

# Co-operation and Social Security : II<sup>1</sup>

## AGRICULTURAL CO-OPERATIVE INSURANCE

Various natural, economic and social factors lead the farmer to adopt special methods, appropriate to his circumstances, to solve the question of insurance against social and occupational risks. From time immemorial the peasants have practised every form of mutual aid. It is therefore not surprising that they should often prefer a mutual aid type of organisation, with the principles of which they are already familiar.

Agricultural co-operative societies which deal with insurance against occupational risks are widespread ; they may be found in most countries throughout the world and in a large variety of forms, and it is therefore difficult to classify them systematically.

Some were instituted spontaneously because they met a specific need ; others derived their initial impetus from the Government or from State-supported agricultural organisations (in India, for example) ; a few life insurance co-operative societies were set up by credit and savings institutions ; some constitute more or less extensive departments of agricultural co-operatives, while others, having originated in this way, have since split off completely from the parent organisation.

Their activities may sometimes be of a single type (*e.g.*, sickness, or fire, or accident, or livestock mortality insurance), but very often they embrace several of these branches. The limit between the two categories is not clearly defined ; some societies began with one branch of insurance, but later, on the request of their members or for some other reason, established additional departments and so came to insure against several risks. In the United States, for example, some societies which first dealt exclusively with farmers have extended their activities beyond the rural sphere to include town-dwellers.

Lastly, no distinction can in practice be drawn between agricultural co-operative and mutual aid organisations. Often the latter form is adopted for legal reasons ; in some cases the co-operative societies have assisted in the establishment of the mutual aid

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<sup>1</sup> For the first part of this article, see *International Labour Review*, Vol. LX, No. 5, November 1949, pp. 496-512.

societies, and often, too, the two types of societies exist and operate side by side in fairly close contact.

The countries in which agricultural co-operative and mutual aid societies engage in varying degree in the insurance of social and occupational risks may for convenience be grouped according to the place the societies occupy in the national social and occupational security system, as follows :

(a) countries where there are agricultural institutions which supplement the benefits of the official social security system and which more or less fully insure agriculturists against occupational risks, *e.g.*, Australia, Chile, Denmark, Iceland, Italy and the United Kingdom ;

(b) countries where mutual aid and agricultural co-operative organisations remain active within the framework and take part in the administration of official social security schemes, while also handling insurance against occupational risks, *e.g.*, Belgium, France, Japan, Luxembourg, the Netherlands, Sweden, Switzerland and the U.S.S.R. ;

(c) countries where compulsory social security is little or not developed : parts of Europe, Asia and the Middle East, Latin America and North America.

#### *Agricultural Co-operatives Supplementing Official Social Security Schemes*

In Australia, the Westralia Farmers Ltd., one of the largest agricultural institutions in the country, comes under the agricultural insurance and mutual aid co-operative societies in the first group. It has 84 local or district organisations and insures 6,500 persons against all risks, except death. The National Co-operative Insurance Society, the members of which are mostly farmers, represents 46 local societies and insures against fire, accidents, hail, theft, civil liability, breakage of windows, etc.

Industrial accident insurance in Denmark is compulsory and is administered by a State organisation, but employers are free to insure with their own approved societies, which are autonomous and run on democratic lines.

Denmark also possesses a large variety of organisations which provide cover against agricultural as well as other risks. They are grouped in an important federation, the Federation of Danish Co-operative Insurance Societies (*De Samvirkende Danske Andelsforsikringsselskaber*), which in effect covers the majority of Danish farmers, as well as many other groups.

The General Fire Insurance Co-operative (*Den Almindelige Brandforsikring*) insures rural personal and real estate against fire. In 1947 it was a party to 354,000 policies, and premiums paid amounted to 15 million crowns, or over two thirds of the total

premiums paid under all co-operative and private fire insurance in agriculture.

Another Danish co-operative, the Dairy and Agricultural Accident Insurance Society (*Mejeriernes og Landbrugets Ulykkesforsikring*), established and run by farmers, deserves special mention. The beginning of co-operative insurance in Denmark can indeed be ascribed to the establishment of this organisation in 1898 to provide insurance against accidents in dairies. When social security legislation was extended to agriculture generally in 1908, the society widened its scope accordingly. Later it undertook, in successive stages, insurance against automobile accidents (1915), invalidity insurance (1921), insurance against theft (1927), insurance against non-occupational accidents (1938) and, finally, insurance against accidents to children (1946). Today, 218,000 persons or groups are covered by this insurance co-operative, which is party to 508,000 policies. Depending on the risks considered, it is either the first, second or third largest agricultural insurance agency in Denmark and in fact covers more than half the rural population.

As a rule these co-operative insurance organisations generally divide their surpluses among their members, in the form of reductions in premiums. Mention should be made of the special social services which have been established by the various Danish co-operative groups, whether or not they specialise in insurance, and sometimes jointly by the urban and rural co-operative movements. In 1905 two sanatoria were built by the Sanatorium Association of Danish Co-operative Societies, and in 1933 a hospital for the treatment of rheumatic diseases was set up.

Iceland does not appear to possess any large co-operative insurance organisations. The *Samvinnutryggingar* at Reykjavik, which engages mainly in fire and maritime insurance, is the only one which need be mentioned here. It now aims at providing insurance against certain agricultural risks as well, such as diseases of and accidents to livestock, harvest losses, and so forth, for which there is apparently no special co-operative institution in the country.

In addition to the official institutions responsible for compulsory social insurance, Italy also has a number of mutual aid societies, urban and rural, grouped in two national federations. Their activity, which had slowed down at one time, appears to be increasing. These societies, which in fact, if not in law, closely resemble co-operatives, continue to dispense statutory sickness and death benefits to numerous members. There are still also many livestock insurance co-operatives as well as some organisations which specialise in insurance against farm risks—fire, third party, hail, etc.

In the United Kingdom, in addition to the institutions which have sprung from the consumer co-operative movement, there are co-operative insurance societies of a specifically agricultural character, such as the National Farmers' Union Mutual Insurance Society and the Agricultural and General Co-operative Insurance Society. The former was established in 1910 by West Midland

farmers and grew rapidly. It extended its activities all over the country and at present it insures about 50 per cent. of the members of the National Farmers' Unions of England, Scotland and Ulster. In 1945, it included 80,000 farmers with 160,000 policies, and collected nearly £1,500,000 in premiums. It effects life, accident, fire, employers' liability, livestock mortality, hail, theft and other types of insurance. The Agricultural and General Co-operative Insurance Society, founded in 1908, is much smaller, its activity being limited to Lancashire.

