

# The Belgian Social Security Scheme

by

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*A new social security scheme came into operation in Belgium on 1 January 1945. The provisions of the original Order which launched the scheme appeared in the Review<sup>1</sup>, and a later article gave details of supplementary Orders dealing with different branches of insurance within the general social security scheme.<sup>2</sup> The following article shows how the Belgian scheme differs from other national schemes, and also gives the results of its first year of operation.*

*The author of the article, Mr. Paul Goldschmidt, was for many years before the war one of the directors of the Central Industrial Committee, the most representative of the employers' associations in Belgium. Dismissed from office in 1940 by the enemy authorities, he took an active part, as representative of the employers, in the secret conversations which took place throughout the occupation between employers and representatives of the trade unions which had been dissolved and banned by the invading forces. At the time of liberation, his generally recognised ability led to his appointment by Mr. Achille Van Acker, who was then Minister of Labour and Social Welfare, to the post of Director-General of the National Office of Social Security. Mr. Goldschmidt built up this department from nothing in record time and has continued to direct its work with great distinction and complete impartiality under the supervision of a joint administrative committee.*

## ORIGINS OF THE SCHEME

THE BEVERIDGE Report has earned such a great reputation in the history of social progress that it has formed the basis of many plans in a great number of countries, and there can be no doubt that it influenced public opinion in Belgium from the first years of enemy occupation. As soon as the whole country was

<sup>1</sup> Cf. *International Labour Review*, Vol. LI, No. 4, Apr. 1945, p. 524.

<sup>2</sup> *Idem*, Vol. LII, No. 4, Oct. 1945, p. 413.

liberated, and even before the war had come to an end in Europe, Belgium had set up a comprehensive social security scheme for wage-earning and salaried employees and found herself in this respect in the vanguard of the nations of Western Europe.

It is not generally realised, however, that the principle on which the Belgian scheme has been established has some truly original features which are due to the war conditions which gave it birth.

## *Solidarity in Resistance*

The shock which resulted from the overwhelming victories of the enemy forces in 1940 was of short duration and the confidence which, owing to their long traditions, Belgians place in the power of democracy revived so quickly that, before the year was out, important contacts had been established.

Resistance took many forms; above all, it affected moral values. The drawing up of plans for the post-war period was significant in that it provided a happy and effective means of expressing faith in the ultimate recovery of liberty.

Among the first institutions on which the authorities in occupation exercised pressure for indirect military purposes was the National Employment and Unemployment Office<sup>1</sup> which they wished to utilise for speeding up the deportation of Belgian workers. The joint bodies responsible for the control of this office were suppressed. Nevertheless, a group composed of representatives of employers and workers was formed and held secret meetings<sup>2</sup> which were not without risk for several of its members, particularly for those who represented workers' organisations which had been dissolved by the occupying forces.

This group undertook to draw up a kind of agreement between employers and workers for the post-war period. At the time of liberation, this plan had taken the form of a document entitled "Draft Agreement of Social Solidarity", which dealt in successive chapters with the principles and methods of joint collaboration, hours of work, principles of wage-fixing, domestic re-equipment for workers after the war and social security itself.

The first National Labour Conference<sup>3</sup>, after the liberation of the country, approved the last two chapters and thus it came about that under the leadership of Mr. Achille Van Acker, at that time Minister of Labour and Social Welfare, the basic legal text formulating a plan of social security for wage-earning and salaried employees,

<sup>1</sup> *Idem*, Vol. XLIV, No. 2, Aug. 1941, p. 211.

<sup>2</sup> Under the chairmanship of Mr. Henri Fuss, at that time Director-General of the Ministry of Labour and Social Welfare, who was dismissed by the occupying authorities.

<sup>3</sup> Cf. *International Labour Review*, Vol. LI, No. 4, Apr. 1945, p. 421.

namely the Legislative Order of 28 December 1944, was promulgated after consultation with the Houses of Parliament.

### PRINCIPLES

The basic principles of the Legislative Order bear the stamp of the circumstances described above.

