

REPORTS AND ENQUIRIES

Social Security in Agriculture : II¹

SOCIAL SECURITY FOR AGRICULTURAL TENANTS

Before passing from the social security problems of persons working for the account of another to those of persons working for their own account, it is desirable to consider the situation of certain types of workers who occupy an intermediate status. In industry, most workers are readily classifiable either as employees or as independent workers, although some borderline categories do exist. The situation is quite different, however, in agriculture. This presents various troublesome problems in designing social security measures for the agricultural population.

Unlike industrial production, the primary capital item in agricultural production, namely, land, is often leased from its owner by the worker. The relation between landowners and many workers in agriculture, therefore, more nearly resembles that between lessor and lessee than that between employer and employee. As is well known, the exact nature of this relationship varies widely among different agricultural workers. The ambiguity in the status of many agricultural workers introduces a new element in social security planning which is infrequently encountered in schemes for urban labour.

A variety of different types of workers are grouped between the independent owner-operator of a farm, on the one hand, and the wage-earning agricultural employee proper, on the other. Several distinct categories are often found even within a single country. As among countries, variations in agricultural structure lead to such diversity as to preclude, in some cases, all comparability of status. Some of these differences are due to century-old land tenure customs and laws ; others reflect the prevailing distribution of land ownership ; and yet others are attributable to the current preferences of workers and owners.

¹ For the first part of this article, see *International Labour Review*, Vol. LXI, No. 2, February 1950, pp. 153-178.

In some cases, the sole legal relationship between the landlord and the actual cultivator of the land is that implicit in the lease itself, and the tenant pays a fixed cash rent for use of the land. Under such a type of lease, the tenant may supply his own tools and seed and work the land according to his own judgment, and he retains the proceeds from the sale of his crops minus his cash rent and the other costs. This arrangement can mean a great deal of independence for the worker, although it may apply to lessees of very small plots of ground as well as to large renters. In other situations, all the above characteristics may obtain except that the rent is set at a specified share of the crop rather than as a fixed amount. This latter arrangement may also apply to either small or large plots of ground.

The independence of the worker is probably less in those cases where the landlord furnishes some or all of the tools or seed or fertiliser required. It is definitely narrowed still more when the cultivation is performed in accordance with the landlord's general or specific instructions. In some cases, the tenant may work on two different plots of ground belonging to the landlord—one from which he retains all or part of the proceeds and the other from which he retains none of the proceeds.

The different arrangements noted may operate under short-term year-to-year leases, or they may be on a long-term or even a life-time basis.

The manifold types of economic relations to which these different land tenure arrangements may lead are obvious. The multiplicity of names characterising different types of agricultural workers in different countries illustrates how numerous the categories are. Some types of relationships between the owners and the cultivators of land are peculiar to one or a few countries, and translation of the names designating the categories of workers concerned from one language into another may be very difficult. The diversity of land tenure patterns means that details of plans for social security coverage of tenants cannot be the same from country to country, but must be adapted to the particular circumstances of each.

Nature of Protection Required

The status of some tenants is such that their social security needs are similar to or identical with those of owner-operators of farms or of self-employed workers in general. They are, in essence, conducting a business venture. The most important threat to their security is the danger that the business will not produce an adequate net return or profit. Prominent among contingencies which may cause this threat to materialise are crop failures and declining markets. Tenants of this kind need the same social security protection as is provided for other self-employed workers in agriculture.

In contrast, there are also a very large number of tenants who need and should receive the same type of protection as is provided

for rural employees. Their economic status as well as their relation to the principal proprietor of the land are often, in actual fact, little different from the situation of so-called wage-paid labourers. Not necessarily universal, but very common characteristics of these tenants are low income and low standards of living ; small area of land cultivated ; provision by the proprietor of numerous tools and part or all of the seed or fertiliser required ; close supervision by the proprietor of work performed ; and remuneration of the tenant on a share basis.

When all or most of these elements are present, it is very likely that the economic status of the workers concerned does not differ essentially from that of wage earners. By the same token they have much the same insecurity as regards income and health as do agricultural employees. Ill-health, employment injury, invalidity, superannuation, death, unemployment or family charges may threaten their standard of living and that of their family to the same degree as for wage earners. Sound social policy would appear to dictate that this class of tenants, by whatever name they may be designated, should be assimilated to the status of employees for social security purposes and should be given the same protection.

The problem is complicated by the fact that, in the agricultural economies of some countries, the occupational status of particular individuals does not remain fixed. In the first place, some individuals change their status within a single year and from year to year. Thus, during some months of the year they may sell their services for wages at neighbouring farms or even in urban employment ; but during the remainder of the year they work as tenants. This practice constitutes an additional reason for the assimilation of certain classes of tenants to the employee category, since only thus can their work history in different occupations be wholly consecutive. It also emphasises the desirability of unifying to the greatest possible extent the social security scheme of the country.

In the second place, a familiar pattern in some countries is the long-term progression of agricultural workers during their life through the successive stages of employee, tenant, and farm owner. Unless the social security scheme is so designed as to permit rational and equitable accumulation of benefit rights earned in the different stages, the protection afforded against the long-term risk of old age in particular may prove inadequate for many workers.