*Agricultural Co-operatives Participating in Official  
Social Security Schemes*

Belgium is typical of the countries of the second group. Agricultural employers and workers have been covered by the social security system since 1 January 1947 (Regental Decree of 5 November 1946). The chief agricultural organisations have established "social secretariats" in the form of non-profit-making organisations qualified to carry out, on behalf of their employer-members, the duties prescribed by social legislation.<sup>1</sup> At the same time, these farmers' organisations may themselves undertake one or several branches of social insurance. This applies, for example, to the Belgian Farmers' League (Louvain), the National Federation of Agricultural Producers (Brussels), and the Farmers' Front (Mechlin), most of the members of which are farmers.

Thus the Belgian Farmers' League, one of the largest agricultural co-operative associations, has a very active insurance department. In 1947, its policies were distributed as follows:

Branch of insurance	Number of policies
Fire . . . . .	154,000
Life . . . . .	25,000
Pensions . . . . .	5,000
Invalidity . . . . .	9,000
Industrial accidents . . . . .	30,000
Civil liability . . . . .	3,500
Hail . . . . .	2,700
Livestock and miscellaneous . . . . .	1,200

In the field of social security proper, the social insurance fund of the League has 117,000 members. This section was only recently established and its administrative results are not yet known.

Belgium is a typical example of a country in which the mutual insurance and co-operative movements have been given a very important position in the general organisation of social security.

<sup>1</sup> Cf. *International Labour Review*, Vol. LX, No. 3, September 1949, pp. 262-279: "The Belgian System of Employers' Group Secretariats for Social Security Work"; by A. TRINE.

In the agricultural sector there is a network of experienced co-operative institutions through which the most remote hamlets can be reached, thereby facilitating the extension of social legislation to farmers. This has served to lighten the burden of the State administrative organisation ; and the farmers' institutions, which were already equipped for insurance against occupational risks, were able to establish departments for the administration of social insurance at a much lower cost than would otherwise have been the case. In this way they have brought the farmers, whose confidence they enjoy and whose interests they represent, into the administration of a scheme the social purpose of which stimulates their feeling of solidarity.

In France the agricultural mutual aid organisations occupy a place of cardinal importance in the social security system and the insurance of occupational risks. This is due to the fact that the legislature was concerned not merely to extend to agriculture the social security system applicable to industrial and commercial workers, but also to take into account, in the first place, certain economic and social factors which give agriculture its special character, and, secondly, the existing rural occupational organisations, which formed an adequate and suitable framework for the application of social security measures.

The position of agricultural workers in France differs considerably from that of industrial and commercial workers, and for two main reasons : the number of wage earners is small, and very often their social circumstances are substantially similar to those of the farmers. Most farm units in France are family undertakings in which virtually no paid labour is employed ; only 1 per cent. of the total number employ more than 15 paid workers. It follows that the vast majority of the rural population may be regarded as economically weak and in need of the same social protection. The income of the farmer from his holding, too, is uncertain. The problem in France has, therefore, been of a twofold nature, namely, how to extend the scope of social legislation to cover other than wage earners, and how to finance the cost. These economic and social peculiarities constitute the main reason why in France the administration of agricultural social security has been entrusted to the farmers themselves.

The agricultural mutual aid machinery in France is exceptional in that, in addition to the direct administration of social security, it also undertakes all insurance transactions against occupational risks such as fire, accident, livestock losses, and hail. There are for this purpose various central funds, with common headquarters in Paris. They comprise four Reinsurance Institutes of Rural Co-operative Mutual Insurance Societies, for fire, accident, livestock and hail respectively, together with a Central Fund of Agricultural Friendly Societies, a Central Autonomous Agricultural Mutual Pensions Fund, and a Central Fund for Agricultural Family Allowances.

The first four institutions reinsure against occupational risk and the other three against social risks. The activities of these central bodies is co-ordinated through an Association of Rural Reinsurance Co-operative Institutes, which represents their interests, establishes and administers all collective services and manages their staffs. They all cover the whole of metropolitan France. The Central Fund of Agricultural Friendly Societies and its affiliated funds take the legal form of friendly societies in conformity with the Act of 1 April 1898, while the Central Fund for Agricultural Family Allowances and the four Reinsurance Institutes against occupational risks are governed by the Act of 4 July 1900; there are special regulations on insurance against hail and accident risks.

The three central funds for reinsurance against social risks reinsure 85 departmental or regional funds. The agricultural social insurance funds administer sickness and maternity insurance. The Central Fund of Agricultural Friendly Societies reinsures them against these risks and administers disablement insurance during the first five years. The Central Autonomous Agricultural Mutual Pensions Fund administers disablement insurance after the first five years, as well as old-age and survivors' insurance.

In addition to compulsory social insurance, the agricultural social insurance funds operate a voluntary insurance scheme for the benefit of rural workers who do not come within the compulsory scheme (farmer-owners, tenant-farmers and certain share-farmers). The voluntary insurance benefits are not so high as those paid under the compulsory system. As regards voluntary old-age insurance, contrary to the practice in the case of compulsory insurance, contributions continue to be accumulated until at the age of 60 years insured persons receive the annuity which they have built up by their payments.

The departmental and regional agricultural family allowance funds distribute the various benefits instituted by law on behalf of large families. The Central Fund for Agricultural Family Allowances provides a link between the departmental funds, centralises their applications for credits, receives credits from the State and the National Solidarity Fund <sup>1</sup>, and distributes them between the various departmental funds. It supervises the utilisation of these credits and undertakes the equalisation of costs between high-birth-rate and low-birth-rate regions.

For 1947, the results of the working of these funds were as follows: under the compulsory social insurance scheme, the number of contributors was 1,134,000 and the contributions received totalled more than 4,000 million francs; for the voluntary insurance scheme the corresponding figures were 50,000 contributors and over 75 million francs respectively; the membership of the family allowance funds was 2,800,000 and the benefits paid amounted to 24,160 million francs.

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<sup>1</sup> A special fund, financed by a tax on agricultural produce, used to assist in financing agricultural family allowances.

The four Reinsurance Institutes for occupational risks reinsure departmental or regional funds, which in their turn reinsure local funds comprising one or more communes in their area. In 1947 there were 259 departmental or regional funds and 47,586 local funds ; the total number of policies was 2,133,000, the total capital insured was 466,497 million francs and the contributions paid amounted to 2,018 million francs.

