classify the funds by membership. The results are shown in table I.

TABLE I. PRIMARY ACCUMULATION FUNDS CLASSIFIED BY MEMBERSHIP

Number of members	General scheme				Agricultural scheme			
	Number of funds		Percentage of total membership		Number of funds		Percentage of total membership	
	End of 1931	End of 1932	End of 1931	End of 1932	End of 1931	End of 1932	End of 1931	End of 1932
Under 2,000					20	31	1.2	1.3
2,000-4,999	14	10	0.5	0.3	6	7	3.0	2.5
5,000-24,999	37	27	5.5	5.0	5	10	6.3	11.6
25,000-99,999	16	17	8.5	9.0	2	1	16.0	8.8
100,000-1,000,000	12	12	27.7	29.2	2	3	73.5	81.3
Over 1,000,000	2	2	57.8	56.5				
Total	81	78	100.0	100.0	35	52	100.0	100.0

Primary accumulation funds may be formed either by the public authorities or by private initiative. The National Old-Age Pension Fund was expressly empowered by the Social Insurance Act to administer old-age and invalidity insurance. All other primary funds were set up by private agencies; they may take the form of mutual benefit societies governed by the Mutual Benefit Societies Act of 1 April 1898, or workers' pension funds operating under the Workers' and Peasants' Pensions Act of 5 April 1910 before the new schemes were introduced may be transformed. Lastly, works funds set up for purposes of insurance, assistance, or pensions may be approved as primary funds as defined by the Social Insurance Act.

The statistics relating to accumulation funds under the general scheme are summarised in table II. The figures given for the proportion of the total membership in each category of fund, however, are not of very great value, because of the provision for automatic affiliation to the National Old-Age Pension Fund or to the joint fund created by the amalgamation of a former departmental or regional workers' and peasants' pension fund with a mutual benefit society.

Agricultural workers are insured either with the National Old-Age Pension Fund or with mutual benefit funds for the insurance of agricultural workers.

The National Old-Age Pension Fund comprised 37.1 per cent. of all compulsorily insured agricultural workers at the end of 1931 and 32.5 per cent. at the end of 1932.

The mutual benefit funds for agricultural workers comprised 62.9 per cent. of all persons insured under the scheme at the end of 1931 and 67.5 per cent. at the end of 1932.

TABLE II. ACCUMULATION FUNDS FOR THE GENERAL SCHEME
CLASSIFIED BY TYPE OR ORIGIN

Type of fund	Number of funds		Percentage of total membership	
	End of 1931	End of 1932	End of 1931	End of 1932
National Old-Age Pension Fund	1	1	34.5	33.3
Mutual benefit funds	64	63	60.1	61.6
Mutual benefit funds for workers' pensions	5	4	1.6	1.6
Regional funds for workers' pensions	2	2	1.3	1.1
Trade union funds for workers' pensions	3	3	2.2	2.1
Employers' funds (section 44 of the Act)	6	5	0.3	0.3
Total	81	78 ¹	100.0	100.0

¹ 9 of these funds insured against old age only.

Assessment Funds.

Insurance against death, sickness, and maternity is administered (a) by primary assessment funds, (b) by departmental or inter-departmental federations of primary funds, which undertake reinsurance, and (c) by the General Guarantee Fund, which is at once a body for regulating resources and a fund which replaces the primary funds for the service of certain special benefits.

The classification of the primary assessment funds according to their membership is shown in table III.

TABLE III. PRIMARY ASSESSMENT FUNDS CLASSIFIED
BY MEMBERSHIP

Number of members	General scheme				Agricultural scheme	
	Number of funds		Percentage of total membership		Number of funds	Percentage of total membership
	End of 1930	End of 1932	End of 1930	End of 1932	End of 1932	End of 1932
Under 500	145	114	1	0.3	92	2.0
500-1,999	290	234	5	2.8	64	7.4
2,000-9,999	229	275	16	13.9	110	55.0
10,000-99,999	137	155	78	47.5	19	35.6
Over 100,000		10		35.5		
Total	801	788	100	100.0	285	100.0

The primary assessment funds for the general scheme were founded by mutual benefit societies or federations of such societies (mutual benefit funds), by trade associations (trade union funds), by employers' agencies (works funds), or by voluntary associations of insured persons.

