

Household Re-equipment Grants for Workers in Belgium : A Social Experiment

by

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Not long after the liberation of Belgium, the Office was able to publish an article on the first reconstruction measures adopted in that country.¹ The social measures described there related primarily to the questions of wage adjustments and social security, but the decision that "measures shall be taken to help workers to re-equip their homes and buy clothing and furniture as soon as the supply of these articles makes this possible" was also noted, a decision which led to the creation some months later of the Workers' Household Re-equipment Fund. This unique institution has now served its purpose and is closing down its work, but the experiment is considered of sufficient interest for the publication of the following account of the constitution and the working of the Fund and of the results obtained.

ORIGIN OF THE EXPERIMENT

THE REPRESENTATIVES of workers' and employers' organisations who, during the occupation of Belgium, drafted a "social solidarity pact" realised that, among other things, steps would have to be taken after the liberation to help the workers to re-equip their homes, denuded by five

¹ Cf. *International Labour Review*, Vol. LI, No. 4, April 1945, pp. 419-431 : "The First Reconstruction Measures in Liberated Belgium", by Raoul MIRY.

years of war. Even though a normal wage should be sufficient to supply current needs, it could not be expected to cover the purchase of urgently needed equipment. Hence the suggestion was made, and agreed to by the employers, that they should make special short-term grants to help the workers in this matter. This proposal was approved by the National Labour Conference that met in Brussels on 16 September 1944 to consider the question of wage increases.¹

Unfortunately, political preoccupations engaged much of the Government's activities, and for long distracted its attention from other problems, such as the re-equipment of workers' homes, which should have been tackled promptly in order that the assistance given might be fully effective.

Conscious of the untoward results of the delay in carrying the re-equipment proposal into effect, the National Labour Conference, at its meeting on 30 July 1945, insisted that immediate steps should be taken in the matter. It was not, however, until 15 November 1945 that a Legislative Decree was issued establishing the National Fund for the re-equipment of workers' homes, a public autonomous institution.

The Administrative Council of the Fund was appointed on 12 December 1945 by the Minister of Labour and Social Security, and on the same day the Council approved the plan submitted to it for the accomplishment of the task for which the Fund had been established.

This plan, based on the conceptions embodied in the Decree, dealt with the manufacture and the distribution on a priority basis of essential articles urgently needed in workers' homes, the choice of articles and method of distribution to be decided upon in collaboration with the Ministry of Economic Affairs with reference to existing needs and the over-all economic possibilities. Vouchers issued to the workers would enable them to acquire the articles free of charge.

Such a plan was amply justified by the situation existing in Belgium immediately after the liberation. The occupation which had ravaged the country for more than four years had stripped the factories and shops; everyday necessities of life—clothes, shoes, household utensils—could only be

¹ Cf. *International Labour Review*, Vol. L, No. 6, December 1944, p. 783.

found on the black market in very small quantities and at exorbitant prices; they were, in fact, completely beyond the means of the workers whose wages, by order of the occupying Power, had been frozen since the beginning of the war. The promoters of the plan maintained that the most elementary justice demanded that workers should be the first to benefit from the gradual return to a more normal situation on the home market. To this end they stipulated that at least a part of the reviving national production should be set aside for supplies to the workers, free of charge and by priority.

Owing to the widespread lack of first necessities among all sectors of the population, the proposed system could naturally apply only to a very small number of indispensable articles, whereas the needs of the workers were extremely varied. One of the means considered for overcoming this difficulty was that of making part of the grant in cash, provided that, once economic conditions had returned to normal, there would be no objection to putting more money into circulation.

Obviously, some time was needed for working out the details and putting into effect such a plan of manufacture and priority distribution within the framework of the general national economy. On the other hand, the situation had already changed during the time since the plan was first prepared, owing to the unforeseen rapidity of Belgian recovery. And the workers were becoming impatient to receive the assistance which had been promised to them more than a year before.

These various considerations led the Government to request the Council of the Fund to simplify the original plan in order to speed up its application. It was accordingly recast and its essential features reduced to the following:

- (1) issue of 100-franc vouchers to eligible workers to enable them to acquire certain articles free of charge from traders of their own choice;
- (2) reimbursement of traders by simple presentation of vouchers at the National Bank;
- (3) placing at the disposal of the National Bank, in the form of loans contracted by the Fund, of the necessary sums for reimbursement;

- (4) liquidation of these loans by a contribution of 1.5 per cent. on wages payable by employers.

This system was ratified by the National Labour Conference of 16 January 1946¹, which, on the suggestion of the Prime Minister, agreed that the vouchers should be distributed to the workers during the first half of February. Some of these vouchers permitted the immediate acquisition of textile goods, and the necessary points for this purpose were attached.