The establishment of a widespread network of local insurance funds against occupational risks would seem to have been a success from both the economic and the social viewpoint. After fifty years of existence their number is still increasing considerably ; in 1947, for instance, 1,174 new local livestock mortality insurance funds were established. From the economic standpoint, the insurance premiums charged by the funds are lower than those of the insurance companies, and this has led to a considerable saving for agriculture as a whole. From the social standpoint, the mutual insurance organisations against occupational risks have facilitated the extension first of social insurance and then of family allowances to the rural classes.

In French North Africa, energetic action has been taken in the agricultural industry to build up a medico-social organisation. Through free and voluntary collective effort, interesting results have been achieved ; under the auspices of the agricultural associations, groups of farmers have been formed to set up clinics providing free treatment for agricultural workers and their families. Thus in the Blida region most farmers from the surrounding communes belong to the rural social aid scheme. At Meur-el-Ain and Mouzaïa-ville, the farmers' association has also opened dispensaries. At Bône, agricultural associations have been founded to provide medical care for the families of fellahs belonging to co-operative institutions and of the employees of the institutions. At El-Affroun a hospital with dispensary has been established by the agricultural associations for the benefit of members' employees. At Souma, a rural association has established a model social organisation which provides medical aid for a population of 8,000.

In the field of insurance against occupational risks the North African Reinsurance Office of Agricultural Mutual Insurance Societies federates and reinsures 34 regional agricultural mutual insurance funds in North African territory ; 27 funds operate in Algeria, 5 in Morocco and 2 in Tunisia. All specifically agricultural risks are covered by these organisations : fire, livestock mortality, civil liability, hail, etc. The Office has also dealt with the administration of accident insurance since promulgation of the Act of 15 December 1922 extending the French industrial accident legislation to Algeria. In 1946 premiums collected by all North African organisations in all fields of insurance exceeded 210 million francs.

In the Netherlands, the present social security scheme, which includes all workers, agricultural and others, was built up in stages on the basis of the mutual aid and co-operative organisations which

had been spontaneously established to cover certain social risks. At the outset, provision was made for cash benefits only. The occupational funds formed by employers' and workers' organisations, and the labour councils' funds, were entrusted with the application of the law. The existing mutual insurance and co-operative funds then moved towards provision of benefits in kind (medical, surgical and dental care, etc.) and engaged in what was known as voluntary sickness and maternity insurance.

When the social security legislation was reformed in 1941, voluntary insurance was absorbed in the official cash benefit insurance system. Nevertheless a limited number of voluntary sickness institutions, which had arisen out of the fusion or the reorganisation of the old funds, were recognised as general sickness funds and entrusted with providing benefits in kind to compulsorily insured persons at rates determined by regulation. They were also authorised to continue voluntary insurance for those persons whose income did not exceed certain limits.

Insurance against industrial accidents is organised in much the same way. General administration is in the hands of the State Insurance Bank, but the employers can assume the risk themselves or insure with a limited company or a mutual insurance association, which must then fulfil certain requirements.

The agricultural co-operative movement plays an important part in the insurance of occupational risks. Co-operatives or mutual insurance societies specialising in accident insurance have formed a federation, the Union of Rural Mutual Insurance Societies (*Boeren en Tuinders Onderlinge*). Others continue to lead an independent existence, such as the Central Farmers' Mutual Insurance Society (*Centrale Landbouwers Onderlinge*) and the Vegetable Growers' Mutual Insurance Society (*Tuinbouw Onderlinge*). The over-all activity of these various organisations covers some 100,000 agriculturists. There are 250 mutual fire insurance companies, 166 of which belong to a national federation (*Federatie van Onderlinge Brandwaarborgmaatschappijen*). These have an aggregate membership of about 300,000, and the total property insured against fire in 1947 exceeded 3,500 million guilders in value. Lastly, there are nearly 1,900 mutual livestock mortality insurance groups, covering more than 200,000 farmers, and 12 mutual hail insurance groups, with 37,000 members.

In Sweden, the social security scheme was built on the basis of a comprehensive and old-established organisation of voluntary sickness funds. Its origin may be found in the guilds and brotherhoods of the Middle Ages, but its real expansion dates from 1870 at the earliest. The legislation on sickness funds of 1931 brought these funds, from the legal point of view, under the Act of 1912 on mutual aid associations. This allows mutual sickness insurance funds which are duly registered to apply for official recognition, which carries with it a State subsidy granted in accordance with certain rules.



At the end of 1945 the voluntary sickness funds had a total membership of 2,508,000, or nearly 45 per cent. of the population, as well as 920,000 children in receipt of medical benefit.

By an Act of 3 January 1946, the Riksdag adopted a system of sickness insurance which is to come into force in 1951. This new Act, which replaces the Royal Order of 26 June 1921 concerning recognised sickness funds, aims at transformation of the present system into a compulsory general scheme, under which the sickness insurance funds may do nothing but administer the national sickness insurance system. Their work, however, includes collaboration, where necessary, in the administration of other branches of insurance and welfare, and more particularly the making of reports on their own operation which may be used for the establishment of a social register.

Co-operative or mutual insurance against social and occupational risks in agriculture also is well developed. Some of the groups extend their activities to both the urban and the rural population, such as *Folket-Samarbete*, already described.<sup>1</sup>

Other mutual insurance societies cater for farmers only, such as the General Mutual Hail Insurance Society (*Allmänna Hagelskadeföreningen*) at Stockholm, which has a membership of 5,000 and insures against loss of crops occasioned by hail. In 1947 it received premiums totalling 197,000 crowns, the grand total of premiums collected in this branch by all Swedish insurance companies amounting to 901,000 crowns. The Scandinavian Cattle Insurance Company (*Skandinaviska Kreatursförsäkringsbolaget*), which specialises in livestock mortality insurance, had 195,000 members during the year 1947-48 and their policies represented a value of 434 million crowns. It has also issued policies to a total value of 9 million crowns to guarantee farmers against a fall in milk yield due to sickness or death of animals and against loss of fodder resulting from contamination of pastureland. Lastly, it engages in hail insurance, for which it has issued policies to a total of 168 million crowns.

A society affiliated to the Cattle Insurance Company specialises in insurance against contagious cattle diseases and fall of milk yield on contaminated farms. In 1947 it had 30,000 members and the total sum insured amounted to 329 million crowns.

Side by side with the compulsory social security system in the U.S.S.R., voluntary rural mutual aid societies may also be established on the co-operative (collective) farms. These societies are independent, although supervised by the Social Welfare Ministries of the Soviet Republics concerned.

