

REPORTS AND ENQUIRIES

Social Insurance in the Netherlands

Social insurance in the Netherlands is highly developed. The absence of uniformity and co-ordination, however, has given rise to various proposals for reorganisation of the entire system or of certain branches. A Bill for the reorganisation of accident insurance in industry and commerce has been submitted to the Superior Labour Council. At the same time, a joint committee of the Social-Democratic Labour Party and the Netherlands Trade Union Congress has published a comprehensive plan for the reorganisation of social insurance in general. Before proceeding to set out these plans or proposals, however, an outline of the existing system will be given below so as to enable the reader to judge their meaning and importance.

When the first Accident Insurance Bill was presented to Parliament in 1897, there existed only a small number of undertakings that had insured their workers with private companies. The Bill provided for administration of accident insurance in industry and commerce by the State Insurance Bank to the exclusion of any other insurance carriers. During the discussion of the Bill, however, objections were raised in the First Chamber to a monopoly on the part of the State Insurance Bank. The Government therefore presented a new Bill which allowed employers to transfer their risks to an approved insurance company or mutual insurance society or in special cases to carry the risks themselves.

The Accident Insurance Act for industry and commerce came into force in 1902 and was subsequently revised several times. In 1921 its scope was extended and the law was consolidated. At the outset the scheme covered only workers in undertakings employing mechanical power; later other workers in industry and commerce were also included.

Employers in agriculture, foreseeing that accident insurance would subsequently also be introduced for agriculture, set up voluntary organisations for the insurance of their workers against accidents in the hope that when accident insurance for agriculture was established these organisations could take part in the administration of compulsory insurance. When accident insurance for workers in agriculture was established in 1922 there already existed these insurance organisa-

tions of employers, and on them the compulsory scheme was built up. They were made the carriers of compulsory insurance, in conjunction with the State Insurance Bank.

In the meantime, the Invalidity and Old Age Insurance Act was passed in 1913, but only transitional provisions granting pensions out of public funds to persons over 70 years of age came into force on 3 December 1913. Insurance properly so called became effective on 3 December 1919, after the law had been amended and its scope extended. The Act of 1913 did not provide for widows' and orphans' insurance; this branch was introduced in 1919.

The Sickness Insurance Act was adopted in 1913, but did not come into force until 1 March 1930 after modification of its provisions.

Sickness insurance has always been popular in the Netherlands, more particularly insurance for medical treatment. A large number of medical benefit funds already provided for the voluntary insurance both of wage earners and of other persons living in similar circumstances. The Social Insurance Acts cover only wage earners. The provision of proper medical care, however, is of importance not only for wage earners but for all who cannot afford to pay for medical treatment themselves. The Sickness Insurance Act, which covers only wage earners, therefore provides solely for cash benefits in case of sickness. As the question of appropriate medical benefit concerns the whole population and not only workers, Parliament intended to pass an Act establishing regulations for medical benefit insurance for the whole population.

As regards the application of the sickness insurance law, the scheme adopted under the Agricultural Accident Insurance Act served as a model. The application of the law was entrusted to joint funds voluntarily created by workers' and employers' organisations and to the Labour Councils, comprising representatives of employers' and workers' organisations and a chairman appointed by the Queen.

It is only under the Invalidity, Old Age and Widows' and Orphans' Insurance Act that a fair measure of centralisation in the organisation of insurance has been achieved. In that field little had been done by private initiative owing to the nature of the risks to be covered. Apart from certain large industrial funds, such as the miners' fund at Limburg and the railway pension fund, insurance is administered exclusively by the State Insurance Bank, assisted by the above-mentioned labour councils. The differences in the organisation of the various branches of insurance are due to the fact that insurance was introduced by stages. The question of the application of insurance as a whole was not considered from the beginning.

Repeated attempts to submit voluntary sickness insurance to State supervision by issuing regulations for medical benefit insurance have so far failed owing, among other reasons, to differences of opinion between the medical profession and the mutual benefit funds.

A scheme for voluntary old-age insurance, which was originally subsidised by the State and designed to complete the compulsory pension scheme by the voluntary insurance of independent workers, has not proved successful.

PRESENT ORGANISATION OF SOCIAL INSURANCE

*Risks Covered**Loss of Wages.*

Compensation is granted for loss of wages in the event of an industrial accident, either under the Accident Insurance Act of 1921 for industry and commerce or under the Agricultural Accident Insurance Act of 1922, provided that incapacity for work subsists on the third day after the accident. The rate of compensation payable during the first six weeks amounts to 80 per cent. of that part of the wage which does not exceed eight florins a day; if the worker is partially or totally disabled after six weeks, 70 per cent. of the wage or less, according to the degree of disability, is granted as from the date on which payment of temporary benefit ceases, or, if no such benefit was payable, from the day following the accident.

In the event of sickness not due to an industrial accident, compensation for loss of wages is paid under the Sickness Insurance Act after a waiting period of two days and for not more than 26 weeks, the rate being 80 per cent. of wages (in case of confinement of a married insured woman, 100 per cent.).

Permanent loss of at least two-thirds of earning capacity entitles the worker to a pension under the Invalidity Act after a qualifying period of 150 weeks of contribution. The pension is also granted temporarily, if invalidity has lasted six months. The annual pension is proportionate to the contributions paid and amounts to 260 times the average weekly contribution — the basic pension — plus an increment of 11.2 per cent. of the total sum of contributions paid, subject to a minimum of 20 per cent. of the basic pension. The pension granted to a worker retiring at the age of 65 is computed in the same way.

In case of death of the insured person due to an industrial accident, the surviving dependants, including wife, dependent husband, children and dependent grandchildren under 16 years, and dependent parents and grandparents, receive pensions, the aggregate amount of which may not exceed 60 per cent. of the daily wages of the deceased worker. If a breadwinner insured under the Invalidity Act dies, his widow is entitled under the Invalidity Act to a pension of six-fifths of the basic pension to which the insured person was or would have been entitled in case of invalidity, if she is either an invalid or 60 years of age. Orphans under 14 years of age receive jointly the same pension.

Members of the Miners' Pension Fund at Limburg are entitled to a pension in the event of occupational incapacity after a qualifying period of 120 months of contribution or on attaining the age of 60 years (in the case of underground workers, 55 years). Widows and orphans are also entitled to pensions. Any pensions due under the Invalidity Act or the Accident Act are deducted in part.

Ill Health.

In the event of an industrial accident, medical treatment is granted as long as it is needed. As pointed out above, no medical benefits are

provided for under compulsory sickness insurance, the provision of medical treatment being left to private insurance. Attendance by a midwife, and if necessary by a doctor, is granted, however, to insured married women in the case of confinement.

On 1 January 1936, all persons insured for medical benefit with private funds were entitled to treatment by a general practitioner as well as to the supply of medicines and dressings ; 95.6 per cent. of these persons were also entitled to specialist treatment, 92.7 per cent. to some form of dental treatment, and 21.9 per cent. to hospital treatment. Other funds, insuring 27.1 per cent. of the total, provided for hospital treatment in return for a special contribution.