Insured persons who have not joined any fund belonging to one of the above categories are automatically affiliated to the departmental fund.

Table IV, based on the statistics compiled for the primary assessment funds for the general insurance scheme, shows the number of funds of the various types, according to an enquiry carried out on 1 August 1931. The figures are not very conclusive, however, as a great many trade unions, employers (or groups of employers), and voluntary associations of insured persons have formed or promoted mutual benefit societies for the purpose of applying the Act.

TABLE IV. PRIMARY ASSESSMENT FUNDS FOR THE GENERAL SCHEME CLASSIFIED BY TYPE OR ORIGIN

Type of fund	Number of funds	Percentage of total membership
Departmental funds	86	63
Mutual benefit funds	634	34
Trade union funds	15	1
Voluntary associations of insured persons	56	2
Works funds	2	—
Total	793	100

The primary assessment funds for the agricultural scheme numbered 285 in all at the end of 1932 and comprised :

84 agricultural sections of departmental funds, covering 35.9 per cent. of all compulsorily insured agricultural workers ;

106 mutual benefit societies consisting solely of agricultural workers, covering 54.4 per cent. of all compulsorily insured agricultural workers ;

95 agricultural sections of mutual benefit societies not consisting solely of agricultural workers, covering 9.7 per cent. of all compulsorily insured agricultural workers.

The primary assessment funds for the general scheme have also been classified according to the groups with which they appear to be connected (table V), although the existence or solidity of the ties linking any particular fund to any particular federation cannot be guaranteed.

FINANCIAL RESOURCES

The funds of the social insurance schemes are derived from contributions paid by the workers and their employers and from subsidies from the public authorities.

The total joint contribution varies according to the wage class to which the insured person belongs. It is fixed at 8 per cent. of the basic wage, the latter being determined in accordance with the following scale :

Annual wage class	Basic daily wage
Frs.	Frs.
I. Up to 2,399	6
II. 2,400-4,499	12
III. 4,500-5,999	18
IV. 6,000-9,599	24
V. 9,600 and over	36

TABLE V. PRIMARY ASSESSMENT FUNDS FOR THE GENERAL SCHEME CLASSIFIED ACCORDING TO GROUP TO WHICH THEY ARE ATTACHED

Type of fund	Number of funds		Membership (thousands)		Percentage of total membership	
	End of 1931	End of 1932	End of 1931	End of 1932	End of 1931	End of 1932
I. Mutual benefit funds :						
A : Regional	115	115	1,461	1,558	16.6	16.5
B : Local	90	93	244	252	2.8	2.7
II. Employers' funds and occupational funds :						
C : Inter-occupational, founded under auspices of chambers of commerce	46	46	337	349	3.8	3.7
D : Corporative or occupational for insured persons working for several employers	93	90	314	330	3.6	3.5
E : For workers in a single firm	232	224	336	342	3.8	3.6
III. Funds attached to religious organisations : F	77	77	585	656	6.7	7.0
IV. Workers' funds : G	57	57	261	325	3.0	3.4
V. Departmental funds : H	86	86	5,244	5,623	59.7	59.6
Total	796	788	8,782	9,435	100.0	100.0

Amount of Contributions

The proceeds of the sale of insurance stamps and insurance payments in cash are paid into a Ministry of Labour account at the Deposit and Trust Fund, which thus receives all the compulsory contributions of the workers and the employers. As an exception, however, part of the contributions assigned to cover the assessment risks of agricultural workers is paid directly to the agricultural insurance funds ; this part has not been included in the statistics, and appears to be of very little importance.

TABLE VI. TOTAL AMOUNT OF CONTRIBUTIONS PAID

Date	Contributions paid during past six months	Contributions paid since 1 July 1930
	Frs.	Frs.
31 Dec. 1930	1,496,736,174.32	1,496,736,174.32
30 June 1931	1,793,916,647.53	3,290,652,821.85
31 Dec. 1931	1,768,484,690.81	5,059,137,512.66
30 June 1932	1,631,321,283.06	6,690,458,795.72
31 Dec. 1932	1,630,476,876.62	8,320,935,672.34

The monthly variations in the total amount of contributions are shown in table VII.