These voluntary societies are financed by contributions in cash or in kind, which may amount to 2 per cent. of the annual harvest, and which are paid by the co-operative farm directly into the society's account. The scheme is in effect an insurance system

<sup>1</sup> See Part I, *loc. cit.*, pp. 503-504. On p. 504, line 12, the number of persons covered against fire was given as 48,000. The correct figure is 480,000.

on a voluntary basis, and functions only if a majority of members of the co-operative farm so decides. The variety of benefits in cash or in kind paid by some of the societies is very great. These benefits cover sickness, maternity, death, old age, invalidity, and even housing for retired members and medical care for orphans and war cripples. A mutual insurance society has also power to act as a credit fund, granting loans to members for the purchase of farm implements and livestock. In 1944 nearly 60,000 such societies existed throughout the U.S.S.R.

Japan before the war possessed a rural medical service organised with the aid of the co-operative movement. This system was profoundly affected by the war, but the Act of 30 June 1948 which instituted sickness, accident, maternity and survivors' insurance provides that the administration of the insurance shall be handled by the villages and by sickness insurance associations constituted as non-profit-making incorporated bodies. This new legislation, which applies mainly to the farming population, appears likely to have excellent results, but it is too early to give particulars as to its scope. A number of health co-operative societies existed before the war (267 societies comprising more than 400,000 members in 1937); and in 1949 there were more than 200 co-operative hospitals. It would seem that such health co-operative societies as have survived the war will be in a position to amend their rules so as to receive official permission to participate in the administration of the new social security legislation.

### *Countries Lacking Official Social Security Schemes*

In countries where compulsory social insurance is underdeveloped or non-existent, farmers have very frequently established mutual insurance co-operative societies insuring against a number of social risks and sometimes also against occupational risks.

In Latin America, a number of groups insuring against industrial accidents and hail have been constituted. Very often the land settlement co-operatives extend their activity with a view to attacking the social problems connected with land settlement (prophylaxis, hygiene, disease control, etc.).

Thus Argentina now possesses a considerable network of co-operative societies specialising in the insurance of occupational risks in agriculture, such as the Co-operative Agricultural Settlement and Credit Society (*La Previsión*), which operates in the province of Tres Arroyos. This body discharges numerous functions, but its insurance branch is the most important. It handles hail and agricultural accident insurance; in 1938 it insured 4,400 members against hail, as compared with about 1,000 against accidents. (Between 70 and 80 per cent. of the population in the area is said to be insured against hail by this society.) The Argentine Agrarian Federation of the State of Santa Fe holds 23,000 accident and hail

insurance policies, but, unlike *La Previsión*, its accidents branch is the larger, in a proportion of two thirds to one third. There are 57 other, similar groups, which are reported to receive on an average more than 1,500,000 pesos in premiums.

The Union of Argentine Co-operative Societies is considering a plan for the centralisation of insurance co-operatives, which provides for the establishment of a main institution to effect reinsurance and to act as a federation.

In Brazil and Ecuador, co-operative insurance against occupational risks does not appear to be greatly developed. In the State of São Paulo in Brazil, however, there are a few co-operatives handling livestock insurance. In Ecuador, some agricultural co-operative societies, such as the coffee marketing co-operative at Jipijapa, pay death benefits to members' families.

The social activities of the Mexican *ejidos* (co-operative joint-farming groups) and of the Colombian settlement co-operatives call for mention. Among other things, the *ejidos* have undertaken to build hospitals provided with up-to-date equipment. An *ejido* hospital, recently completed at Progreso with Government aid, is the first of a series of such institutions to be built at Mixquihuala, Atotonilco-el-Grande and Tepatepec.

In North America also, there is a considerable network of insurance co-operatives covering a large proportion of the rural population. They are often organisations which, originally established for the protection of the farmers, have extended their activities to persons in non-agricultural occupations, thus reversing the process generally observed on other continents.

In Canada, co-operative action in the field of social security is developing satisfactorily, as, for example, in the case of the Catholic Farmers' Union of Quebec, which has a membership of 13,000 and insures against sickness, accidents and death. It also pays old-age pensions and handles every form of life insurance: whole-life, term, endowment, etc.

There are also mixed organisations including both farmers and town-dwellers among their members. The Co-operative Health Association of Quebec, for example, which is organised on a mutual insurance basis, pays medical and surgical benefits for domiciliary or institutional care. In 1947 this organisation had 8,000 members and the premiums received amounted to \$74,000. Today it is also devoting attention to the promotion of preventive medical services.

The province of Manitoba is becoming increasingly interested in the promotion of health services. Local wheat growers' associations affiliated to the Manitoba Pool Elevators are fully supporting a scheme for financial aid to the State Health Plan. In 1947 the province possessed permanent local health services open to 40 per cent. of the population, the rural element being predominant. Each unit comprises a medical officer of health, a public health nurse, a sanitary inspector and at least one dispensary. The wheat growers' associations have also taken an active part in the organisation of

hospital groups. Today there are 271 such groups in the rural districts of the province, with more than 52,000 farmer-members.

Insurance against occupational risks, effected through the mutual aid societies, is also fairly highly developed in Canada, although in principle it is confined to fire and hail insurance. There are several types of mutual aid societies, covering either the whole country, or a province or small localities only, as in the provinces of Ontario and Quebec.

By the end of 1945, 410 agricultural mutual fire insurance societies, mostly in these two provinces, had insured property to a total value of \$1,554 million. These organisations are as a rule independent and operate on co-operative lines. Others, insuring against fire and bad weather, are administered in accordance with municipal regulations, while preserving their autonomy. Finally, a few societies are entirely dependent on the local municipal council, which establishes what risks are to be insured, as well as the annual premiums to be paid.

One of the oldest mutual fire assurance companies in Canada, and one of the first co-operatives on the American continent to engage in combined insurance, is that of Portage la Prairie. It covers the risks of fire, lightning, tempests and tornadoes, and has special services which can undertake repairs to damaged buildings. The Wawanesa Mutual Insurance Company (Manitoba), also a very old institution, began by insuring threshing machines and thereafter set up a fire insurance branch, which developed rapidly.

In addition to fire insurance, some Canadian mutual aid societies effect hail insurance; there are some fifty groups of this type throughout the country, not counting the municipal mutual hail insurance societies operating in the provinces of Alberta, Manitoba and Saskatchewan. Some of the latter organisations have formed inter-municipal groups, as for example the Saskatchewan Municipal Hail Insurance Association. It comprises 163 rural municipalities and in 1947 covered 36,000 persons.