These decisions entirely changed the scheme as originally conceived. New methods of application were immediately studied and worked out, and, in spite of all the difficulties and the risk inherent in the manufacture and issue of vouchers which were as good as currency, the distribution of vouchers was begun on 11 February 1946 in all the principal industrial towns of the country.

Although the need to begin distributing vouchers at very short notice led to the adoption of the easiest way out in certain respects, in practice none of the serious defects were revealed that might have been expected in a system conceived and put into operation very hurriedly and—on account of the originality of the idea—without the benefit of previous experience.

The measures adopted were inspired by the conviction that rapid action was necessary and that, if the social and psychological effects of this form of assistance were not to be lost, the help given must meet the most urgent needs of the workers.

GENERAL PRINCIPLES AND METHODS OF OPERATION OF THE FUND

The general principles on which the action of the Fund was based and the methods of application adopted were the subject of frequent comment in statements made by the Fund, in order that there should be no misconception which might compromise the high moral value and success

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

of an enterprise conceived by representatives of employers and workers in a spirit of sincere social collaboration.

Beneficiaries

The household re-equipment grant was not a public service, provided out of public funds, to which all those whose homes had been denuded by the war might appeal.

The scheme in the eyes of its promoters was a corollary to social security, and therefore full and entire responsibility for it was assumed by the employers who come under the social security regulations, for the benefit of personnel either employed by them or temporarily out of work on a specified date. It also follows that only workers belonging to these two clearly defined categories were eligible for re-equipment grants.¹

It is interesting to note that the fact that workers must be in the service of an employer subject to the social security regulations in order to be eligible for an equipment grant has contributed considerably to the development of the work of the National Social Security Office²; many employers, prompted by their workers, who were naturally anxious to benefit by the grants to which their work entitled them, regularised their position with regard to the Social Security Office, which thus registered in the first months of 1946 about 20,000 additional members, or an increase of about 25 per cent. on the figure for the end of 1945.

¹ Temporary public servants, being subject to social security regulations, were admitted as beneficiaries on the same footing and under the same conditions as other workers subject to these regulations. Permanent public officials, however, do not come within the scope of the social security scheme and were therefore excluded. In order to remedy this anomaly, special provisions were adopted for permanent officials of the State, the national railways, the telegraph and telephone services, the provinces, the communes, the subordinate administrations and the associations of communes. The costs resulting from these provisions are borne directly and exclusively by the administrations concerned, and the Fund is in no way liable; it has merely assisted in the preparation and application of methods of operation of these special systems. Vouchers issued to beneficiaries bear a surcharge showing the category of administrative department to which the holder belongs. The method of utilisation of these vouchers is the same as for those issued by the Fund.

² This body was created by a Legislative Order of 28 December 1944. Cf. *International Labour Review*, Vol. LI, No. 4, April 1945, p. 524; see also, *idem*, Vol. LV, Nos. 1-2, January-February 1947, pp. 46-61: "The Belgian Social Security Scheme", by Paul GOLDSCHMIDT.

Special provision was made in the case of workers in the following categories who could give good reasons for their inability to fulfil the necessary conditions by 15 January 1946 : (a) militiamen, men recalled to military service, war volunteers, recognised members of the resistance movement, members of the supplementary police force and former prisoners-of-war who, on 15 January 1946, were under arms or on sick leave ; (b) workers who, on account of their state of health resulting from imprisonment or deportation by the enemy or from a war accident, were still unable to work on 15 January 1946.

Since benefits under the Fund, in accordance with the principle set out above, were to be accorded only to those who were employed or suspended from employment on a specified date, pensioners and invalids suffering from complete disablement, not being workers, could not profit by the Fund. Nevertheless, at its first session the Administrative Council of the Fund, after discussing the situation of ex-workers particularly worthy of consideration, expressed the hope that the Government would find it possible to take some similar step on their behalf ; it would be necessary for any measure adopted to be distinct from the action of the Fund and on different lines, particularly with regard to finance. Such a programme has since been carried out.

Any worker fulfilling the necessary conditions became entitled to an equipment grant, whatever the composition of the household to which he belonged and regardless of whether it included other members entitled to benefit from the Fund.

Workers with family responsibilities received supplementary grants made to them direct and not to their dependants.

All workers complying with the conditions were admitted as beneficiaries regardless of their remuneration, because the fixing of a ceiling would have entailed almost insurmountable technical difficulties and would have led inevitably to injustices. The exclusion of the higher-paid categories would, in any case, have meant only a slight addition to the amount of the grant. Nevertheless, it was left to each individual to decide for himself whether or not his resources justified an application for assistance.

Lastly, the Legislative Decree excluded from benefit those workers who had been sentenced for " un-civic

conduct " or who were taxed under the legislation concerning profits earned during the occupation.

Nature of the Grant

The equipment grant made by the Fund to each beneficiary was fixed according to his family responsibilities.