Under the Invalidity Act, medical or surgical treatment may be granted as an additional benefit if there is any prospect of preventing invalidity or restoring the earning capacity of the pensioner.

Persons Entitled to Benefits

The great majority of workers in industry, commerce, and agriculture, are insured against industrial accidents, irrespective of income. Seamen are provided for under the Maritime Accident Act of 1919 and the Commercial Code. In industry and commerce, 1,273,000 full-time workers were insured in 1937, the wages bill amounting to 1,346 million florins.

On 31 December 1937, 102,700 undertakings were liable to accident insurance in agriculture ; among these, 17,854, employing 19,700 full-time workers and having a total wages bill of 13,870,000 florins, were insured with the State Insurance Bank.

Compulsory sickness insurance extends to workers in the service of an undertaking and whose income does not exceed 3,000 florins a year. Seamen, to whom special provisions of the Commercial Code apply, domestic servants in private households, who are entitled to limited benefits under the Civil Code, and civil servants, railwaymen, and miners, who have sickness schemes of their own, are exempted. The number of persons covered by the Sickness Insurance Act is not available ; the wages bill amounted to 1,045 million florins in 1936.

Voluntary insurance with a medical benefit fund is generally open to any person whose income does not exceed the limit fixed by the fund, which in the large towns is approximately 3,000 florins a year. On 1 January 1938 no less than 3,747,100 persons were thus insured.

Compulsory invalidity, old-age and survivors' insurance covers persons employed for wages in all branches of work who do not earn more than 2,000 florins a year at the time when they enter insurance or more than 3,000 florins at any time and are 14 years of age or over but under 35 years of age when entering. The number of insured contributors and pensioners was estimated at 2,400,000 on 31 December 1937 ; in addition, 1,050,000 persons continued to be insured but were no longer contributing. On 31 December 1934, 1,896,098 persons were paying contributions. Civil servants are insured under the Pensions Act of 1922.

To those workers who had attained the age of 70 years on 3 December 1919 pensions are or were paid out of public funds. For those between 65 and 70, provision was made under the voluntary old-age insurance scheme.

Miners employed as wage earners and under 40 years of age when entering insurance are members of the pension scheme set up by the Miners' Fund at Limburg. For miners insured under the general scheme — those who satisfy the conditions for insurance under the Invalidity Act and those who have at any time been insured under that Act — the Miners' Fund pays contributions to the Invalidity Fund in place of the employer.

Railwaymen are exempted from insurance under the general scheme, being members of the Railway Pension Fund.

Under the Voluntary Old Age Insurance Act of 1919 any person, whether a wage earner or not, may insure against old age. Until September 1923, persons over 35 years of age and therefore too old on 3 December 1919 to obtain a reasonable pension at the rate of contribution fixed for self-supporting insurance, were allowed to insure at a reduced rate, if not assessed in respect of 2,000 florins or more for income tax. Those under 35 could insure at a premium covering the cost of pensions but not of administration, subject to the same income limit. Persons who had attained the pensionable age of 65 years on 3 December 1919 were granted pensions out of public funds if they were not assessed for income tax in respect of 1,200 florins a year or more. For persons insuring after September 1923, however, insurance has to be self-supporting, and no subsidies are paid in respect of administration or pensions.

Organisation

A feature peculiar to social insurance in the Netherlands is the lack of uniformity in the organisation of insurance. As regards accident insurance for industry and commerce, application of the law is entrusted exclusively to public institutions — the State Insurance Bank and the Labour Councils. The same applies to invalidity, old-age and widows' and orphans' insurance. The application of the accident insurance law for agriculture is entrusted to public institutions — the State Insurance Bank and the Labour Councils — and employers' associations, known as trade associations (*bedrijfsverenigingen*). Sickness insurance is carried and administered either by the Labour Councils or by funds set up by the workers' and employers' organisations. Voluntary medical benefit insurance is both carried and administered by private organisations.

There is a tendency to extend the participation of employers' and workers' organisations in the administration of insurance, a tendency that will be found in the organisation of accident insurance for workers in agriculture and of sickness insurance, in the draft Bill amending the accident insurance scheme for workers in industry and commerce, and in various articles that have appeared in the press, proposals for the reorganisation of insurance, etc.

STATUTORY INSTITUTIONS.

The State Insurance Bank (Rijksverzekeringsbank).

The State Insurance Bank is managed by a Board of three directors, appointed by the Crown. The Board¹ is placed under the supervision of a Supervisory Council consisting of representatives of the principal national employers' and workers' organisations and neutral members, all of whom are appointed by the Government.

The functions of the Bank² are as follows :

Accident insurance. As regards industry and commerce, the Bank is exclusively competent to administer accident insurance ; it determines all claims, pays out cash benefits, and secures the provision of medical services even in the case of employers who have transferred their risk to approved insurance companies. Undertakings may be authorised to provide treatment by their own medical services during the first six weeks, if the service conforms to the standards fixed by the Bank, and these undertakings also pay compensation in respect of the first six weeks of incapacity.

The Bank is assisted by the Labour Councils.

The risk, however, is carried only by the Bank for those workers whose employers are not insured with an approved insurance company or mutual insurance society of employers or self-insured. For employers insured with the Bank, the Board determines the class of risks to which the undertaking is to be assigned. Rates of contribution are fixed by the Government.

As a result of this distribution of risks, the small undertakings and the bad risks are mainly insured with the accident fund of the Bank. In 1936, 85 per cent. of the undertakings liable to insurance were insured with the Bank, but these accounted for only 36 per cent. of the workers and 29 per cent. of the total wages bill. The average number of workers per undertaking was 2.69, as compared with 23.07 for the other accident insurance carriers and 296.66 for self-insured undertakings, the general average being 6.37. The accident rate was 103.52 per 1,000 full-time workers for the Bank, 79.10 for other carriers, and 77.03 for self-insurers (these figures refer to incapacitating accidents only).

Both insurance carriers and self-insurers must refund to the Bank the amounts paid in benefits to workers whose risks they carry and deposit capital sums corresponding to the pensions granted.

As regards agriculture, the Bank, assisted by the Labour Councils, carries the risk for workers whose employers are not members of a trade association, and administers insurance for these workers only.

Sickness insurance. In this branch of insurance, the Bank only supervises the Labour Councils.

¹ " Board " in this context means the Board of Directors of the State Insurance Bank.

² " Bank " in this article means State Insurance Bank.

Pension Insurance. Compulsory insurance against invalidity, old age and death is both carried and administered by the Bank, with the assistance of the Labour Councils.

Voluntary self-supporting old-age insurance is also administered by the Bank, and a special fund has been constituted for this purpose, known as Old Age Fund B.

State-subsidised voluntary old-age insurance, admission to which has been discontinued since September 1928, includes the administration of pensions granted out of public funds under the Invalidity Act to persons who had reached the age of 70 when the Act came into force. Until 1936 a separate fund existed for this branch, the so-called Old Age Fund A, administered by the Bank. Since 1 January 1936, however, Fund A is amalgamated with the Invalidity Fund in the Pension Fund.