In the United States, the Farm Security Administration sponsored a health programme for under-privileged rural populations. In some twenty States arrangements were made, through 420 co-operatives, to place more than 3,000 rural doctors at the disposal of over 100,000 families. In the Dakotas alone, the programme covered 58,000 families. The plan was financed by the Government and the subsidy was distributed as follows: doctors, 51 per cent.; hospitals, 37 per cent.; dentists, 8 per cent.; and chemists, 4 per cent. These programmes point to the fact that the Government regarded the co-operative organisations as capable of assisting in the promotion of efficient health work.

Co-operative and friendly societies which specialise in insurance against occupational risks in agriculture are fairly numerous in the United States. There are said to be at present nearly 1,900 such societies, covering more than half the total number of farmers and insuring a total capital of \$15,000 million. Some are organisations

of long standing, having been in action for more than fifty years. Their geographical distribution is rather uneven, and some States, which possess no legislation favouring their development, have practically none. They are mostly concentrated in the eastern States. Since legislation differs from State to State, there are considerable differences in regard to the scope of these various groups. The legislation of several States favours the establishment of small local groups ; only 25 persons are required to constitute a group. This conception, supported by the State of New York and some of the Mid-West States, has led to a considerable development of co-operative insurance societies in these regions. There are more than 100 in each of the following States : Illinois, Iowa, Missouri, New York, Ohio, Wisconsin ; there are 38 in Maine, 17 in New Hampshire, 14 in New Jersey, and the remainder are more or less evenly distributed over the other States.

The most widespread types of insurance are fire insurance and insurance against motor accidents ; but the co-operative societies have increasingly extended their insurance to cover damage caused by weather conditions : wind, storm, tornadoes, hail. Generally a separate policy is drawn up for hail insurance, although combined insurance also exists, *e.g.*, crop and hail insurance. Insurance against other weather conditions is generally provided for by special clauses incorporated in the policy, with the concurrence of the insured persons.

Lastly, some societies undertake life insurance in every form. The following are examples. In Ohio, the Farm Bureau Mutual Automobile Insurance Company, with its fire and life insurance branches, holds more than 700,000 motor accident insurance policies and 185,000 fire insurance policies. Its life insurance system is also highly developed. It effects insurance and reinsurance and has directed its attention towards the coverage of damage due to weather conditions, such as thunderstorms, tempests, floods and earthquakes. It also handles industrial accident insurance. Originally established by farmers, it now covers other occupational categories as well. The National Farmers' Union Service Corporation covers an area extending into several States. The total number of insured families exceeds 150,000, and some 30,000 persons are insured individually. This organisation also insures against all occupational risks (fire, civil liability, loss of livestock) as well as some social risks, such as sickness, accident and death. The American Farmers' Mutual Automobile, Life and Fire Insurance Company insures more than 125,000 persons in Wisconsin and Minnesota against all liabilities. It also handles life and fire insurance, as well as motor accident insurance, but not crop insurance. The National Farmers' Union Life Association (Colorado) holds 80,000 life insurance and 26,000 motor accident insurance policies. It also pays sickness, surgical, hospital and death benefits. Generally speaking, these societies distribute their surpluses in the form of dividends.

In Europe, the principal Finnish co-operative insurance societies also cover the rural population, as already described.<sup>1</sup>

In Greece some occupational risk co-operative societies insure farmers against fire, hail, floods and other disasters. The existing co-operative and mutual insurance societies are undergoing reorganisation, and numerous plans are under consideration. Generally speaking the societies are considered to be in a position to provide better services, both in the social and in the occupational field.

In the Far East, China, with a predominantly agricultural population, does not appear to possess mutual aid or co-operative social security institutions. There are, however, a few co-operative societies which specialise in insurance against occupational risks. Livestock insurance, in particular, has developed during the past ten years; so, more recently, have life insurance and crop insurance.

The Co-operative Life Insurance Society of China, founded in 1948, effects individual and group life insurance. Its rules permit it to cover sickness as well. It is too early as yet to judge its results; by the end of 1948 it had a membership of 436 and 51 groups of unspecified size.

There are a number of livestock mortality insurance co-operative societies covering in general not more than one province. Thus the Yunnan Insurance Co-operative Society handles the insurance of draught animals (oxen), in addition to life insurance and insurance on buildings. It has 249 members and 22 groups (membership unknown).

Most of these organisations have been supported by the Farmers' Bank of China and the provincial Governments. In 1943, for instance, the Government of the province of Kwangsi organised co-operative cattle insurance societies, and its example was followed in Sanyi, Yungchang and Neikiang, where experts are now engaged on the development of livestock insurance.

Lastly, the China Agricultural Insurance Company, established in March 1944, insures buildings and livestock. It also engages in maritime insurance, and has been making an effort to extend into other types of insurance.

In India co-operative insurance has not followed the same upward trend as the co-operative movement in general, and its possibilities of expansion are the subject of attention. The most common form of co-operative insurance at present is that of life insurance, and is principally to be found in the southern part of the country. The organisation of co-operative life insurance has been greatly influenced by the ideas of Raiffeisen, who considered that credit co-operatives must serve to further the establishment of other co-operative societies, especially insurance co-operatives. The main advantages of this system are, first, that it introduces insurance into rural areas; and, secondly, that it provides full security for lending institutions which hold reliable guarantees;

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<sup>1</sup> See Part I, *loc. cit.*, p. 501.

while the borrower's family is likewise protected in the event of the breadwinner's death.

The first co-operative insurance institutions in India were established in 1930. The Bombay Co-operative Insurance Society, for example, was founded at that time, and developed rapidly, reaching a membership of nearly 17,000 in 1945. Most existing co-operative organisations cover a particular province or State, such as the Baroda Co-operative Insurance Society, the Hyderabad Co-operative Insurance Society, etc. Their members are mostly farmers, and life insurance is the most common type of insurance effected.

The South India Co-operative Insurance Society, the Madras Co-operative Vehicles Insurance Society, the Indore Co-operative Insurance Society, the Travancore Co-operative Insurance Ltd., constitute a further group of more recent creation. In addition to life insurance, they provide coverage against a variety of risks, such as fire, accident, livestock mortality, etc.

Livestock insurance, however, is not extensively practised ; and nowhere except in the neighbouring country of Burma has it really taken root. In that country there is even a central livestock reinsurance organisation.