They are based on the solidarity of the two social groups concerned, employers and workers. This solidarity, implying the recognition and collaboration of their respective organisations, is emphatically affirmed in the preamble of the draft agreement, and recalls and testifies to their solidarity in resisting the enemy — testimony of great moral value.

This principle of solidarity is reflected in the fundamental principles concerning social security and, in this respect especially, the Belgian scheme differs substantially from that outlined in the Beveridge Report, which is based on different concepts on an equally high plane.

### *Financed by Participants*

Whereas in the Beveridge plan there is a kind of redistribution of national income in which the State budget furnishes about half the expenses, the other half being furnished by contributions from workers and employers, the Belgian system makes the persons concerned, employers and workers, responsible for social security; it is true that there is State intervention, but this is confined, at least to begin with, to its narrow pre-war limits. The point of view of the drafters of the Belgian scheme was that they were working on the principle of solidarity and it would be more in keeping with this principle if the advantages of social security were not acquired solely at the expense of the nation. They had another reason also, namely, that it was impossible to consult the legal authorities in time and they were convinced that any decision involving a heavy outlay of public funds would be too long delayed. Their determination to put the social security scheme into effect as soon as the country was liberated implied that responsibility for the scheme would fall only on the persons concerned, a decision which was taken without hesitation.

In fact, as will be described below, expenses are covered by contributions approximately equal to 25 per cent. of wages; workers pay about one third and employers two thirds.

### *Scale of Contributions*

Another principle which characterises the Belgian scheme is the ratio between contributions and wages. The figure of 25 per

cent. quoted above includes a contribution to the workers' household re-equipment fund; the part which goes to social security in the strict sense of the term is 23.5 per cent. However, this ratio system is modified by the adoption of a wage ceiling above which the contribution is not levied; in other words, contributions are required from all employees and wage earners, whatever their remuneration, but when the remuneration exceeds the limit fixed, the percentage is calculated only up to this limit.

On the other hand, benefits are sometimes on the same scale for all workers (unemployment allowances, family allowances, medical and pharmaceutical aid, pension supplements), sometimes in proportion to their remuneration (the accumulated part of the pension, sickness or invalidity allowances, and allowances for annual holidays).

### *Scope*

In contrast with the British system which includes from the start all persons concerned, the Belgian system, at least for the present, covers only persons under contracts for the hiring of services, that is to say, principally workers and salaried employees. It leaves out not only State officials and public servants in general when they are entitled to social benefits accruing from a permanent appointment but also independent workers such as professional men, merchants, craftsmen, agriculturists, etc.

The Belgian Government has announced its intention of taking measures for covering independent workers under the social security scheme; these occupations, however, were not represented in the underground group which drew up the present scheme. Laws concerning them are now being studied by a committee which has been specially appointed for this purpose. It should be noted that, for the last few years, a legal system of family allowances on a mutual basis has been in operation for these workers.

Within the framework of the scheme for workers and salaried employees, it was decided to make special provisions for certain categories in respect of whom technical difficulties were foreseen; these included household workers, workers whose remuneration consists of tips, and agricultural workers. Most of these categories have now been included in the system. Social security for miners and seamen of the merchant marine has been provided by special schemes.

### *Utilisation of Existing Schemes*

In the Beveridge Report emphasis is laid on the grouping of social benefits. This plan seeks to combine scattered laws and regulations which have a social bearing, while strengthening each one,

either by equalising rates and related expenses or by passing laws in fields where innovations were necessary (as, in the case of Great Britain, regarding family allowances).

Such grouping, in any country, is determined by the schemes which had been previously set up; in Belgium, five existing schemes were combined: (a) old-age and survivors' pensions; (b) sickness and invalidity; (c) unemployment; (d) family allowances; (e) annual holidays.

Schemes for sickness and invalidity and for unemployment were previously in operation in the form of voluntary insurance; they have become compulsory. As regards pensions and family allowances, rates have been greatly increased: for pensions, by a system of distribution superimposed on the former capitalisation system; for family allowances, by a substantial increase in employers' contributions. Modifications in the holiday scheme have been of lesser importance, but the relevant contribution is included in the total contribution.