TABLE VII. MONTHLY TOTAL OF CONTRIBUTIONS
(*Million francs*)

Month	1930	1931	1932
January	—	300	336
February	—	298	253
March	—	308	254
April	—	297	299
May	—	285	242
June	—	304	248
July	90	301	299
August	161	282	240
September	304	286	238
October	336	312	321
November	289	281	258
December	316	306	275

These figures suggest the following observations as regards the movement of contributions since the inception of the scheme :

- (1) During the first quarter of the application of the scheme payments rose very rapidly ;
- (2) During the fourth quarter of 1930 and throughout 1931 the movement of payments took the form of an oscillation of increasing amplitude ;
- (3) During 1932 maxima were reached at the beginning of every quarter, i.e. at the periods for returning the annual and quarterly cards.

The same movement may also be followed in the figures contained in table VIII.

The relative frequency of the various methods of paying social insurance contributions is shown by special statistics, indicating in particular that, during the second half of 1932, 79.8 per cent. of the contributions were paid by means of ordinary stamps or franking machines, 0.5 per cent. by special stamps, and 19.7 per cent. by cash payments.

TABLE VIII. AVERAGE MONTHLY CONTRIBUTION PER INSURED PERSON REGISTERED

Month	1930	1931	1932
January	—	33.42	32.66
February	—	32.11	24.36
March	—	32.74	24.39
April	—	31.34	28.58
May	—	29.60	22.99
June	—	31.22	24.97
July	13.07	30.55	30.02
August	21.29	28.55	24.00
September	38.37	28.77	23.51
October	41.90	30.98	31.67
November	33.87	27.74	25.51
December	35.24	30.06	27.13

Allocation of Contributions to the Funds

The amounts paid into the central "stamps account" at the Deposit and Trust Fund are distributed among the different institutions by a system designed to transfer from the general fund to the accounts opened in each fund the sum necessary to cover each risk insured or reinsured. These operations are effected by the departmental services.

TABLE IX. SUMS ADVANCED AND FINALLY CREDITED TO THE FUNDS
(*Million francs*)

Description of funds	Sums advanced to the funds		Sums finally credited to the funds	
	Up to 31 Dec. 1931	Up to 31 Dec. 1932	30 July 1930 to 31 Dec. 1931	During 1932
Assessment funds	1,620	3,244	1,429	1,478
Accumulation funds	907	2,563	665	1,141
Workers' and peasants' pension funds	9	10	—	—
Reinsurance federations	67	143	172 ¹	—
General Guarantee Fund	344	1,717	—	—
Total	3,447	7,677	—	—

¹ 1 July 1930 to 31 December 1932.

To prevent the payment of benefit from being held up by any delays which may arise in the process, the funds receive advances on account. The total sums assigned to the funds thus comprise both the advances and the amounts finally credited to them. The particulars of the sums finally credited, exclusive of the advances made, are taken from the reports of the departmental services.

The amount paid into the insurance contributions account at the Deposit and Trust Fund was 1,331 million francs up to 31 December 1930, 4,900 million francs up to 31 December 1931, and 8,145 million up to 31 December 1932.

Employers' Payments to the General Guarantee Fund

Under the Act of 30 April 1930 employers are required to pay a contribution in respect of all workers, whether insured or not, whose annual earnings are more than 15,000 (or 18,000) francs and not more than 25,000 francs. The rate of this contribution was fixed for 1930 at two-thirds and for 1931 and 1932 at half the contribution payable for an insured person belonging to the fifth wage class. The amount received by the General Guarantee Fund under this head was 27,976,707 francs up to 31 December 1931 and 54,068,226 francs during 1932.

The General Guarantee Fund also receives payments in respect of pensioned workers over 60 years of age and foreign workers who have been employed in France for less than three months and are not covered by a diplomatic agreement. Under this head the Fund received 63,355,677 francs up to 31 December 1931 and 95,464,138 francs during 1932.