Fire insurance has developed in the province of Madras, especially during the last war. The Co-operative Fire Insurance Society was registered in 1941. It also handles accident insurance and insurance against thefts. Another institution, the Madras Co-operative Motor Vehicles Insurance Society, was established in 1946, but it is more especially concerned with owners of motor cars used for public transport.

The voluntary organisation of insurance against agricultural risks is now recognised as a necessity, and the Co-operative Planning Committee set up by the Central Government has particularly urged that life insurance should be developed and that a general fire insurance society should be formed to cover the whole of India. With regard to livestock insurance, the Committee reached the conclusion that it might succeed if undertaken under State direction.

In the Middle East, some interesting social achievements may also be observed, which may provide a basis for improving the conditions of workers in other countries in similar economic and geographical circumstances. In Cyprus, for example, the social action initiated by the joint farming co-operative societies is worthy of attention. It presents some similarity to that of the co-operative land settlement societies in certain Latin American States. Its chief feature is the creation of a special fund, financed out of the annual surplus, to meet the cost of medical aid for members and their families and their welfare and education.

## GENERAL ACTION BY VOLUNTARY SOCIAL SECURITY INSTITUTIONS (MUTUAL OR CO-OPERATIVE)

In many countries a voluntary social security system of the mutual aid or co-operative type has gradually been built up, and frequently it has supported the official social security systems established afterwards. Such institutions may, however, also be found operating alongside the State institutions and some of them, indeed, came into being after the official machinery.

Generally speaking, the voluntary institutions insure their members against sickness, disablement, death and old age. Some also deal with industrial accidents and the payment of family allowances.

The United States health co-operative societies (group health associations), which were discussed above<sup>1</sup>, come within this category. They are a typical example of voluntary health institutions established with the support of occupational and trade union groups. In Bulgaria, Canada, India, Japan, Poland, Spain and Yugoslavia health co-operatives were, and in some cases still are, very widespread.

One of the most extensive movements in existence today is that of the Indian health co-operative societies which devote themselves especially to malaria control. The first malaria control organisations were set up in Bengal, and have been in existence for more than forty years; the nucleus of the first village anti-malaria association to operate on a co-operative basis dates back to 1914. In view of the results achieved by these associations, the Anti-Malaria League which existed at that time was transformed into the Central Co-operative Anti-Malaria Society, which today includes 2,560 local co-operative societies, each with an average membership of 250 families.

The health and malaria-control co-operative societies in India are similar in their structure and aims to the Yugoslav health co-operative societies described below. They are interested in everything concerned with hygiene: preventive and curative medical care, sanitation, water supply, etc.

In 1939 the Government of Madras was considering a plan for the establishment of health co-operative societies, as part of an extensive plan for the improvement of public health. The Punjab also possesses a number of health co-operative societies, but in this province, as in the United Provinces, some of the health work is undertaken by "better-living" societies. Excellent work has been done under their auspices: clinics have been established, sanitary improvements made in villages, road networks planned and extended, public wells sunk, etc.

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<sup>1</sup> See Part I, *loc. cit.*, pp. 510-512.



Yugoslavia before the war possessed an organisation of voluntary health co-operative societies based on the active participation of the beneficiaries. Starting with limited but attainable objectives, they developed rapidly and in a few years were able to effect appreciable improvements in the living conditions of the peasant populations. They have attracted the attention of hygiene experts and of economists concerned with rural community problems and might serve as a model for similar movements in other countries.

This Yugoslav scheme began in 1921 ; by 1937 it comprised 171 health societies, affiliated to a Union of Health Co-operative Societies at Belgrade. They had a total membership of over 100,000, which meant that they covered more than 400,000 persons. These organisations had made arrangements to ensure that in every rural district covered there should be a doctor, a chemist, or even a small hospital. They also made an important contribution to disease control by vaccination and other preventive measures. Through special sections of trained young men and women they spread health education among the people and even gave the farmers instruction on technical, economic and social matters. They were instrumental in the establishment of drainage, and in the construction of wells, cesspools, etc. <sup>1</sup>

The Yugoslav example shows the use that can be made of such groups, where they exist (in India, for example), in the furtherance of social security. The health co-operative system presents a further advantage in that it deals with a number of rural problems at one and the same time. It may also suggest the way to establish a pattern of a rural community, small enough to remain conscious of its interests because its internal relations remain personal, yet large enough to set up and maintain the collective services essential to its preservation.

In addition to this special type of health co-operative society, there are others established for specific purposes on a voluntary basis. One type engages in several kinds of activity, as in Switzerland, where, side by side with compulsory social insurance agencies, there is a wealth of organisations covering persons in one or more occupational categories, both urban and rural. Some of these, although not co-operative societies in form, nevertheless display many of the characteristics of co-operative societies. In 1948, 169 sickness and death funds appeared in the commercial register under the heading "Co-operative Societies" and 144 old-age and pensions co-operative societies.

Other types have more concentrated objectives. In the U.S.S.R., for example, there is the Union of Disabled Persons' Co-operative Societies of the R.S.F.S.R., which groups 2,600 disabled persons' co-operative societies with a total membership of 250,000 persons belonging to various trades and comprising both disabled

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<sup>1</sup> For fuller details on the programme, methods and achievements of the Yugoslav health co-operative societies, see *International Labour Review*, Vol. XXXII, No. 1, July 1935, pp. 19-38 : "Rural Hygiene and Health Co-operative Societies in Yugoslavia", by M. COLOMBAIN.

industrial workers and cripples from the civil war and the two world wars. These societies not only provide vocational rehabilitation but also provide medical care for their members, especially apprentices.

Co-operative societies that pay funeral benefits may also be included in this category. In the United States today there are more than 38 such organisations, insuring some 30,000 persons. In Finland the many voluntary insurance funds constitute a social security system in themselves ; the largest are those that pay funeral benefits.

Another interesting group of voluntary organisations, to be found in most countries throughout the world, is that of the mutual aid societies established to assist their members in case of sickness, accident or death, and in some cases to pay old-age pensions or special allowances to the aged poor. It is true that they do not possess all the characteristics of co-operative societies, but, by reason of their general guiding principles and their aims, they are very similar to these. As has already been stated, they are sometimes established in the form of mutual aid societies in order to meet legal requirements and frequently their administrators are co-operators in the true sense.

In Europe, mutual aid societies have played, and are still playing, an important part in the field of social security. In such countries as Austria, Belgium, Denmark, Finland, France, the Netherlands, Portugal, Sweden and Switzerland they were in existence before the official social security system was introduced. They have survived and in some cases have been entrusted with all or part of the administration of the social security legislation.