It should be noted that, although laws and regulations concerning industrial accidents have been in effect for a fairly long period in Belgium, they have not been incorporated in the general scheme, in contrast with the Beveridge Plan. This is also the case for occupational diseases. These omissions were due to technical difficulties.

#### *Retention of Existing Bodies.*

As regards the methods of putting the proposed system into effect, the drafters of the Belgian scheme were influenced by the sense of urgency. They had to decide how to deal with many existing institutions, bodies which, in nearly every case, had been recognised by former social schemes, for example, pension funds, mutual aid societies for sickness insurance, unemployment funds, family allowance funds and holiday funds, all of which institutions were founded years ago by private initiative. Whether they had been set up in the first place by workers, like the unemployment funds and most of the mutual aid societies for sickness insurance or by employers, as in particular the family allowance funds, these institutions, with some changes required by regrouping, provided excellent technical machinery for distributing to beneficiaries the benefits provided by the plan; moreover, the elimination of these bodies entailed the risk of offending the social groups which had founded them and whose co-operation was necessary for carrying out the plan. Therefore, it was decided that existing official schemes would, as far as possible, be retained with their own management. It will be seen what a wise decision this proved to be, and how it facilitated the almost immediate enforcement of the proposed mea-

asures. The drafters however pointed out, in this case as in others, that the question under consideration was to enact measures for facilitating enforcement during the first few years, and that this improvised law would at a later date be submitted as a whole to the legislative bodies for systematic revision; this cautious statement was superfluous in so far as it pointed out the sovereignty of the legislative power, but useful for calling attention to the sound judgment both of the Government which enacted the legal text and of the members of the underground group which formulated the principles which found expression in the text.

#### *Collection and Distribution of Funds.*

The principle of grouping implied the setting up of a rational system of collecting contributions and distributing receipts. It was decided to adopt the previous system, by which the employer deducts the contribution of the worker from each wage or salary payment. A centralising agency, the National Social Security Office, was established for the collection of contributions; employers pay their own contributions when they hand over the workers' contributions which they have deducted. Certain technical arrangements made it possible to reconcile this method of collection with the principle of allowing the worker free and secret choice of the body through which he wishes to be insured, to which certain groups attached the greatest importance.

Independence of management was granted to a very great extent to the five social schemes concerned. They are not under direct supervision either by the Government or by the National Social Security Office. The highest authority in each system is the central institution which supervises the bodies responsible for distributing benefits to workers, and in certain cases shares some of their functions; it is administered, as a rule, by a joint board of employers and workers under the chairmanship of a neutral person and under the supervision of State Commissioners. This is also the method adopted by the committee of management of the National Social Security Office itself, which transfers to the institutions the proportion of the receipts which is due to them according to the legal coefficients shown in the following table.

From this principle of autonomy it follows that the basis of the Belgian system is the decentralisation of functions, whereas France has adopted the system of regional decentralisation. •

The principle of solidarity which is characteristic of the Belgian scheme has not only a moral value. It finds expression, as explained above, in joint management by employers and workers of the institutions under the National Social Security Office. It is also evident

## CONTRIBUTIONS TO SOCIAL INSURANCE

Type of insurance	Workers' insurance <sup>1</sup>			Salaried employees' insurance		
	Percentage of wage payable <sup>2</sup>			Percentage of salary payable <sup>2</sup>		
	Worker's contribution	Employer's contribution	Total contribution	Employer's contribution	Employer's contribution	Total contribution
Pension	3.5	3.5	7.0	4.5	6.0	10.5
Sickness and disability	3.5	2.5	6.0	2.75	2.25	5.0
Unemployment	1.0	1.0	2.0	1.0	1.0	2.0
Family allowances	—	6.0	6.0	—	6.0	6.0
Annual holidays	—	2.5	2.5	—	—	— <sup>3</sup>
	8.0	15.5	23.5	8.25	15.25	23.5

<sup>1</sup> The figures apply to workers in general; there are slight variations for special categories of workers.