BENEFITS

The expenditure of the social insurance schemes began on 1 October 1930 with the payment of sickness and maternity benefit. Benefits at death became payable only as from 1 July 1931, and no invalidity pensions were paid up to 31 December 1931, as the qualifying period of two years could not be completed before the end of the first financial period. As regards old-age insurance, no expenditure can be made before 1935, a minimum period of five years' payment of contributions being imposed during the transitional period.

To sum up, therefore, during the first financial period the insurance institutions were only required to pay benefits in cash and in kind on account of assessment risks.

The cash benefits included :

- (1) a daily allowance equal to half the basic wage from the sixth day after the beginning of the sickness or the accident and until recovery or until the expiry of a period of six months ;
- (2) half the fraction of the contribution which must be assigned to old-age insurance from the sixteenth day after the beginning of the sickness or the accident and for as long as the daily allowance continues to be paid ;
- (3) a nursing bonus in the form of a monthly allowance of 150 francs for the first four months, 100 francs for the fifth and sixth months, and 50 francs from the seventh to the ninth month ;

- (4) as an alternative to the nursing bonus, milk tickets may be granted for the period and to the amount prescribed by the doctor, up to a maximum value of two-thirds of the nursing bonus ;
- (5) a lump sum at death fixed at 20 per cent. of the average annual wage of the insured person, with a guaranteed minimum of 1,000 francs in the case of an insured person who has paid his annual contributions regularly since registration, but provided that it may not exceed two-thirds of the actual wages of the deceased.

Benefits in kind included medical, surgical, and pharmaceutical expenses, dental attendance, the cost of maintenance in hospital or curative institutions, treatment in nursing institutions and dispensaries, allowances paid instead of medical treatment, and the reimbursement of the cost of medical attendance granted under the public medical scheme.

TABLE X. TOTAL BENEFITS PAID IN 1930-1931

(Thousand francs)

Benefits	Beneficia ies	Risk			
		Sickness	Maternity	Death	Total
General scheme (compulsory and special) ¹					
Cash benefits	Insured person	285,108	88,868	—	373,976
Cash benefits	Insured person's family ²	—	—	6,672	6,672
Benefits in kind	Insured person	256,949	23,697	—	280,646
Benefits in kind	Wife or husband	57,328	28,404	—	85,732
Benefits in kind	Children	65,807	—	—	65,807
Miscellaneous expenses (supervision, etc.)	—	5,828	1,509	44	7,381
Total	—	671,020	142,478	6,716	820,214
Agricultural scheme (compulsory)					
Cash benefits	Insured person	7,138	5,281	—	12,419
Cash benefits	Insured person's family ²	—	—	175	175
Benefits in kind	Insured person	12,051	1,745	—	13,796
Benefits in kind	Wife or husband	3,981	3,009	—	6,990
Benefits in kind	Children	4,567	—	—	4,567
Miscellaneous expenses (supervision, etc.)	—	100	—	—	100
Total	—	27,837	10,035	175	38,047

¹ Including half-contributions to old-age insurance.² Benefits payable to the wife or husband, children, or dependants in the ascending line in this order.

Particulars as to expenditure on benefit on account of assessment risks for the period 1 October 1930 to 31 December 1931 were not obtained for all insurance institutions. Hence the statistics given below do not relate to all assessment funds but are based on the preliminary accounts of 756 primary funds for general insurance, covering 98.4 per cent. of the insured, and 238 agricultural funds, covering 95 per cent. of the compulsorily insured and 62 per cent. of the voluntarily insured agricultural workers.

From the above returns estimates of the expenditure incurred on all insured persons have been made by extrapolation. These are shown in table XI.

TABLE XI. ESTIMATE OF TOTAL BENEFITS GRANTED TO ALL INSURED PERSONS FOR THE PERIOD 1 OCTOBER 1930 TO 31 DECEMBER 1931
(*Million francs*)

Risk	Compulsory insurance		Voluntary agricultural insurance
	General	Agricultural	
Sickness	682	29.3	4.6 0.7
Maternity	145	10.6	
Death	7	0.2	
Total	834	40.1	5.3

Table XII shows the classification of benefits according to beneficiaries.