A striking example is that of the sickness funds in Denmark. As early as 1892, the Rigsdag passed an Act giving recognition to sickness funds, which had been in activity since 1870. The sickness insurance system thus instituted still retains its initial features, inspired by the ideal of independence. Sickness insurance is in principle voluntary, *i.e.*, persons may or may not register as active members with State-approved sickness funds. However, those who cannot become active members because their income is in excess of the specified limit are required to join as passive members, in which case they pay a nominal annual fee covering them against invalidity only. Their title to other benefits remains in abeyance while their income remains above the statutory limit.

Industrial accident insurance, on the other hand, is compulsory in Denmark. It is administered by the Directorate of Accident Insurance under the supervision of the Ministry of Social Affairs ; but the employers are entirely at liberty to insure either with their own mutual insurance societies or with State-approved insurance companies.

Social insurance in Denmark is thus largely based upon organisations which, though not strictly co-operative, possess most of the characteristics of co-operative or mutual aid societies. The administrative boards of these organisations are elected by their members.

Consequently, although sickness funds and the employers' accident funds come under the supervision of the Ministry of Social Affairs, they retain their administrative autonomy. Lastly, the sickness funds are at liberty to pay all kinds of optional benefits in addition to the compulsory ones. Optional benefits vary from one society to another; they generally include reimbursement of the cost of special treatment, domiciliary care, convalescent treatment, dental treatment as well as massage, dressings, artificial limbs, spectacles, etc.

In Latin America, Uruguay seems in the past to have made frequent use of mutual insurance organisations with a view to the establishment of medical services. In 1942 more than half the population was entitled to medical care through mutual insurance societies; 300,000 persons with their families were insured by about 100 organisations of this type, which covered areas of varying size. The monthly contribution was between one and two pesos a month. For this sum the insured person had the right to call on a medical service comprising specialists, surgeons, oculists, dentists, midwives, etc. The medicaments prescribed by these practitioners were paid for by the organisation, which also had a number of beds reserved in hospitals. Today the compulsory social security system is based upon a number of funds more or less specialised by occupations; but the information available does not show whether the former mutual insurance organisations continue to function independently or whether they have been absorbed into the compulsory system.

In North America, Canada possesses a considerable network of mutual aid societies. One type is the Co-operative Health Association of Quebec, of which mention has been made earlier.<sup>1</sup> Another example is the Union of French Mutual Life Insurance Societies of Quebec, established in 1945. It comprises 7 societies, drawing their members from the province, which in 1947 collected nearly \$5,000,000 in premiums or contributions in respect of 180,000 insurance policies.

In the Far East, Japan, where sickness insurance was being developed before the war, now relies on the mutual insurance system for the application of the Act of 30 June 1948 establishing sickness, accident, maternity and death insurance. This legislation is of no little interest, as it can be adapted to widely varying circumstances and associates the insured persons themselves in the management, besides making use of existing institutions. This should lead to the economical and efficient management of sickness insurance and contribute to the education of members capable of appreciating the benefits of social schemes administered on democratic lines.

#### INSURANCE SCHEMES FOR CO-OPERATIVE EMPLOYEES

A great many persons are employed in co-operative organisations; it is probable that their number exceeds two million. To organisations

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<sup>1</sup> See above, p. 635.

such as these, imbued with the ideal of the Rochdale Pioneers, the welfare of their employees is naturally a matter of constant concern. As experience shows, consumer co-operatives, on reaching the stage where they meet the common primary needs of their members, tend generally to set about satisfying further needs. The welfare of employees can be counted among the responsibilities thus undertaken, as is shown by the many social institutions which consumer co-operatives have initiated for the benefit of their staffs: relief funds, welfare funds, holiday and rest homes, etc.

The co-operative societies in Belgium, Finland, France, Germany, Sweden, Switzerland and the United Kingdom, among other countries, have made noteworthy efforts in this connection.

For example, the Insurance Fund of the Swiss Consumer Co-operatives, directed and administered by the Swiss Union of Consumer Co-operative Societies, now includes 207 co-operatives as collective members. These have taken out old-age and invalidity insurance policies for 5,700 of their employees. In 1947 the Fund paid out nearly 3.5 million francs in pensions and death benefits under its survivors', old-age and invalidity schemes. In 1947 an Equalisation Fund established by the Swiss Union of Consumer Co-operative Societies was approved by the Federal Government. It pays children's allowances and compensation for loss of wages to employees called up for military service, and at the end of 1948 it comprised 379 consumer societies.

Rural co-operatives of every sort (credit, production, processing, marketing, etc.) have shown themselves no less anxious to improve the social conditions of their employees. Naturally their activities in this respect are the most developed in countries where rural co-operatives are fairly numerous, such as Belgium, Denmark, Finland, France and North Africa, and India.

Such activities are undertaken sometimes by individual rural co-operatives, as in Belgium (societies belonging to the Farmers' League) and India (credit co-operatives); sometimes by groups of rural co-operatives in the same branch, *e.g.*, the dairy co-operatives in Finland and the mutual insurance co-operatives in France and North Africa; and sometimes by rural co-operatives of various types, as in Denmark.

A good example of joint action by co-operatives of identical type is to be found in Finland in the Mutual Insurance Society of the Co-operative Dairy Associations (*Meijerivaen Keskinainen Eläkevakuutusyhdistys*). Set up in 1921 by the Federation of Finnish Co-operative Dairies "Valio", its initial object was to pay retirement pensions to employees in dairy co-operatives. These pensions are revertible to the husband or wife, as the case may be. Men qualify for them from the age of 58 years and women from 55 years. The society has since extended its activities to disability, sickness and accident insurance for co-operative dairy employees.

In France, an Agricultural Co-operative Employees' Mutual Insurance Fund provides the staffs of the various member associa-

tions with supplementary insurance against the major risks already partly covered by the rural social insurance funds, to which this central fund belongs.

A unique example of joint action by rural co-operatives of various types is to be found in the Danish Co-operative Pensions Society (*Andels-Pensionsforeningen*). At the present time it holds 22,000 policies covering more than 5,300 employees in rural co-operatives, to whom it pays the following benefits: old-age pensions (men at 65, women at 60), invalidity pensions, widows' and orphans' (up to the age of 18) pensions. Because of its economical administration the society has been able to reduce its members' contributions, while allowing them the same benefits as other social insurance organisations.

Mention must also be made of the welfare schemes of the workers' production co-operative movement. In France, for example, the workers' productive co-operatives have established a solidarity fund for aged co-partners, with the twofold object of honouring those who have spent their life in co-operative service and of providing them a small sum of money on retirement. Payment of grants from this fund is conditional upon the applicant's being over 60 years of age and having served 25 years with a workers' productive society.