<sup>2</sup> The percentage is calculated on income up to a prescribed limit, at present 4,000 francs a month.

<sup>3</sup> For salaried employees no special contribution is levied for annual holidays.

in the great efforts which are required of these groups, which can be judged by the high rate of contributions. It is also clearly shown by the fact that contributions are very widespread, as practically all workers must contribute, even those who are not entitled to all benefits. Thus, the unemployment contribution is required even in the case of workers who are not likely to be affected, and from their employers; the same principle is adhered to in the case of workers who have reached retiring age but are still at work, and in many other cases.

In this way the solidarity of those engaged in industry has become a dominant factor in Belgium. Its influence may be detected in many recent legal measures and it has had an effect on existing industrial relations.

## BENEFITS

The chief object of the social security scheme is to compensate, to a carefully determined extent, the loss of wages to which a worker is exposed during his lifetime through unemployment, sickness and invalidity, maternity leave, or old age; to ensure for widows a survivors' pension; to give assistance to orphans; to contribute to the discharging of certain responsibilities, such as the maintenance of children, medical and pharmaceutical aid to the worker or to members of his family, medical care by specialists, surgery, hospitalisation, artificial teeth, artificial limbs, and funeral expenses; and to guarantee wage payment during legal holidays.

The principle of the system is to ensure that the worker who is deprived of his remuneration shall receive, in the form of allowances or pension, and in addition to other medical and family benefits:

(a) in the case of sickness, 60 per cent. of the wages of his category, reduced to 50 per cent. after a year's absence from work;

(b) in the case of unemployment, 50 per cent. of the wages of an unskilled worker, provided that this compensation, with the addition of family allowances, does not exceed two thirds of the wage of his category after similar allowances have been added;

(c) in old age, if he is married, 50 per cent. of the normal wage; during annual holidays, the full wage.

Details on each of the five social schemes are given below.

*Old-Age Pensions*

The contributions defined above are, as regards pensions, 7 per cent. of wages for workers and 10.5 per cent. of salaries for employees, with a ceiling above which no contribution is levied.

These funds are utilised, in the first place, for payments on the former basis of employers' and workers' contributions which are accumulated in an individual account for each insured person, without prejudice to benefits from the State, as formerly; the important new provision is that the surplus is distributed as supplements to persons on pension.

In this way the normal pension, which is generally payable at the age of 65, amounts, for a married couple, to 50 per cent. of the normal wage, that is, of the wage earned by the generality of workers; while for widows the normal pension granted at the age of 55 is one quarter of the normal wage. The present figures are: for a married couple, 14,400 francs; for other insured persons, 9,600 francs; for widows, 6,940 francs.<sup>1</sup>

Other modifications to previous measures have raised the amount beyond which income is immune from contribution, made provision for greater leniency as regards non-payment of contributions, and provided for State intervention.

A special committee was set up in the Ministry of Labour and Social Welfare for the purpose of unifying these provisions and introducing modifications.

<sup>1</sup> Par of exchange: 176.625 Belgian francs = £1.



*Sickness and Invalidity Insurance*

A scheme of voluntary insurance already existed. It consisted of mutual benefit societies formed by private initiative grouped in federations which were in turn grouped in national unions; these institutions, which were managed by the insured persons themselves, were recognised and supervised by the State and were entitled to State subsidies under specified conditions.

This voluntary scheme was replaced by a compulsory insurance scheme based on these institutions, and their number was increased by the setting up of regional offices managed by joint committees of employers and workers; insured persons are free to belong either to a mutual benefit society attached to one of the national unions or to one of the regional offices.

In addition to medical and pharmaceutical care, which is paid for according to a fixed scale, insured persons without losing their right to legal family allowances receive:

(a) in cases of invalidity, an allowance equal to 60 per cent. of the loss of pay, with the proviso that, during the first three days in the case of workers and during the first thirty days in the case of salaried employees, the employer is required to pay the regular remuneration;

(b) after one year's invalidity, an invalidity allowance equal to 50 per cent. of this remuneration;

(c) in cases of childbirth, when an insured worker ceases work for six weeks before and six weeks after childbirth, an allowance equal to 60 per cent. of the pay lost;

(d) in cases of death before the legal pensionable age, a payment made to the beneficiaries of the deceased person, which has been fixed at 30 times the daily remuneration.