TABLE XII. PERCENTAGE DISTRIBUTION OF BENEFITS ACCORDING TO BENEFICIARIES

Scheme	Insured person	Insured person's family	Various
General : compulsory	79.8	19.3	0.9
Agricultural : compulsory	68.9	30.9	0.2
Agricultural : voluntary	50.6	49.1	0.3

To the expenditure of the primary assessment funds must be added that of the General Guarantee Fund, which is responsible for the payment of various supplements that are enumerated in table XIII. These supplements are paid by the primary funds on account of the General Guarantee Fund ; as the settlement of accounts necessarily takes some time, the expenditure for one financial period may figure in the statistics for the following one. It is therefore of interest to consider the figures for 1932 in conjunction with those for 1930-1931.

TABLE XIII. EXPENDITURE OF THE GENERAL GUARANTEE FUND

Item	1 October 1930 to 31 December 1931	1932
Compulsory insurance :	Frs.	Frs.
Completion of capital sum on death	16,856.23	481,302.89
Supplements for dependants :		
Sickness, maternity	9,077,951.22	17,254,100.13
Death	54,400.00	1,115,700.00
Orphans' pensions	—	78,481.83
Voluntary insurance	7,387.00	40,801.75
Special insurance	34,585.50	80,983.00
Total	9,191,180.00	19,051,369.60

On the basis of the results obtained for all benefits, the average expenditure per head may be calculated by considering either the number of persons registered or the number of persons paying contributions. The average expenditure per insured person registered is estimated at 99.15 francs in the general scheme and 50.45 francs in the agricultural scheme. The average expenditure per person paying contributions is naturally higher, amounting to 144.15 francs in the general scheme and about 100 francs in the agricultural scheme. In considering these figures, however, it must be borne in mind that during the first period of the application of the Act the benefit scheme was not in complete operation because a great many of the insured were still unaware of the extent of their rights or began to contribute only in September or October 1930, and also because benefits on death did not become payable until 1 July 1931. The figures are therefore far below the real average cost of insurance per head, which cannot be estimated with any degree of accuracy until statistics for a longer period are available.

FINANCIAL MANAGEMENT

The First Balance Sheets of the Insurance Funds (as at 31 December 1931)

The first financial period for the insurance schemes having been fixed at 18 months, the funds drew up their first balance sheets on the basis of their profit and loss accounts at 31 December 1931. These balance sheets were subsequently combined in order to give at least a rough general balance sheet for each of the branches of insurance. They include in every case a number of accounts outstanding at the end of the financial period, relating to operations begun in that period but which could not be settled until later.

The first balance sheet (table XIV) was made up by adding together the results of the balance sheets of 713 primary assessment funds for the general scheme, and covering 95 per cent. of the workers compulsorily insured under that scheme. Most of these funds show a surplus, a result which was to be expected from the remark just made that at the beginning of the period the number of persons in receipt of benefit was relatively small owing to the insured persons' ignorance of their rights or delay in the payment of contributions or in registration. Only a few funds showed a deficit : 6 for the sickness risk, 185 for the maternity risk in compulsory insurance, and 60 for the maternity risk under the special scheme.

TABLE XIV. PRIMARY ASSESSMENT FUNDS FOR THE GENERAL INSURANCE SCHEME : COMBINED BALANCE SHEET AT 31 DECEMBER 1931 ¹

Assets		Liabilities		
	Frs.		Frs.	Frs.
Cash in hand	16,964,397.11	Credit balance from profit and loss accounts	408,445,430.67	
Current accounts (Deposit and Trust Fund, Bank of France, postal cheque account, etc.)	560,515,746.61	General and special reserves	367,600,887.60	
Investments	81,274,400.75	Appropriation of 5 per cent. of surplus for General Guarantee Fund	40,844,543.07	816,890,861.34 ²
Sums receivable, not included in profit and loss accounts	95,476,150.84	Sums payable, not included in profit and loss accounts (advances)		269,939,627.78
Sums receivable, included in profit and loss accounts (contributions not yet credited to funds by departmental services)	539,548,481.37	Sums payable, included in profit and loss accounts (benefits in course of payment)		192,338,623.34
Miscellaneous	4,041,687.90	Miscellaneous		18,651,752.12
Total	1,297,820,864.58	Total		1,297,820,864.58

¹ 713 primary assessment funds, covering 95 per cent. of the persons compulsorily insured under the general scheme.