It is obvious that these grants could not fill the gap created by the impossibility of meeting normal household needs during a period of five years. Any such provision would have entailed a much heavier burden than the employers could bear and would have been a crushing weight upon the national economy. The action of the Fund, therefore, had to be limited to facilitating the acquisition of the most urgently needed essential equipment.

But even these first and most urgent necessities could only be supplied by degrees, as imports and production expanded. On the other hand, the placing in the hands of the workers of a considerable volume of purchasing power for the acquisition of certain goods might have a serious effect on the economic equilibrium of the country. It was therefore necessary to find some means of spacing out the grants and of making them available at the proper moment.

For this reason, the grants were placed at the disposal of beneficiaries in the form of a certain number of 100-franc vouchers, which ministerial decrees made periodically valid for the acquisition of certain categories of articles.

Financial Resources of the Fund

Employers accepted the financial responsibility for the equipment grants. It was, however, evident that most of them could not immediately meet the full amount of such an increase in expenditure, and a more practical method of financing was adopted: the Fund was authorised to contract loans to the extent of 6,000 million francs (the ceiling fixed for the total cost to employers of the scheme), the reimbursement of capital and payment of interest to be effected by a compulsory and legal contribution at the rate of 1.5 per cent. of wages (with a ceiling of 4,000 francs per month) paid by employers to the National Social Security Office for the account of the Fund, at the same time as their ordinary social security

contributions. If the value of the contribution remains at its present level, the total 6,000 million francs will be reimbursed in about eight years.

The Amount of the Grant

The Fund has a limited sum at its disposal, and it was necessary, therefore, to estimate exactly the number of eligible applicants so as to determine the amount of the grant to each. Hence a time limit had to be fixed within which the conditions for eligibility had to be satisfied.

But it was obviously impossible to take a census before beginning to distribute the vouchers, and it was therefore decided to base the calculations on the information furnished by the 1937 economic and social census in order to fix the amount of the grant at a level compatible with the financial possibilities of the Fund. The following scale was adopted : a grant of 2,000 francs to a worker beneficiary (20 vouchers of 100 francs) ; 1,000 francs' supplementary grant to a worker with a wife dependent upon him (10 vouchers of 100 francs) ; 500 francs' supplement for each other dependant (5 vouchers of 100 francs).

On this basis it was calculated that about 4,800 million francs would be needed for the grants to the first group of workers. This estimate proved to be correct, since the total value of vouchers distributed up to the end of December 1948 was 4,817,830,500 francs. A reserve of 1,200 million francs was considered necessary to meet contingencies, particularly the possibility of extension of the scheme to other categories of workers.

ADMINISTRATION OF THE FUND

Since the Fund represents a social enterprise in which both employers and workers are interested, its management is organised on a joint basis. The Administrative Council is composed of two groups of six full members and two groups of four substitute members, designated by the most representative organisations of employers and workers respectively, together with a representative from each of the three ministries

concerned : Labour and Social Security, Finance, and Economic Affairs. All members are appointed by a Royal Order, and the representative of the Ministry of Labour and Social Security acts as President of the Council.

The management of the Fund is entrusted to a Director-General, also appointed by Royal Order on the proposal of the Ministry of Labour and Social Security, in agreement with the employers' and workers' organisations.

Thus, while the Government retains the right of supervision, the administration of the Fund is entrusted to the qualified representatives of the interested parties : the workers who are beneficiaries, their employers and the commercial distributors. This method, which ensures the necessary flexibility in the management of the Fund, has given complete satisfaction.¹

OPERATION OF THE SCHEME

Distribution of Vouchers

It was obviously impossible for the Fund to investigate the claims of some 1,700,000 applicants before distributing the vouchers. Moreover, since the employers were bearing the whole cost of the scheme, it was not only convenient but just that they should be given the privilege of themselves placing the vouchers in the hands of those of their workers who had fulfilled the necessary conditions, by this means also associating them with the operation of the enterprise.

The procedure adopted for the lodging of applications for a grant and the distribution of vouchers was, broadly, as follows :

- (a) all workers believing they had a right to a grant sent in their applications to their employers (the agencies paying unemployment allowances to unemployed workers being considered as "employers" in their case), and they took full responsibility for their declarations with regard to the number of persons dependent on them ;

¹ The administrative expenses of the Fund up to 31 December 1948, including the cost of vouchers and documents, amounted to about one half per cent. of the value of the vouchers distributed.

- (b) on the basis of the applications received and after checking that the necessary conditions were fulfilled, the employer established, on his responsibility, a list of eligible applicants;
- (c) the employer deposited this list at the local post office and drew the number of vouchers required ;
- (d) the post offices sent the lists to the Fund in proof of their issue of the vouchers received by them.

The formalities to be completed by the employers were designed to reduce to a minimum the additional administrative work involved.