The amount of pay lost is calculated according to a standard scale.

Mutual benefit societies may grant benefits other than those provided for by law, in specified conditions and if extra contributions are made.

*Administration.*

The general administration of sickness and invalidity insurance is entrusted to a national Fund which is managed by a governing body comprising an equal number of representatives of workers' trade unions and of employers' associations as well as a representative of each of the five recognised unions of federations of mutual benefit

societies; Government commissioners, appointed by the Minister of Labour and Social Welfare, the Minister of Finance and the Minister of Public Health, respectively, sit on the governing body.

The national unions of mutual benefit societies are responsible for managing their own finances, in accordance with the guidance given and the rules established by the national Fund, which also supervises the financial operations of the regional offices; freedom of choice is guaranteed to the worker by a technical method whereby the latter receives at regular intervals a contribution voucher showing that he has paid his contribution to the National Social Security Office; the worker is free to hand in his contribution voucher to any insurance body which exchanges it for cash at the national Fund.

*Maintenance of the Unemployed*

A scheme for helping the unemployed was organised through a new central institution, the Fund for the Maintenance of the Unemployed; it replaces the old National Employment and Unemployment Office, which controlled voluntary unemployment insurance.

It has already been stated that the allowance granted to an adult unemployed person amounts to one half of the wage of an unskilled worker; it is supplemented by the family allowance provided that the total sum is not more than two thirds of the wage of the category of the workers concerned, with the same supplement.

Allowances are paid either through workers' organisations which have been recognised for this purpose and which continue the functions of the former workers' unemployment societies or through the communal administrative authorities; these bodies may be granted loans by the Fund for the maintenance of the unemployed, which verifies whether payments are made according to regulations.

The Fund is concerned with the vocational rehabilitation of the unemployed; it also administers the free public employment agencies which, according to the international Convention concerning unemployment, ratified by Belgium, must be maintained under joint control.

*Family Allowances*

As early as 1930 employers were required by law to contribute to family allowance funds which at first had been voluntarily set up by employers for the purpose of equalising the obligations of contributors; the State recognised such bodies under specified con-

ditions and employers were free to choose among them; schedules of allowances and employers' contributions had been fixed at a uniform rate without financial contributions from workers or from public authorities; a central body, the National Family Allowance Fund, managed by a board composed of representatives of the funds, workers' organisations, and large families, with the collaboration of State commissioners, operated as an equalisation fund; in some cases surpluses were devoted to schemes for helping families: maternity allowances, services of visiting nurses, visits before and after childbirth, the diagnosis of children's diseases and infectious diseases, children's camps and sanatoria, assistance to needy families, allowances for orphans, etc.

Within the limits of the sum received in contributions which, as has been stated, now amount, for family allowances, to 6 per cent. of wages and salaries (up to the ceiling), allowance rates have been substantially increased. Allowances are given for the first child because, taking into consideration the fact that the birth rate is much lower in some parts of the country than in others, a scheme of compensation would have been impracticable if it had not applied to families with one child; moreover, it was considered that it was in the interests of society that the scheme should apply to all families, irrespective of the number of children.

As, however, large families have special difficulties to face, the present schedule is a progressive one; the allowance for the third child is higher than that for the second, and so on, until the fifth child; after the fifth child, the rate remains the same. The allowance rate for the first child amounts approximately to 6 per cent. of the wage of an unskilled worker<sup>1</sup>; if 100 is taken as the index of this allowance, the allowances for the second, third, fourth and fifth children are represented by the figures: 100, 140, 175, and 250.

The amount of the maternity bonus, payable in a lump sum, is equal in the case of the first child to approximately 8.5 times the amount of the monthly allowance for the first child; it is reduced by half for subsequent children.

The monthly allowance for orphans is about twice that granted to the fifth child. All scheme for helping families have been generalised.