² This sum of 816,890,861.34 francs (the surplus of receipts) in the liabilities includes 347,209,858.03 francs representing the difference between the sums payable (benefits) and the sums receivable (contributions) included in the profit and loss accounts. This appears in the balance sheet as the difference between the 539,548,481.37 francs of sums receivable (contributions) in the assets and the 192,338,623.34 francs of sums payable (benefits) in the liabilities.

The first three items in the liabilities represent 50, 45, and 5 per cent. respectively of the surplus on the financial period's working, which was not wholly available at 31 December 1932 but was represented for the most part on that date by sums which would gradually be credited to the funds by the departmental services. Investments consisted mainly of State securities and railway bonds, and included very little real property (4,716,000 francs).

A second balance sheet (table XV) has been constructed by adding the results of the balance sheets of 183 primary assessment funds for agricultural insurance covering some 64 per cent. of the insured agricultural workers. Owing to the interval of three months prescribed by the law between the first payment of contributions and the acquisition of the right to benefit, the ignorance of certain insured persons as to their rights, and the increase in the number of contributors, the expenditure for the first financial period is small in comparison with

the contributions collected and the supplements paid. Moreover, the delay in the payment of supplements by the General Guarantee Fund has substantially increased the amounts owing to the funds which figure in the balance sheet under sums receivable. The surplus shown in this second balance sheet at the end of 1931 thus consisted very largely of supplements which had not yet been paid by the General Guarantee Fund and could therefore not be used by the funds to which they belonged. Deficits were recorded only for the maternity risk, and this in the case of 13 funds only, where it was amply balanced by the surpluses on the other risks.

About two-thirds of the investments of the funds consisted of loans to agricultural credit institutions and the remaining third of securities accepted as collateral by the Bank of France.

TABLE XV. PRIMARY ASSESSMENT FUNDS FOR THE AGRICULTURAL INSURANCE SCHEME: COMBINED BALANCE SHEET AT 31 DECEMBER 1931¹

Assets		Liabilities	
	Frs.		Frs.
Cash in hand	474,015.93	Credit balance from profit and loss accounts	39,974,290.96 ²
Current accounts	11,918,232.04	Debit balance on current accounts with reinsurance federations	3,772,121.91
Credit balance on current accounts with reinsurance federations	248,522.67	Appropriations for General Guarantee Fund (agricultural sections of departmental funds)	1,248,361.70
Securities	418,085.13	Sums payable, not included in profit and loss accounts	11,253,545.55
Sums receivable, not included in profit and loss accounts	51,313,448.68	Sums payable, included in profit and loss accounts	13,381,355.19
Sums receivable, included in profit and loss accounts	4,768,777.41	Miscellaneous	16,790.38
Miscellaneous	5,333.83	Securities deposited by cashiers and assistant cashiers	270,300.00
Securities deposited as guarantee by cashiers and assistant cashiers	270,300.00		
Total	69,916,765.69	Total	69,916,765.69

¹ 183 primary assessment funds, covering about 64 per cent. of all insured agricultural workers.

² This sum of 39,974,290.96 francs (the surplus of receipts) in the liabilities includes 38,432,093.49 francs representing the difference between the sums payable (benefits) and the sums receivable (contributions) included in the profit and loss accounts. The difference appears in the balance sheet as the difference between the 51,813,448.68 francs of sums receivable (contributions) in the assets and the 13,381,355.19 francs of sums payable (benefits) in the liabilities.