The Labour Councils.

Labour Councils are regional public bodies representing employers' and workers' organisations and the State. Their members are appointed by the Government on the proposal of the principal central organisations of employers and workers and must be either employers or workers or members of an executive of an industrial organisation. The chairman is appointed by the Crown and must be neither an employer nor a worker. The Labour Council is in certain respects responsible to and placed under the supervision of the State Insurance Bank.

Accident insurance. In industry and commerce, Labour Councils ascertain the undertakings liable to insurance, advise the Bank on the classification of these undertakings, prepare the decisions of the Bank on claims, and levy contributions.

In agriculture, Labour Councils assist the Bank in the same way as under the scheme for industry and commerce, in respect of undertakings insured with the Bank. They ensure that all undertakings liable to insurance are registered, including those affiliated to a trade association.

Sickness insurance. The sickness funds of the Labour Councils insure on a regional basis persons whose employers are not members of a trade association, and administer the scheme in respect of these persons. Rates of contribution are fixed by the Government.

On 31 December 1936, 111,925 undertakings were affiliated to the 25 Labour Councils in respect of sickness insurance; the wages bill insured was 142,839,000 florins. In 1937, the wages bill was 148 million florins. All Councils are united in the Federation of Labour Councils.

Pension insurance (invalidity, old age, and death). Labour Councils also assist the Bank in the administration of compulsory pension insurance. They determine liability to insurance, issue pension cards, control the payment of contributions, and prepare the decisions of the Bank on claims.

In the same way, Labour Councils assist the Bank in the administration of voluntary old-age insurance.

Trade Associations.

Employers' trade associations for accident insurance. Agricultural accident insurance is to a large extent carried and administered by the so-called trade associations, corporate bodies formed by employers and approved by the Government. The number of employers affiliated must be at least 1,000, and the wages insured not less than 7½ million florins. One-half of the number of members on the executive committee must be workers' representatives appointed by the Government from candidates proposed by workers' organisations designated to this effect.

The associations may not make profits but need not be formed exclusively for the purpose of carrying accident insurance. Membership must be open to any employer satisfying the conditions laid down in the rules and regulations, but may be confined to employers in a specified branch of agriculture, or to members of a religious community.

The association determines claims, pays compensation in respect of accidents occurring in undertakings of affiliated employers, and secures the provision of medical services.

The funds required to pay benefits, cost of administration, and other overhead expenses, are levied by assessment on the members of the association in accordance with its rules and regulations. The Bank, however, determines liability to insurance.

Trade associations are placed under the supervision of a Board consisting of an uneven number of members and a chairman appointed by the Crown. Two-thirds of the members are chosen from candidates proposed by the workers' and employers' organisations designated by the Government to this effect. The Board is consulted by the Government on all questions concerning the approval of a trade association or of its rules and regulations, reports to the Government, and has power to inspect the books and documents of an association. Costs are borne by the associations.

Trade associations must notify the Bank of their decisions concerning pension claims and deposit with the Bank amounts corresponding to the present capital value of pensions and all other costs where the pension is definitive.

Agricultural accident funds established by employers already existed when the Act of 1922 came into force. Among these funds the Central Association of Agricultural Mutual Insurance Societies (*Vereeniging "De Centrale Landbouw-Onderlinge"*), the Association of Horticultural Mutual Insurance Societies (*Vereeniging "De Tuinbouw-Onderlinge"*), and the Roman Catholic Agricultural Federation (*Roomsch-Katholieke Boerenbond*), were the most prominent. On 31 December 1937 there were eight trade associations; the wages bill insured with these associations was 116.7 million florins. For the Agricultural Association the wages bill was 44.1 million florins, for the Horticultural Association 12.6 million florins, and for the Roman Catholic Federation 23.1 million florins. When compulsory sickness insurance came into force in 1930 these eight associations also obtained approval for special sections as carriers of sickness insurance. Generally, the administration of these sections is entrusted to the manage-

ment of the original associations, who as a rule also undertake voluntary accident and sickness insurance for employers. Several of these associations have handed over their administration to a special institution (the *Coöperatieve Vereeniging "Centraal Beheer"*).

The federation of self-insured shipowners and of shipowners' mutual insurance societies known as *Zee-Risico* administers insurance of seamen under the Maritime Accident Act of 1919. The total number of members was 666 on 30 June 1938, with 1,219 ships; the wages bill was 26.6 million florins. Administration of the *Zee-Risico* is entrusted to the *Centraal Beheer*.

Since the coming into force of the provisions of the Commercial Code concerning sickness benefits for seamen on 1 October 1937, one of the affiliated societies also carries insurance in respect of sickness benefits payable by the shipowner, and other societies are preparing to do so.

Joint trade associations of employers' and workers' organisations. Trade associations for sickness insurance can be formed jointly by employers' and workers' central organisations. The wages paid by the employers affiliated to a trade association must amount to at least 2½ million florins a year. All workers in the service of employer members are insured at the risk of the association. Not less than half of the members of the executive committee must be appointed by the workers' organisations affiliated to the association. A trade association may establish branch funds for a particular undertaking or several undertakings belonging to one firm.

The association both carries and administers insurance, determining claims, paying benefits, and fixing its own rates of contribution.

Supervision is entrusted to a Board composed in the same way as that supervising the agricultural trade associations.

On 31 December 1936, 53 associations with a membership of 162,524 employers insured a total wages bill of 902 million florins. In 1937 the wages bill amounted to 983 million florins.

The majority of the trade associations — 48 out of 53 in 1937 — are united in a Federation which is administered by the *Centraal Beheer*.

Trade associations were originally intended to represent particular industries. In practice, however, a considerable number are of a general character. Frequently, also, several associations insure workers in the same industry.

The miners' pension scheme is administered by the board of management of the Miners' Fund at Limburg, consisting of equal numbers of representatives of employers and workers.

PRIVATE INSURANCE ORGANISATIONS.

Side by side with compulsory insurance there exists an extensive system of voluntary sickness insurance created by various organisations. Numerous employers' mutual insurance societies carry accident insurance in industry and commerce. Finally, the great majority of insurance institutions created by employers or in which employers

participate have handed over their administration to a special organisation, the *Coöperatieve Vereeniging "Centraal Beheer"*.

Medical Benefit Funds.

According to the statistics compiled by the Central Statistical Office there existed 439 medical benefit funds on 1 January 1936, with a membership of 3,337,823, including dependants entitled to benefits. The largest fund, created by the Netherlands Medical Association, had 81 branches and insured 32.8 per cent. of all persons covered by voluntary sickness insurance. Some 205 mutual benefit societies had a membership of 27.6 per cent. of the total insured population. Most of these societies are combined in the Netherlands Federation of Sick Funds. They include independent funds and funds attached to associations. Twenty-two so-called "management funds", with 594,717 members, or 17.8 per cent. of the total, belong either to a body other than an industrial or transport company — for example, an insurance company — or to a person other than a doctor. Sixty-one works funds, with 356,214 members, or 10.7 per cent. of the total membership, insure the workers employed in a particular undertaking or industry. Some of these funds are subsidised by the undertaking which is represented on the executive, and membership is compulsory. Thus, the Miners' Medical Fund at Limburg provided for 116,274 persons on 31 December 1937, including 103,037 members of the sickness funds administering cash benefits and 13,733 members of the pension fund. Other works funds are mutual benefit societies administered by the members only. Funds belonging to individual doctors number 133, and insure 89,659 persons, or 2.7 per cent. of the total number. The remaining 17 funds, with 281,046 members, are mainly owned by two or more doctors or pharmacists.