#### *Annual Holidays*

Under the former scheme, workers were legally entitled to holidays with pay which in principle were of 6 days' duration when the worker was employed throughout the year; for this purpose, employers contributed, either to an official central fund or

<sup>1</sup> 170 francs a month at the present time.

to a recognised trade fund, a sum fixed at 2.5 per cent. of wages, of which one fifth was set apart to provide 12-day holidays for young persons. A holiday scheme was also in operation for salaried employees but no contributions were levied as employers paid full wages for the month's holiday.

Under the new scheme, contributions for workers' holidays are included in the total contribution of 23.5 per cent. of wages, and certain improvements have been introduced to ensure that workers derive greater enjoyment from their holidays; workers under 18 years of age are entitled to a holiday of 12 days.

#### *Workers' Household Re-equipment Fund*

It may be mentioned here, although it does not come under social security in the strict sense of the term, that a Workers' Household Re-equipment Fund was established in accordance with the principle of social solidarity.<sup>1</sup> This action was found to be necessary on account of the lack of clothing and utensils after a long period when such articles were unprocurable. After the liberation, plans were made for special methods of payment so that objects could be replaced as soon as they could be procured. For this purpose employers hand over to the workers the re-equipment vouchers issued by the Fund; on the intervention of the State, these vouchers are declared valid under certain conditions.

The economic value of the scheme consists in the fact that in this way the worker can meet exceptional and immediate needs without any lasting effect on his wages.

The plan involves several thousand millions of francs; it is financed, directly or indirectly, by the State; the debt is redeemed by the payment by employers of a contribution amounting to 1½ per cent. of wages; it is estimated that these contributions will have to be paid for about 15 years before the debt is completely redeemed.

As this contribution is in addition to that levied by the National Social Security Office, the social security rate is, as from 1946, 25 per cent. of wages.

#### RESULTS OF THE FIRST YEAR

The task of organising the National Social Security Office and the institutions linked with it was urgent and had to be undertaken in difficult post-war conditions including lack of provisions and technical equipment; moreover, it began to function at a period

<sup>1</sup> Cf. *International Labour Review*, Vol. LIII, Nos. 5-6, May-June 1946, p. 428.

when the economy of the country was at a very low ebb, when the war was not yet over in Europe. Nevertheless, on 1 January 1945 the whole scheme was put into execution. The various bodies were able to carry out their tasks and social security became an accomplished fact.

#### *The National Social Security Office*

The National Social Security Office, which is administered, under State control, by a committee composed of an equal number of employers' and workers' representatives, has endeavoured to set up a rationalised organisation which by making use of mechanical devices can handle the enormous number of documents required for the quarterly collection of contributions.

The basic documents utilised for this operation were drawn up in such a way as to make possible systematic supervision at all stages; the checking of contributions will be carried out on the basis of these documents at the head office and, when circumstances require it, in the books of the undertakings; various boards exercise supervision over the operations of the Office. Administrative expenses do not exceed .25 per cent. of the funds which are handled.

During the first fiscal year, the amounts of the quarterly contributions steadily increased. If the total for the first quarter of the year is taken as a base (=100), the index numbers for the ensuing quarters are 133, 164, and 208 respectively. This increase is due to the gradual improvement in the economic situation of the country, which implies both an increase in the volume of employment and in the amounts of basic wages and profits. It is due also, in a lesser degree, to technical factors such as the raising of wage and salary ceilings beyond which no contribution is levied and to the deferred incorporation of certain categories of workers.

Employers' and workers' contributions for the year totalled 8,015 million francs; 6,240 million francs in respect of workers' insurance, and 1,775 million francs in respect of the insurance of salaried employees.

These receipts were distributed among the five branches of insurance as follows:

Pensions	2,774	million francs
Sickness and invalidity	1,868	" "
Unemployment	671	" "
Family allowances	1,974	" "
Annual holidays	582	" "

When the initial difficulties have been overcome, the quarterly collections and distributions will be useful from the economic standpoint and will provide valuable statistics such as the total numbers

of employers and workers by occupation, average wages, and an estimate of profits.