Finally, reference should be made to employees' welfare schemes undertaken on an inter-co-operative basis, of which France again provides an example. In that country a special association of producers' and consumers' co-operative societies was set up to administer the residue of the funds of a family allowance equalisation co-operative when the latter was absorbed by the State social security machinery. With its surplus this association has established an aged workers' allowance fund, from which, pending the application of relevant legislation, allowances are paid to co-operative employees who are too old to work and may consequently be faced with economic difficulties.

#### STATE AID TO CO-OPERATIVE AND MUTUAL INSURANCE ORGANISATIONS

The increasing intervention of the State in the economic sphere and its direct concern with the amelioration of the conditions of life of its citizens are accompanied by an ever-increasing measure of activity by the public authorities in the social field, including more or less direct aid—moral, technical or financial, whichever may be required—to co-operative and friendly societies. The intervention of the public authorities in this field has greatly expanded since the world economic depression of 1929, and remarkable developments in regard to social and occupational security have consequently been made during this period.

State action has taken various forms, often that of legislation. For example, special laws have been framed to facilitate the establishment of health and hospital co-operative societies, mutual insurance funds, and rural insurance co-operatives in Canada, China, India and the United States. Sometimes, again, voluntary organisations have been granted official legislative recognition and assigned definite functions in the implementation of social security plans. The approved sickness funds in Denmark, the Netherlands and Sweden and the mutual insurance organisations in Belgium are characteristic examples of such action.

In other cases the social security legislation has given scope to the creation of a network of voluntary insurance institutions alongside the official machinery. Thus in Bulgaria the compulsory social insurance scheme includes a provision permitting the establishment of private associations for the payment of additional social benefits. Similarly, in Japan, under the Act of 30 June 1948, the administration of sickness, accident, maternity and death insurance devolves upon non-profit-making sickness insurance organisations.

Furthermore, State aid may take the form of tax exemption legislation. This method has been of particular importance in France and Algeria, where exemption from certain taxes has facilitated the growth of the rural mutual insurance societies.

Sometimes provision is made in the national budget for recurring or non-recurring subsidies, which vary according to the size of the society. Sometimes emergency subsidies are voted for co-operative or mutual insurance organisations placed in difficulty by exceptionally disastrous outbreaks of cattle disease, floods, hailstorms, etc.

Certain countries have adopted special regulations authorising officially approved rural or urban credit funds to grant loans to co-operative or mutual insurance organisations. These loans are sometimes derived from State credits and are subject to special safeguards as to their fair distribution and proper utilisation.

Co-operative and mutual aid societies administering social and occupational insurance are naturally entitled, like other co-operative institutions, to benefit by the administrative machinery established in numerous States to aid the co-operative movement, *e.g.*, Ministries of co-operation, departments of co-operation in different Ministries, co-operative registrars' offices, or special services such as farm security administrations, etc.

They also benefit in some countries by the efforts of the public authorities to promote the teaching of co-operation and the training of officials of co-operatives, through universities, special lecture-ships in co-operation, and secondary and primary schools.

In both these respects (administrative services and educational services) noteworthy efforts have been made by Asian countries, especially India, where Government services are closely concerned with co-operative action. These countries have evolved detailed co-operative policies for application in connection with their economic and social programmes.

It will thus be seen that State support for social and occupational insurance organisations may take a variety of forms. Some institutions would prefer the State interest to be less extensive because they fear for their freedom; others, on the contrary, invite the financial support of the State. In general, however, it would seem that State intervention can be accepted; indeed, in certain circumstances it is essential. Nevertheless, it is desirable that State supervision should be relaxed when the people concerned have acquired the necessary education to enable them to manage their institutions freely and unaided.

### CONCLUSIONS

The extension of social security to all countries and to all workers in all countries is a difficult problem, to which Governments are devoting great attention.

The best method of establishing social security systems, however, cannot be determined *a priori*. The experience of more advanced countries may be of value, and the variety of systems employed is such as to facilitate the choice of the best method in any given circumstances. Such a choice can take the form of a simple selection between systems already known, or it may fall on a combination of several systems that have proved their worth.

Voluntary organisations have played and will continue to play a varying but never negligible part in furthering the development of social security. Their trained personnel and their supervisory and administrative machinery constitute elements of considerable practical value. Among these organisations the co-operative movement holds an important place.

The part played by the co-operative movement in social development has varied in importance with the social organisation of the country, but is never insignificant.

In countries where social security systems are well developed, these systems are very often based upon a combination of older social assistance and insurance schemes which aimed at eliminating or reducing certain risks to the economic security of households in low-income groups. Historically speaking, social security institutions founded on compulsory mutual aid sometimes follow mutual aid arrangements of a spontaneous kind—and therefore co-operative societies in spirit and in fact—which were born of fellowship between neighbours or between workers in the same occupation and of their desire to protect individuals against the risks of life.

The establishment of such official schemes has not always led to the disappearance of the private organisations; their right to exist continues, because their spontaneous creation corresponded to a need. Indeed, in several countries, voluntary institutions for mutual aid, of the trade union, friendly society or often co-operative

type, have been maintained side by side with a network of official organisations, and still play an important part. In many cases they are entrusted with the management of branches of social security (sickness, maternity, death, etc.). Their integration into the general framework of social security is usually based on the following reasons :

From the political point of view it has often been indispensable to retain them because their activity has extended to a whole sector of the active population not covered by the compulsory social security system ; their abolition might in certain cases have involved a step backward in social conditions, contrary to the general principles contained in the social security legislation.

From the financial point of view they help to lighten the financial burden on the State, through the use which can be made of their machinery and the experience of their employees.

Finally, from the moral point of view, they have considerable educational value on account of the principles of solidarity inspiring them.

In countries where social security systems are little developed, voluntary organisations, and co-operatives in particular, have themselves evolved systems to protect members against social risks. Co-operative societies of all types (supply, production, marketing, consumer, credit, etc.) have in general organised systems of this kind for their own members and their employees. Special co-operative societies have been started for insurance against social risks of the workers as a whole or of particular occupational groups. Trade unions and various occupational groups have been closely linked with such activity. In some cases these voluntary efforts in fact constitute the only existing system of social security.

This voluntary type of organisation may well serve as a starting point in preparing the way for and ultimately establishing compulsory social security schemes, with due regard to the experience of countries where social security is already highly developed.

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