A Bill to regulate voluntary sickness insurance was introduced in 1920. It was amended several times but was not debated in the Second Chamber.

Accident Insurance Carriers.

As was stated above, employers in industry and commerce can transfer their risks under compulsory accident insurance to a limited company or mutual insurance society. At present six limited companies are allowed to carry these risks. The largest of these companies is the *Centrale Werkgevers Risico-Bank*, or Central Employers' Insurance Bank, founded by the Netherlands Employers' Association, with a membership of 12,380 employers on 31 December 1938, grouped in 51 mutual insurance societies set up for the various branches of industry or commerce. As regards compulsory insurance, the *Risico-Bank* and the other companies only carry the risk but do not take part in the application of the law. The State Insurance Bank determines all claims and pays cash benefits, etc., even to workers in the service of employers who are insured with limited companies. The limited companies refund to the Bank the benefits granted to workers in the service of their members and deposit securities in respect of pensions granted to these workers.

The Centraal Beheer.

The *Risico-Bank* has set up for purposes of administration a separate institution, the *Centraal Beheer*, to which the Association of Agricultural Mutual Insurance Societies, the Horticultural Association, the Ship-owners' Insurance Society, and 19 trade associations for sickness insurance, have also entrusted their administration.

CO-ORDINATION OF INSURANCE CARRIERS.

The organisation of social insurance, as will be seen from the preceding outline, is largely decentralised. The State Insurance Bank, the Labour Councils, the trade associations for agricultural accident insurance, and the trade associations for sickness insurance take part in the administration of social insurance.

The Labour Councils are combined in the Federation of Labour Councils, and most of the trade associations are affiliated to the Federation of Trade Associations. Many questions concerning insurance are jointly discussed and dealt with by these Federations. The collaboration between different insurance carriers and the organisations concerned appears to be very satisfactory.

The State Insurance Bank and the two Federations have agreed with the Netherlands Medical Association on a tariff of medical fees, and the same conditions and the same fees thus apply in respect of medical services obtained from doctors at the expense of any of the organisations affiliated.

An Advisory Committee, representing employers' and workers' central organisations is consulted by the State Insurance Bank on questions of social insurance.

Provision is made under all insurance schemes for appeal from decisions of the authorities entrusted with the application of insurance law, either to arbitration boards or to the regional courts of appeal and to the Central Court of Appeal set up under the Appeals Act.

Financial System

EMPLOYERS' SHARE IN THE COSTS OF INSURANCE.

Employers pay the total contribution due under the Accident Insurance Acts and the Pensions Act and part of the contribution for sickness insurance.

Accident Insurance.

The costs of accident insurance are borne by employers, the State having paid the cost of introducing agricultural insurance by means of a contribution spread over twelve years.

Industry and commerce. For employers who are allowed to transfer their risks to insurance companies or to an employers' mutual insurance society, rates are fixed by the insurance carrier. For employers insured with the State Insurance Bank, coefficients of risk are assigned

to each industry or branch of industry and to each undertaking. Contributions are raised on the assessment system, provisional rates being fixed half-yearly pending the establishment of the balance sheet for the year under review. Costs assessed include the capital value of pensions granted during the year. As was pointed out above, all benefits are granted and paid by the State Insurance Bank with the exception of temporary allowances and medical treatment provided by those undertakings which have established their own medical service. In 1936, 122,676 full-time workers were employed in such undertakings, as compared with a total of 1,184,067 full-time insured persons.

The amount spent in benefits by the Bank in 1936 was 8,621,000 florins, costs of administration amounting to 3,862,000 florins. In 140,306 cases compensation was granted by the Bank : 45,847 injured workers required medical or surgical treatment only ; incapacity lasted less than six weeks in 87,617 and longer than six weeks in 6,569 cases ; and 273 workers died. In 1937, 166,500 cases gave rise to compensation by the Bank.

Rates of contribution charged by insurance carriers other than the Bank are not available. The total amount which would have been paid in contributions if the tariff of the Bank had applied to employers not insured with the Bank was estimated at 16 million florins in 1936, or 1.27 per cent. of the wages bill. For employers insured with the Bank the percentage was 1.59.

Agriculture. The State Insurance Bank granted medical treatment and compensation in respect of 2,890 accidents in 1937, spending 172,000 florins on benefits to workers insured with the Bank. Only 5 cases were fatal ; 160 entailed incapacity of more than six weeks' duration ; in 2,355 cases, incapacity lasted less than six weeks ; and in 370 only medical treatment was required.

The figures available for two of the largest trade associations were as follows. The Central Association of Agricultural Mutual Insurance Societies paid during the financial year 1937-38 compensation in respect of 10,949 accidents, or 20.5 accidents per 100,000 florins of wages, including those in respect of which compensation was paid under voluntary insurance. Under compulsory insurance there were 9,714 cases, or 20.2 per 100,000 florins of wages. Costs amounted to 1.35 florins per 100 florins of wages.

The Horticultural Association spent 1.04 florins per 100 florins of wages in 1937-38, the number of accidents being 2,115 or 13.6 per 100,000 florins of wages. For compulsory insurance only, the figures were 1,922 and 14.6 respectively.

Shipping. In 1937-38, the *Zee-Risico* spent 485,307 florins in respect of 1,835 accidents. The State contributed 63,950 florins.

Costs per 100 florins of wages amounted to 2.75 florins for the Society for Large Freight Transport, 4.25 florins for the Society for Herring Fishing, 10.25 florins for the Ijmuiden Fishing Society and 2.25 florins for the Society for Miscellaneous Maritime Transport.

Sickness Insurance.

Contributions are payable to the extent of at least one-half by the employer. The normal contribution is fixed by the Government at a uniform rate for all Labour Councils; it is at present 1.7 per cent. of the wages insured. For industries with particularly high risks of sickness, rates are increased and vary at present from 1.9 to 5.7 per cent. of the wages. The employer affiliated to a Labour Council fund pays the difference between the rate actually fixed for his industry and half the normal rate. An employer insured with a trade association pays one-half of the rate of contribution prescribed by his association if that rate is less than the normal rate. If the rate of the trade association is higher than the normal rate fixed for the Labour Councils, he pays the difference between the association's rate and half the normal rate. In 1936 rates charged by trade associations varied between 1 and 3.68 per cent. of wages.

Each Labour Council may increase or reduce the contribution for undertakings for which accident costs are shown to justify such a measure, but a reduction must be approved by the Minister.