#### *Old-Age and Survivors' Pensions*

In 1945, the capitalisation system based on previous laws or regulations resulted, State contributions not being taken into account, in the following allocations to old-age and survivors' pensions from the total social security contributions:

Workers' accounts	268 million francs
Employees' accounts	570 million francs

To these amounts must be added those allocated to pensions supplements.

Workers' accounts	1,272 million francs
Employees' accounts	316 million francs

There are, in addition, 347 million francs for the miners' special scheme.

#### *Sickness and Invalidity Insurance*

In the case of sickness and invalidity insurance, the circumstances in which the new scheme was launched tended to keep the figures low. The scheme was applied by stages; for example, the legal measures stipulated, for the first quarter of 1945, a reduced rate for temporary invalidity. Further, the new legal provisions, as often happens in the case of social legislation, did not immediately produce their full effect.

Nevertheless, expenses for 1945 reached the figure of 1,000 million francs; of this amount, 420 million francs were paid out as compensation for time lost and 580 million francs for medical and pharmaceutical care. State contributions, which are fixed in proportion to the contributions of insured persons, amounted to 260 million francs and 110 million francs were paid out to sickness and invalidity insurance on behalf of unemployed insured persons.

The proportion of insured persons who preferred the regional offices to recognised mutual benefit societies was negligible—hardly more than one per cent. of the total membership.

#### *Maintenance of the Unemployed*

It was to be expected that, during the period of transition, unemployment due to the war would be particularly acute, and in view of the exceptional nature of the causes of unemployment, the State might have been made wholly responsible for a specified

period; it seemed preferable to collect, from the very first, employers' and workers' contributions at the rates mentioned above. A proportionate share of receipts is transferred to the Fund for the Maintenance of the Unemployed by the National Social Security Office.

Statistical data for 1945 showed widespread unemployment during the first quarter and a relative stability of expenditure for the last three quarters. Out of a total of 1,337 million francs assigned during the year to unemployment compensation, 670 million were furnished by the State and the surplus from social security funds. It is expected that, for 1946, the latter will be able to cover the greater part of expenses.

#### *Family Allowances*

In the case of family allowances, contributions received amounted to 2,155 million francs; this includes special contributions on behalf of some classes of workers not yet covered by social security, for whom the equalisation funds collect contributions from employers as in the past.

As in the case of old-age pensions and of sickness and invalidity insurance, these amounts were not entirely expended; the allowance rates were raised to the index of the new wage rates only after a certain delay, thus causing a lag in expenditure. Expenditure on monthly family allowances totalled 1,274 million francs, and on maternity allowances, 38 million francs. The amount available for other family benefits distributed by the equalisation funds was 194 million francs.

#### *Annual Holidays*

It is sufficient to mention, in order to avoid technical explanations which would be out of place here, that approximately one hundred million francs of the social security funds were assigned to holidays taken in 1945, most of the expenses being covered by funds previously collected, and that 582 million francs were collected in view of 1946 holidays.

It is generally agreed that Belgian employers and workers, after having made their plans underground, were willing to take the necessary steps and make sacrifices in order to organise social security immediately after the liberation of the country and to transform into a living reality a bold plan of social progress; the successful launching of the scheme is due to the foresight of its promoters and the prompt and daring action of the Government. It appears probable that, without serious difficulties, the system of social security will become an integral part of the economic and

social structure of Belgium, and the principle of social solidarity — solidarity among the workers themselves and also among workers and employers — will triumph by making use of a constantly improving administrative technique.

This technique is, in Belgium, the result of almost a century of effort; it is due to the combined experience of public administration and private institutions such as the unemployment funds of workers' organisations, mutual benefit societies, compensation funds for family allowances, and old age pension funds; this network of administrations and of public and private institutions is linked under State supervision with joint bodies by means of which social security and its various branches are administered by employers and workers together.

Certain defects must be remedied. Thus, although agricultural workers will receive the benefits of social security in 1947, independent workers are not covered. This question is now being studied.

The essentials of the scheme have been put into operation in a very short time and the trail has been blazed for the future.