As regards the accumulation funds, the balance sheets of 76 primary old-age insurance funds covering 65 per cent. of the persons compulsorily insured under the general scheme and 6 per cent. of the persons compulsorily insured under the agricultural scheme were first combined. The results thus obtained were then added to the figures for the special social insurance section of the National Old-Age Pension Fund to give a general balance sheet (table XVI) covering 99.5 per cent. of the persons insured under the general scheme and 40 per cent. of those insured under the agricultural scheme.

As the old-age pension funds did not have to pay any benefits during the period under review and were authorised to devote the whole of their resources to the constitution of surpluses, the amount of their actuarial reserves at the end of the financial period was equal to the amount of contributions received during the period.

TABLE XVI. OLD-AGE PENSION FUNDS: COMBINED BALANCE SHEET AT 31 DECEMBER 1931¹

Assets		Liabilities	
	Frs.		Frs.
Liquid assets	216,497,855.15	Actuarial reserves:	
Long-term investments:		Compulsory insurance:	
State securities, or securities guaranteed by the State	352,073,827.31	general scheme and section 15 (3)	498,252,987.13
Loans to municipalities	104,376,490.79	Special insurance	73,920.81
Loans to cheap housing and agricultural credit institutions	38,175,000.00	Compulsory insurance: agricultural scheme	5,375,025.78
Other securities, mortgage loans	34,858,438.55	Workers' and peasants' pensions ²	22,761,218.30
Real property	14,935,552.22	Voluntary insurance: general scheme	253,157.53
		Voluntary insurance: agricultural scheme	1,011,833.56
Sums receivable and miscellaneous	17,857,696.28	Reserves out of surplus revenue	7,861,090.65
Deficit from profit and loss accounts	4,396,952.18	Advances	238,493,127.53
		Sums payable and miscellaneous	9,089,451.17
Total	783,171,812.46	Total	783,171,812.46

¹ 76 primary old-age insurance funds and special social insurance section of the National Old-Age Pension Fund.

² As regards workers' and peasants' pensions, account has been taken only of those workers' and peasants' pension funds which amalgamated with the social insurance funds that succeeded them.

Definite rules were applied for valuing the securities held by the funds. These securities were valued at the rate quoted on the Paris Stock Exchange on 31 December 1931, or at cost, whichever was lower. The depreciation was estimated separately for each purchase and not on the basis of the average price for all securities of the same kind.

The large amount of liquid assets is not to be explained by the necessity for the funds to have sufficient money available, but is merely due to the time-lag between the allocation of the contributions to the funds and the investment of the corresponding amounts.

The investments in each kind of security represent the following percentages of the total investments:

	Per cent.
State securities, or securities guaranteed by the State	67.6
Loans to municipalities	7.0
Loans to cheap housing and agricultural credit institutions	11.0
Other securities, mortgage loans	10.1
Real property	4.3
Total	100.0

LIQUID ASSETS AND INVESTMENTS DURING 1932

For 1932 the information on financial management relates only to the liquid assets and the investments of the insurance funds.

The liquid assets of the assessment funds were still very extensive in 1932, a maximum of about 764,700,000 francs having been reached at the end of the year. The progressive increase is due, in particular, to greater promptness on the part of the departmental services in the allocation of contributions. The liquid assets of the accumulation funds correspond to the time-lag between the allocation of contributions and their investment. These sums increased in 1932 as a result of the distribution of the amounts representing old-age contributions and the granting of advances ; they reached a maximum in June 1932, and returned to the level of the end of 1931 by 31 December 1932.

The accounts of the Deposit and Trust Fund show separately the liquid assets and the funds for investment, the latter being the funds which the Deposit and Trust Fund is responsible for investing but has not yet invested. The balance in hand of these funds at 31 December 1932 was as follows :

	Thousand francs
National Old-Age Pension Fund	54,155
Accumulation funds :	
Liquid assets	166,593
Investment funds	66,210
Assessment funds :	
Liquid assets	764,665
Investment funds	9,240
Total	1,060,863

TABLE XVII. INVESTMENTS SELECTED BY THE FUNDS

(Thousand francs)