This procedure, while providing all the necessary evidence for a final check, made it possible to distribute the vouchers at a record pace. Manufacture of the special paper needed was started on 21 January ; the first vouchers were printed and numbered at the beginning of February, and from 9 February on, the vouchers coming off the printing press each day were divided among the 1,500 post offices of the country, which, on the next day, began issuing them to employers ; a month later, on 11 March, more than 1,400,000 workers who had fulfilled the necessary conditions by 15 January 1946 had already received vouchers.

By 31 December 1946 the number of sheets of vouchers distributed had reached 1,698,455 for beneficiaries, 830,133 for dependent wives and 1,127,511 for children or other dependants, to a total value of 4,790,798,500 francs. All the post offices assisted greatly in the work of the Fund by carrying out their task with remarkable accuracy and rapidity. The number of sheets of vouchers which they distributed from the stocks at their disposal corresponded exactly to the number requested by the employers.

Measures to Prevent Misuse and Fraud

In an operation of this magnitude (about 1,720,000 applications for grants, 130,000 lists of beneficiaries and 3,670,000 sheets of vouchers representing 48,180,000 vouchers of 100 francs each) the possibilities of fraud and misuse were very considerable. The following measures were taken to discourage action which would have compromised the entire scheme :

- (1) Counterfeit of vouchers : careful technical precautions consistent with the necessity for rapid production were taken in the manufacture of the vouchers. Furthermore, the various handwritten entries that had to be made by the holder and the trader were a discouragement to counterfeiters.
- (2) Abusive applications : each worker and each employer was obliged to sign a declaration certifying the complete regularity of the application and stating that the legal penalties for abuse were understood.

Although the precautions taken were designed to complicate the formalities as little as possible, they proved effective ; in fact, no false vouchers were presented and the number of sheets of vouchers distributed was within the contemplated limits. If some few workers who had not fulfilled the conditions obtained vouchers as a result of the complicity of certain employers (or unemployment offices), these were guilty of making a false declaration, and such irregularities will be easily discovered by a simple comparison with the declarations which these same employers have to submit in connection with the payment of their social security contribution or, in the case of the unemployment offices, with the list of unemployed registered and assisted on the specified date.

Validity of Vouchers

In accordance with the plan adopted, the vouchers were made valid in instalments. Unfortunately, owing to the difficulty of arranging the necessary loans for the reimbursement of the vouchers, the rate of validation was not as quick as desired by both workers and Fund managers.

Most of the vouchers were made valid for the acquisition of textile goods and shoes, a small number for crockery, glassware and metal utensils. The wishes of the beneficiaries in this respect were ascertained through investigations carried out by the workers' and employers' organisations, and were borne in mind.

The first vouchers were made valid for the purchase of textile goods and shoes because these were very scarce at the time and were the articles most urgently needed by the

workers. The last instalment, in December 1948, representing a value of about 500 million francs, was for the same articles. Assistance of this kind is, without doubt, of great value to workers at any time, but in this case, apart from considerations of a social order, the complete upheaval in the clothing and shoe industries dictated the choice. Purchases to the value of 500 million francs brought at least temporary assistance to these two industries, which were particularly affected by the crisis. In this quite unexpected manner the action of the Fund in the social field proved of great value in the economic field also.

By 31 December 1948 all the vouchers had been distributed; they represented a total value of 4,817,830,500 francs and they had been made valid up to an amount of 4,130,223,700 francs; there remained only four out of every twenty issued to beneficiaries to be made valid. This means that in three years a married worker with a wife and three children dependent on him has been able to acquire free of charge clothes, shoes and household articles to the value of $1,600 + 1,000 + 1,500 = 4,100$ francs.

In fact, the action of the Fund, which was originally designed to provide assistance in kind to workers in order to facilitate the re-equipment of their homes—a kind of deferred wage which would compensate to some extent for the hardship inflicted by the wage stop during the war—was eventually transformed, in the course of events, into the payment of graded wage supplements devoted, in the interests of the workers, to the acquisition of certain definite articles.

CONCLUSION

Although political, economic and financial considerations have circumscribed the scheme for the re-equipment of workers' homes as originally conceived by its promoters, it has, nevertheless, produced good results. It has made it possible for workers to acquire articles of which, after five years of privation, they stood in urgent need, and the periodic validation of the vouchers has put a brake on demands for increased wages which would have had a disastrous effect on the Belgian economy.

Moreover, workers have appreciated the gesture of the employers in assuming financial responsibility for the grants, and this has contributed to the maintenance of social peace and of good relations between employers and workers.

Conceived and worked out by both parties and managed by them on an equal footing, the scheme which has been successfully carried out by the Fund constitutes an example of what may be achieved by co-operation between employers and workers animated by a sincere desire for loyal collaboration and by a spirit of social solidarity.