For the Labour Councils' funds a system of equalising charges was introduced in 1937 when differential rates were abandoned.¹ If it appears at the end of the year that the contributions charged by a fund are insufficient to meet its expenses, the deficit is charged to the other funds.

Pension Insurance.

General scheme. In principle, compulsory pension insurance is to be self-supporting and financed exclusively by employers' contributions on the accumulative system, apart from the costs of administration, which are borne by the State. The State, however, assumed responsibility for the deficit incurred in respect of the insurance of the first generation and provided pensions for those having attained the pensionable age when the scheme came into force on 3 December 1919.

Contributions were calculated so as to cover on an average the costs of insuring future entrants, the average age of whom was found to be 18 to 20 years. Different rates are fixed for five wage classes; but in practice workers are assigned to these classes not in accordance with actual wages but according to sex, age, and to some extent occupation. Thus, all men over 21 years of age are assigned to class V, males over 18 but under 21 to class IV, with the exception of those employed in certain dangerous occupations, who are assigned to class V, and so on. Women aged 21 and over come within the fourth wage class with the exception of those in certain occupations, who are assigned to the fifth or third class, and so on. The classes and corresponding rates of contribution are as follows:

¹ In July 1936 different rates of contribution were fixed for Labour Councils in different regions, but in view of the opposition of both Labour Councils and trade associations the system had to be abandoned, and the law was amended so as to exclude the possibility of fixing differential rates.

Wage class	Weekly contribution
—	—
	Cents
I. Less than 240 florins	25
II. 240 and less than 400 florins	30
III. 400 and less than 600 florins	40
IV. 600 and less than 900 florins	50
V. 900 florins and over	60

Contributions of employers amounted to 41 million florins in 1937. The total sum expended in cash benefits was 33.5 million florins. This sum includes old-age pensions paid partly out of public funds to persons who were insured prior to 1 July 1922 but were over 18-20 years when entering insurance. On 1 May 1939 69,951 invalidity, 114,634 old-age, 42,476 widows' and 14,437 orphans' pensions were being paid.

Mining. Miners, even when insured under the general pension scheme, are members of the pension fund at Limburg and as such entitled to higher pensions than those granted under the Invalidity Act, but are obliged to pay contributions to their fund. The employer's contribution is equal to the total amount paid by his workers. Out of the Miners' Pension Fund the contribution of 0.60 florins per week due under the Invalidity Act is paid.

INSURED PERSONS' SHARE IN THE COST OF INSURANCE AND BENEFITS.

Compulsory Insurance.

Workers contribute only to sickness insurance, except those insured under special schemes.

Sickness benefit insurance. Half of the normal rate of contribution fixed for Labour Council funds may be deducted from the insured person's wages; at present the worker's contribution amounts to 0.85 per cent. of wages.

In 1936, sickness benefit was granted by the Labour Council funds in 37,721 cases during 800,983 days of incapacity to an amount of 1,537,321 florins, or 40.76 florins per case. For trade associations, the corresponding figures were 274,162 cases, 4,248,243 days, and 9.66 million florins, or 35.24 florins per case. In addition, maternity benefit was granted as a rule for six weeks before and six weeks after confinement to insured married women. In 1937, 1,554,000 florins were paid by Labour Councils in 40,600 cases of sickness, the corresponding figures for trade associations being 10.85 million florins and 319,800 cases.

Miners' pension insurance. Miners' contributions to the pension fund at Limburg vary from 3.60 florins a month to 9 florins, according to wages. On 31 December 1937, 8,165 pensions were payable. The total annual value of these pensions was 1,306,203 florins.

Voluntary Medical Benefit Insurance.

Rates of contribution vary from fund to fund and according to the nature of the benefits granted. In 1936, 137 of the 455 funds charging a flat-rate contribution irrespective of income, accounting for 1,309,761 out of 2,898,396 members, charged a weekly rate of 50 to 60 cents for a family with three children. The total income from contributions amounted to approximately 27 million florins in 1935.

Voluntary Old-age Insurance.

Under the Old Age Insurance Act of 1919, any person—whether a wage earner or an independent worker—can insure against old age by paying a premium depending on his age at entrance and the amount of the pension payable at the age of 65. Benefits may also include survivors' allowances. For persons insured after 1 September 1923, insurance is entirely self-supporting. Among those who became insured before September 1923, there are two groups. One group pays a reduced premium of 39 cents a week and is entitled to a pension of 3 florins a week at 65 years of age, payable partly out of public funds, and consists of persons who had attained the age of 35 on 3 December 1919 and became insured before 1 February 1923. The other group pays a premium sufficient to cover the cost of pensions and other benefits, if any, the State defraying the expenses of administration, this group consisting of persons coming within the income limit prescribed who were under 35 years of age on 3 December 1919 and entered insurance before February 1923, or who became insured between February and September 1923. For these persons the maximum pension is 6 florins.

Self-supporting voluntary old-age insurance is administered separately by the so-called Old Age Fund B, while insurance of persons benefiting by a State subsidy was up to 1936 administered by a special fund, the Old Age Fund A, which is now amalgamated with the Invalidity Fund. On 31 December 1936, the number of pensioners under the self-supporting scheme was 281,417.

STATE SUBSIDIES.

In principle, all branches of social insurance are to be self-supporting. The State guarantees the payment of benefits granted to insured persons under the Accident, the Sickness and the Invalidity Insurance Acts, and assumed liability for certain expenses of a transitional nature.

Accident Insurance.

Industry and commerce. The State, until 1935, assumed liability for irrecoverable contributions due to the State Insurance Bank, but these are now charged to the Bank, the self-insurers, and the other insurance carriers, jointly.

Agriculture. The initial costs of administration, as far as they wholly or partly pertained to insurance by trade associations, were

borne by the State and paid in the form of annuities over a period of twelve years.

Seamen. The State pays a contribution in respect of sea fishing and small-freight shipping.

Pension Insurance.

General scheme. As the contribution to pension insurance was calculated so as to cover the cost of pensions for persons aged 14 to 35 entering insurance at a normal rate after the scheme had come into force, a deficit resulted in respect of the first generation. Moreover, persons having attained the age of 35 on the date when the scheme came into force and who would thus normally not have been liable to insurance were also admitted up to 1 July 1922, and entitled to an old-age pension of 156 florins a year after completing a reduced qualifying period, besides being insured against invalidity and death.

For the deficit resulting from the insurance of these groups of persons the State assumed liability, originally in the form of annual subsidies spread over a specified period.

In addition, pensions were granted out of State subsidies to persons having attained the age of 70 years between 3 December 1913, the date when the provision relating to these persons came into force, and 3 December 1919, the date when the Act came into force. These pensions, however, were until 1936 paid out of Fund A, the subsidised voluntary old-age insurance fund.¹

As the State subsidy to Fund A was granted in the form of annual contributions to be spread over a period of 40 years and therefore not sufficient to meet the cost of gratuitous pensions or parts of pensions during the first years of the Fund's existence, this Fund A had to borrow money from the compulsory pension insurance fund, known as the Invalidity Fund, in order to cover the deficit. Subsequently, the State subsidy both to the Invalidity Fund and to Fund A was reduced for financial reasons.