Type of investment	Primary assessment funds	Accumulation funds
State securities, and securities accepted as collateral by the Bank of France	207,949	415,335
Real property	6,242	72,431
Loans to departments and municipalities	2,224	148,814
Loans to cheap housing and agricultural credit institutions	1,484	31,682
Mortgage loans	150	72,154
Total	218,049	740,416

In accordance with the provisions of the Act of 30 April 1930 the available moneys of the insurance funds were invested with due regard to the nature and extent of the risks insured, in the classes of securities

and with the approval of the authorities specified in the Act. Half of these investments may be in securities chosen by the funds themselves, the other half being decided by the Deposit and Trust Fund on its own initiative. The investments selected by the funds, other than the securities accepted as collateral by the Bank of France, were made directly by the funds themselves and subsequently reported to the Deposit and Trust Fund. As this notification was omitted in certain cases the particulars collected on this point are incomplete. Further, the Deposit and Trust Fund has given only the nominal value or the annual revenue in francs for the investments made on its initiative. Hence the tables given below are useful only as a general indication; but they nevertheless give some idea of the distribution of the securities held by the social insurance funds at 31 December 1932.

TABLE XVIII. INVESTMENTS SELECTED BY THE DEPOSIT AND TRUST FUND
(*Thousand francs*)

Type of investment	Primary accumulation funds	National Old-Age Pension Fund	Primary assessment funds
State annuities (annual income)	345	—	74
State securities, and securities guaranteed by the State (nominal value)	117,818	61,056	140,237
Land and municipal bonds (nominal value)	22,319	25,015	117
Bonds of principal railway companies (nominal value)	512,589	512,589	83,875
Loans on policies	—	124,142	—
Other securities	107,532	—	14,012

MANAGEMENT AND INSTALLATION EXPENSES

Under the Act of 30 April 1930 the maximum percentage of the contributions received which the funds might allocate to management expenses was fixed at 3.5 per cent. Two subsequent decrees authorised supplements to the management allowances of certain funds. Table XIX shows the sums allocated to the various institutions as management allowances.

In 1930-1931 the position of the primary assessment funds as regards management expenses was that management expenses were higher than allowances in 467 funds and lower in 320 funds; the total management expenses amounted to 65,305,000 francs. In 1932 management expenses were higher than allowances in 458 funds

and lower in 1934; the total management expenses amounted to 72,673,000 francs.

TABLE XIX. MANAGEMENT ALLOWANCES
(*Thousand francs*)

Year	General scheme			Agricultural scheme	
	Assessment funds		Accumulation funds	At rate of 3.5 per cent.	Supplements
	At rate of 3.5 per cent.	Supplements			
1930	357	—	—	—	—
1931	43,430	4,431	8,404	382	—
1932	49,778	9,414	13,065	2,329	1,202
Total	93,574	13,845	21,469	2,711	1,202

In conformity with the Act of 30 April 1930 the General Guarantee Fund advanced loans to various funds to cover the expenses of establishment, to be repaid within not more than fifteen years. These advances amounted in the case of primary assessment funds to 20,916,911 francs in 1930 and 14,501,465 francs in 1931, and in the case of primary accumulation funds to 1,024,235 francs in 1930 and 4,501,465 in 1931.

The amount still due to the General Guarantee Fund on account of establishment loans at 31 December 1932 was 4,980,293 francs from the accumulation funds and 32,283,953 francs from the assessment funds.

The Depressed Areas in Great Britain ¹

The reports of the four Commissioners appointed in April 1934 by the British Government to investigate industrial conditions in the depressed areas of West Cumberland, Durham and Tyneside, South Wales and Monmouthshire, and Scotland have recently been published. ² These reports contain a wide range of practical proposals

¹ After the reports summarised below were published it was pointed out in Parliament that the word "depressed" had caused dissatisfaction in the areas concerned, which were not depressed but only distressed owing to the condition of trade. It was finally decided that in future these areas would be officially known as "special" areas.

² MINISTRY OF LABOUR: *Reports of Investigations into the Industrial Conditions in Certain Depressed Areas of: I. West Cumberland and Halkhistle. II. Durham and Tyneside. III. South Wales and Monmouthshire. IV. Scotland.* London, H.M. Stationery Office, 1934, 240 pp.