In 1935, however, the budgetary situation of the State led to a complete reorganisation of the financial system of pension insurance. The Invalidity Fund and the subsidised Old Age Fund A were amalgamated in the Pension Fund, the debt of Fund A to the Invalidity Fund being cancelled. State liabilities in respect of the Pension Fund were provisionally determined on a new basis for a period of five years, the accumulation system being replaced by a mixed system of assessment and accumulation. The State meets the annual deficit of the Fund's income and expenditure account, and in addition pays a sum amounting to one million florins in 1936 and increasing each year by one million florins, until the receipts and expenses of the

¹ Originally, the pensionable age had been fixed at 70 years, but before the Act came into force it was reduced to 65 years. For persons between 65 and 70 on the date when the Act came into force and not entitled to a pension under the Invalidity Act, provision was made under the Voluntary Old Age Insurance Act of 1919.

Fund are balanced. In addition, half of any amount by which the State expenditure on unemployment assistance falls short of 52.5 million florins, half of any amount by which the returns from income tax exceed 45.5 million florins, and half of any amount by which returns from the profits tax exceed 70 million florins, are to be paid into the Fund.

In 1937, the State paid 6,345,580 florins to meet the deficit of the year 1936 and two million florins as a regular contribution. In 1938, the Budget provided for 8.4 million florins to meet the deficit of 1937, three million florins as a regular contribution, and two and a half million florins out of profits tax returns.

Miners. Since 1936, the State pays to the Miners' Pension Fund at Limburg a subsidy of 400,000 florins a year, for a period of 75 years, in order to meet the deficit incurred by the fund during the period preceding the insurance of miners under the Invalidity Act.

PROPOSALS FOR THE REORGANISATION OF SOCIAL INSURANCE

Very soon after the coming into force of the Invalidity and Old Age Pensions Act, the need for more unity and for simplification of the social insurance schemes was felt. Articles on the revision of social insurance appeared in the press, and proposals for reorganisation were discussed. A plan for the revision of social insurance with a view to simplifying its organisation and bringing the several branches of social insurance into closer contact was discussed in the Superior Labour Council in 1923. Again in 1929 a plan for simplifying the organisation of the public authorities administering social insurance was discussed by the Council. In 1936 the Government submitted to the Council a draft Bill proposing the participation of trade associations of employers and workers in the administration of accident insurance for industry and commerce. The Government is now conducting an enquiry into old-age pensions, and has appointed a committee to enquire into the system of financing social insurance.

Reorganisation of Accident Insurance in Industry and Commerce

Proposed Legislation.

A Bill introduced in 1936 proposes to include among accident insurance carriers in industry and commerce joint funds of employers' and workers' organisations as under the sickness insurance scheme. The alternative of reinsurance with an insurance company or mutual insurance society, however, is to be maintained for the present. Trade associations are to be the main insurance carriers, and accident insurance would thus no longer be exclusively administered by the State Insurance Bank and the Labour Councils.

Conditions for approval as laid down in the Bill are far more exacting than those under the Sickness Insurance Act; the association must be formed by at least two central organisations of employers and two central organisations of workers, and the wages bill of the

employers affiliated must be at least 50 million florins, or 20 times the amount required under the Sickness Insurance Act; trade associations need not necessarily cover one industry only; general associations might establish branch funds for separate industries or areas. Though there is to be no obligation to this effect, it is expected that the same trade association will administer both sickness and accident insurance.

The Bill was submitted to the Superior Labour Council. Though all members of the Council approved of the principle of organised co-operation between workers and employers, the majority of the members expressed preference for representation of workers and employers in the management of the State Insurance Bank.

Criticism of the Bill.

Employers represented in the *Risico-Bank* strongly disapprove of the attitude adopted by the Superior Labour Council, since they favour the administration of insurance by employers' and workers' organisations. They would, however, deplore any tendency to give preference to trade associations limited to specified industries and with compulsory membership. Though insurance by industry has always been encouraged by the *Risico-Bank*, they are of opinion that any monopoly of an insurance carrier in one industry must tend to weaken the incentive to accident prevention and involve all the dangers inherent in a monopoly. Certain industries, moreover, may be too small to bear their own risk. A system of large general associations with branch funds for separate industries, organised on the lines of the *Risico-Bank* and the Central Association of Agricultural Mutual Insurance Societies, as suggested in the Bill, is considered the best solution.

The Trade Union Federation rejected the Bill in 1936 on the ground that the present system offered better guarantees to the workers. Meanwhile, the Federation and the Labour Party have elaborated a general plan for the reorganisation of social insurance which is described below.

Reorganisation of Social Insurance in General

LABOUR PROPOSALS.

In August 1938 a Joint Committee of the Netherlands Federation of Trade Unions and the Social-Democratic Labour Party published a report on social insurance containing firstly a plan for a complete reorganisation of insurance and secondly a list of the most urgent reforms desired by Labour.

The Committee does not approve of the present system of organisation which has given rise to competition between the different insurance carriers. Public institutions and independent bodies compete for the membership of employers under accident and sickness insurance. No particular undertaking should, in the opinion of the Committee, be privileged or burdened more than similar undertakings.

Moreover, trade associations, it is pointed out, are not in fact true occupational funds; frequently several associations exist for one and the same industry, and certain associations are open to all employers irrespective of industry. Under the accident insurance scheme for industry and commerce, the possibility of transferring risk to a private insurance company or an employers' mutual insurance society also introduces an element of competition.

Risks Covered.

According to the plan proposed by the Joint Committee, insurance against temporary loss of wages owing to sickness and minor accidents is to be separated from insurance against permanent or prolonged loss of wages owing to serious accidents, invalidity, old age, and death. It is pointed out that 92 per cent. of all accidents result in less than six weeks' incapacity, while the remaining 8 per cent. account for 64 per cent. of the amount spent in benefits.

Loss of wages. Insurance against loss of wages owing to sickness and minor accidents—that is, the risk of temporary loss of wages—is to be administered by regional bodies, to be known as district committees, since the main aim of the administration must be to remain in constant and close touch with the insured population. This in the opinion of the Committee can best be achieved by a local organisation representing employers' and workers' organisations. Existing trade associations have not established a sufficiently large number of local offices, and the greater part of the administrative work is done by correspondence with the members. Much the same applies to the Labour Councils, of which there are only 24. The risks covered would include sickness in respect of which the benefit period does not exceed six months and cases of incapacity due to accident and lasting not more than six months, except where permanent partial incapacity results after six weeks and an estimate of the degree of incapacity must be made with a view to fixing the pension.

Insurance of these short-term risks, however, should be carried by trade associations established for each industry, with compulsory membership for the employers in that industry. The participation of trade councils is not considered desirable.

Insurance against old age, invalidity, and death, and against the consequences of serious accidents is to be administered and carried by a central State institution, the Insurance Council, which would replace the State Insurance Bank and be assisted by the district committees. Members of the Council would be appointed by the Crown, two-thirds representing employers' and workers' organisations and one-third the Government. One of the Government members would be chairman of the Medical Board.

Ill health. Medical treatment in case of invalidity or impending invalidity and for those injured by accidents is to be provided by the Insurance Council. As doctors, however, should in the opinion of the Joint Committee be largely independent, the supervision and control of the provision of medical benefits for all existing branches of compulsory insurance is to be entrusted to a medical board. This board

would be appointed by the Crown on the recommendation of the Insurance Council, to which it would be responsible. The board would be assisted by medical referees.

The Committee, moreover, proposes that insurance for medical treatment in case of sickness, which is at present left to private initiative, should be made compulsory. This branch, however, should be organised independently, and administered by medical benefit funds under the supervision of a Central Council. Provision is to be made for treatment by general practitioners, specialists, dentists, etc., for hospital and sanatorium treatment, for the supply of medicines and appliances, and for certain preventive services. Health services properly so-called would be entrusted to special district centres.

The local funds, established for each municipality or group of municipalities, would be affiliated to a district fund dealing with general questions of hygiene. A joint committee representing the Insurance Council and the Central Council would administer the fund for hospital treatment.

Persons Entitled to Benefits.

Existing compulsory insurance schemes. The Joint Committee proposes that sickness benefit insurance be extended to all employed persons, including domestic servants in private households, who are not now covered, and that insurance also be made compulsory for independent workers, defined by the Committee as persons with an independent occupation but whose income is not as a rule higher than that of a wage earner. The Committee points out that little is known as to the economic position of these workers, but according to income tax returns 75 per cent. of the taxpayers earn less than two thousand florins a year. The attempt to provide for these independent workers, whose position is certainly not more secure than that of the employed worker, by offering them voluntary old-age insurance under the Act of 1919 has failed, in the opinion of the Committee, owing mainly to the fact that many such workers do not insure voluntarily, or discontinue insurance in periods of economic depression.

The Committee proposes that independent workers should be made liable to insurance irrespective of income, but that a maximum limit should be fixed in respect of both contributions and benefits. Children of employers working in their parents' establishment should also be insured.

Proposed medical benefit insurance. All persons earning three thousand florins a year or less should, according to the proposals of the Joint Committee, be insured with a medical benefit fund for treatment in case of sickness.

Financial System.

The Joint Committee of the Federation of Trade Unions and the Labour Party does not propose any change of principle in the financial system of insurance, but a more even distribution of charges.

This aim is to be achieved mainly by abolishing transfer of risks under the Accident Insurance Act of 1921 and by ending competition between territorial and occupational funds or between several occupational funds set up for the same industry.

On the other hand, the Committee proposes to separate State-subsidised pension insurance entirely from self-supporting insurance in order to prevent the funds of self-supporting insurance from being used in times of financial stress in substitution for State subsidies.

The Committee claims, moreover, that State pensions should be granted to all persons within a given income limit who are not entitled to a pension under any branch of insurance.

Employers' and insured persons' shares in the cost of insurance. According to the plan of the Joint Committee, employers are to bear the cost of accident and pension insurance as under the present system.

As regards accident insurance, the same rate of contribution is to apply to all employers within the same industry.

Rates of contributions under sickness benefit insurance would also be fixed by the trade association. The worker's share should not exceed one-half of the lowest total contribution required in any industry to meet the cost of insurance, the employer paying the remaining share.

Under the proposed medical benefit scheme, employers would contribute 4 per mille of the wages insured under the Sickness Act. Out of these contributions and the State subsidy the costs of hospital and other residential treatment are to be defrayed and hospitals and sanatoria built up and maintained. Insured persons would contribute according to the fund's tariff, as at present.

Pension insurance is to be financed by the employers, as at present, so far as normal insurance is concerned. Contributions are to be levied by the district committees and paid into the pension fund administered by the Insurance Council, which may entrust the committees with the payment of the pensions granted.

Self-supporting voluntary old-age insurance is to continue independently of compulsory insurance.

Proposals are made as to the technique of collecting contributions from independent workers who are to be made liable to insurance.

State subsidy. Under the proposed scheme, the State would not contribute to accident and sickness benefit insurance, nor to pension insurance, so far as the normal part of this insurance is concerned. The Committee proposes, however, that the State should pay non-contributory pensions out of public funds to persons not entitled to pensions under social insurance. Moreover, the State should subsidise medical benefit insurance. For independent workers who cannot afford to pay contributions, the municipality should pay.

The Joint Committee, after reviewing the history and present position of pension insurance and pointing out the defects of a system of State subsidies as a temporary measure, pronounces in favour of an independent self-supporting pension scheme financed by contributions, the reserves of which would be invested according to the

insurance principles generally accepted, and a supplementary system of State pensions for persons who cannot derive any reasonable profit from the investment of contributions.

The Committee argues that the assessment system, whether in the form of a general scheme of non-contributory State pensions financed out of the general revenue fund, or of pensions financed out of a special tax and supplemented out of the general revenue fund, deprives the insured person of the benefits derived under normal insurance from the investment of contributions. Without accumulation of capital by investment the pension corresponding to the special tax paid by the insured person is only a small proportion of the pension accruing from investment of contributions, and in order to provide for a reasonably high pension State subsidies out of the general revenue fund would be required. A non-contributory pension scheme financed entirely out of the general revenue fund, on the other hand, would be affected—as is the case with the present system of temporary State subsidies—by the position of State finances and economic conditions. The real issue, therefore, is not insurance on the accumulation or on the assessment system, but whether to cover the greater part of the cost of pensions out of returns from interest on investments of savings made in the form of insurance contributions or out of State subsidies. These State subsidies would also be in the nature of interest on capital lent to the State by the contributors. The alternative is, therefore, investment of contributions in compulsory State loans for purposes of consumption in return for fixed interest in the form of State subsidies, or free investment of contributions according to the general practice of insurance.

The system of free investment obviously involves the risk of fluctuations in the returns on capital invested, but State subsidies are also apt to be reduced or discontinued in times of depression. In the long run, moreover, the rate of interest on investments on which estimates are based can be obtained on an average.

The State in any case guarantees social insurance benefits, but under the assessment system the whole State subsidy burdens the State budget without being recognised as the loan contract which it really is, while under the accumulation system the State guarantee only comes into play when returns on investments fall short of the rate on which assets and liabilities are estimated and when reserves are exhausted.

As regards the equity of the two systems, the Committee points out that State subsidies are financed out of taxes to which the insured persons also contribute, while returns on investment under the insurance system are derived from a productive use of the contributions saved.

Insurance and assistance must, in the opinion of the Committee, be distinguished carefully. By insurance one obtains the equivalent of contributions paid, that is, the pensions of those entering insurance after the scheme has come into force, and a fraction of the pensions payable to those insured at the date when the scheme came into force. The remainder of the pension claims is a charge on the community and there is no justification for shifting this charge to the insurance

funds formed by contributions, as has been done under the existing pension schemes.

As regards the nature of the investments, the Committee favours loans for the financing of capital formation and works of public utility rather than State loans for exclusively consumptive purposes, since the former kind of investment stimulates industry by the inflow of capital. Workers' savings in the form of contributions should not for fear of excessively restricting consumption be excluded from the money market. The investment of social insurance contributions rather strengthens national economy and thus reinforces the very foundations of social insurance, and alone permits a gradual improvement of benefits. Increased contributions and intensified capitalisation should once more be chosen as the only reliable basis of insurance. Without capital formation by investment such an increase in contributions would mean but a temporary relief of the State budget in exchange for claims to higher future State subsidies not backed by any material safeguards.

The Committee therefore proposes that the pension fund should be divided into three funds : one fund corresponding to claims based on contributions paid under the compulsory pension scheme ; a second fund corresponding to claims based on contributions under the former subsidised voluntary old-age insurance scheme ; and a third fund for the administration of those claims only for which the State is liable. These claims are in future to be met directly out of public moneys without having recourse to loans from the self-supporting insurance funds.

On the other hand, all persons not included in the income-tax register—those earning less than 800 florins a year—should be entitled to a State pension of 3 florins a week or 5 florins for man and wife. This extension of non-contributory pensions would mean an additional cost estimated at 18 million florins a year over and above the actual cost of non-contributory pensions or parts of pensions now payable under the Invalidity and Old Age Acts.

As every person who has become insured should, according to the proposals of the Committee, remain liable to insurance, the whole population would finally become insured.

In order to raise the standard of benefits it is proposed to increase the number of wage classes under the Invalidity Act. The highest present class could, for this purpose, be subdivided into several classes, and for some of these a contribution in excess of 60 cents per week could be charged. Pensions might, moreover, be increased by a system of voluntary insurance with industrial funds to which workers would also contribute.

Immediate Reforms.

The Joint Committee of the Labour Party and the Trade Union Federation proposes that pending a reorganisation of social insurance on the lines proposed by the Committee the following measures should be taken immediately : (1) introduction of State pensions for those aged 65 or over with an income below 800 florins a year ; (2) financial

rehabilitation of the invalidity and old-age insurance fund without curtailing the rights of the insured persons ; (3) extension of social insurance to all employed persons, including domestic servants ; (4) inclusion of independent workers within the scope of compulsory social insurance : and (5) amendment of the Sickness Insurance Act with a view to restricting the number of trade associations and confining them to one industry each.

The report of the Joint Committee was discussed at the Social Insurance Congress held in November 1938.

EMPLOYERS' PROPOSALS.

It should also be mentioned that in November 1937 the Executive Board of the Netherlands Society for Industry and Commerce appointed a Committee to report on the question of the investment of public funds, including social insurance funds. After reviewing the position of the pension fund, which was originally intended to be self-supporting but subsequently burdened with part of the cost of non-contributory pensions, the Committee came to the conclusion that capital investment of social insurance funds was not desirable. The possibilities for investing such funds, it was pointed out, had become dangerously one-sided, practically only loans to public bodies, or guaranteed by such bodies, being subscribed. Further, investment in public debt is hampered in periods when no such loans are issued and funds must be invested by buying up existing securities in the open market, the market being thus deprived of opportunities for investment. These disadvantages of the investment system assume particular importance in periods of falling rates of interest such as occur periodically. The Committee therefore recommends the adoption of an assessment system for the financing of pensions and other benefits. In its opinion the accumulation system offers no greater guarantees for the fulfilment of liabilities incurred but in practice entails considerable drawbacks of a practical nature.

REORGANISATION OF SICKNESS INSURANCE.

A Joint Committee appointed by a number of central organisations of employers and workers, including the Netherlands Employer's Association, the General Catholic Association of Employers, the Christian Employers' Federation, the Netherlands Federation of Trade Unions, the Netherlands Roman Catholic Workers' Federation, and the Netherlands Christian National Trades Federation, submitted a report on the reorganisation of sickness insurance to the Minister of Social Affairs on 25 November 1938. The Committee is of opinion that the co-operation between the trade associations and these central organisations of employers and workers has not been developed sufficiently to prevent excessive competition between the associations carrying sickness insurance. The Committee proposes to strengthen the influence of the central organisations in the matter of reorganisation, if any, of sickness insurance administration by trade association, and to provide for periodical consultation between these organisations.

Trade associations should be established or continued only on the recommendation of all the central organisations or at least two of these organisations. On the governing body of any trade association of general scope there should be at least one representative of each central organisation. The Federation of Trade Associations should, according to the proposals of the Committee, be given legal recognition as a consultative body, and membership should be compulsory. The Supervisory Board should be endowed with greater statutory powers. Finally, the Committee suggests that provision be made in the law for making membership of a trade association compulsory for all employers in an industry if the association is confined to that industry, unless they are members of a Labour Council fund.

CONCLUSIONS

As regards the development of social insurance, the tendency appears to be in the direction of more extensive participation of employers' and workers' organisations in its administration. The Government proposes in several Bills to enable trade councils to take part in the administration of social insurance. A beginning in this direction is made in the Bill providing for children's allowances, which confers certain duties upon the trade councils. Moreover, in the Bill relating to unemployment insurance now before the Superior Labour Council, trade councils are included among the insurance carriers. Neither employers nor workers are very much in favour of the participation of trade councils in the insurance schemes. Workers, moreover, propose that trade associations should be confined to individual industries and that membership of the association should be compulsory for all employers in the industry concerned; employers, on the other hand, appear to favour general associations with branch funds for separate industries.

Opinions differ as regards the most desirable system of financing insurance. Workers' representatives definitely prefer the accumulation system for pension insurance, but representatives of employers object to the investment of social insurance funds in view of its restrictive effects on the money market. At present a certain proportion of these funds must be invested in State securities, and the rate of interest on municipal loans has been reduced by law.

The reorganisation of social insurance will most likely be accompanied by more extensive participation of employers and workers in its administration.

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Labour Problems in the Belgian Congo

Interesting information on the problems of indigenous labour in the Belgian Congo is contained in official documents recently published in Belgium and in statements by the Governor-General of the Belgian Congo and other qualified persons.

The annual report to the Belgian Parliament on the administration of the Belgian Congo in 1937, which has just been published by the Ministry of the Colonies¹, gives the following information concerning the volume of African labour now in employment :

In some provinces, the problem of the labour supply arises in a particularly acute form. "The desire to preserve the indigenous communities and the need for an improvement in the demographic situation are obliging provincial authorities to restrict the recruiting and engagement of workers."

On 31 December 1936 the number of Africans recorded as being in employment, either in their own districts or elsewhere, was 409,274.

On 31 December 1937 this figure was 491,634.

It would no doubt be an exaggeration to say that the available supplies of labour are already exhausted. The main problem is rather one of the distribution of labour ; some areas of employment are able to draw largely on the local populations, while in other areas there is no such possibility. It remains true, however, that the number of workers recruited (or engaged without recruitment) has risen by over 20 per cent. in a single year, and that new undertakings are being established although the needs of many of those already in existence are constantly increasing.

¹ *Rapport annuel sur l'administration de la colonie du Congo belge pendant l'année 1937, présenté aux Chambres législatives*. Brussels, 1938.