The need of all types of agricultural tenants to be covered by some form of social security seems clear. It is equally apparent that some tenants are most appropriately covered under the provisions applying to employees, while others should be subject to the provisions applying to independent workers. The crucial decision to be made in a particular scheme, therefore, is where to draw the line dividing the two groups. Since numerous gradations in respect of the degree of independence or lack thereof exist as among different categories of tenants, there is no easy or obvious choice.

The decision has somewhat different consequences according as the social security legislation of a country does or does not cover independent workers. In the former case, the classification assigned to a particular type of tenant determines whether or not a portion of his contribution is paid on his behalf by an employer. It may also affect the manner in which his coverage under the scheme is administered. But it does not involve the question of whether or not he is covered at all, unless employees receive certain benefits for which self-employed workers are not eligible. In contrast, if there are no provisions at all for coverage of the self-employed, the classification of a tenant as an employed or as a self-employed person determines whether he is to have or not to have basic social security protection.

Among considerations which should enter into a decision as to the categories of tenants to be assimilated to employees for social security purposes are those concerned with administrative feasibility, social equity, and financial practicability. As regards the first, it would seem more expedient from an administrative standpoint to draw a fairly simple, even if somewhat artificial, line than to formulate an elaborate legalistic definition which seeks to spell out the distinction in great detail. If unambiguous categories of tenants whom it is desired to cover do not exist in the country or in its legal concepts, some arbitrary factor, such as the area of land cultivated, the number of assistants employed, or the amount or value of products, might be used in drawing the line of demarcation.

Considerations of equity would appear to suggest that smallness of operations or of land worked is, in and of itself, a major reason for classifying certain tenants as employees. Attention should also be given to the freedom of action or lack thereof enjoyed by tenants in the performance of their work. Finally, the vulnerability of different classes of tenants to various risks, as a result of the nature of their leases or of the contractual relation between them and their principals, should be given great weight.

On the financial side, it is first necessary to give attention to the feasibility of collecting an employer contribution, if it is proposed to treat certain classes of tenants as employees. The landlord, of course, is the party from whom any employer contribution levied must be obtained. If the tenant actually cultivating the land has only subleased it from another tenant who himself is a lessee of the actual owner, there may arise ambiguity as to whether the real owner or the intermediate lessee should be made responsible for payment of the employer contribution.

Another matter requiring examination is whether the cash resources of landlords generally are sufficient to support a social security contribution on behalf of their tenants. In some particular situations, they undoubtedly are not. On the other hand, the amount of cash income received by the average tenant may itself be a major determinant as to whether tenants should be required to pay only

an employee contribution or the usually somewhat larger contribution of a self-employed person.

National Practice

A number of national laws contain no provisions as to the status of agricultural tenants under social security schemes. This usually means that there is no assimilation of tenants to employees; but it may be that decisions as to classification are left to the authorities responsible for administering a general statute. It is of interest, however, to note the rules which are followed in certain countries as regards various intermediate classes of agricultural workers.

The agricultural social security scheme of France, which applies compulsorily to all employees, expressly assimilates to employees small-scale share tenants (*métayers*) who work alone or only with members of their families. The landowner or principal tenant, if any, is assumed to be the employer for purposes of contribution. Voluntary insurance under the scheme is also open to tenant farmers (*fermiers*), share tenants who are not compulsorily insured, small-scale rural craftsmen who employ less than three workers permanently, and contractors for threshing and other agricultural operations.

Under the compulsory scheme for employees in Peru, Indian workers, tenant farmers, share tenants, settlers on a share basis (*yanaconas, aparceros, medieros, colonos*) and all other persons who under any other title but in a similar manner cultivate an area of less than six acres of land wholly or mainly for the growing of cotton or rice are deemed, together with persons assisting them, to be compulsorily insured employees. The manager or owner of the estate on which they work is deemed to be the employer in this case. Comparable areas of land are specified for use in determining whether tenants raising products other than cotton or rice are to be regarded as employees. A person deemed to be an employer is required to register his insured tenants and to enter their earnings on the registration form. If such entry is not made, or if the earnings indicated do not correspond to the work actually performed, the persons concerned are deemed to earn the average wage paid to employees in agriculture for the same work in the same region.

In Chile, where social insurance covers both employees and independent workers, all persons who work on plantations or farms in the service of the owner are considered to be employees irrespective of the nature of their work or their designation. Various categories of tenant farmers and share tenants (*inquilinos* and *medieros*) are regarded as employees for the purposes of the scheme. Some labourers who work and live on the farm receive, not only wages, but also their own plot of ground to work, food, housing and other perquisites. In other cases, work is performed under similar conditions, but the worker receives an additional piece of ground to work on an equal-share basis with the employer. Still other per-

sons, not in these categories, also work on a plantation or farm on a share basis, but under close supervision by the employer.

Special provisions regarding tenants are also found in other countries. Thus, in Australia, the Queensland workmen's compensation law is made applicable specifically to share farmers. In Italy, the sickness, maternity and tuberculosis insurance schemes as well as accident insurance apply to tenant farmers, share tenants and persons working with them. Norway covers cottars as employees under its compulsory sickness insurance provisions.

The new law of the Dominican Republic defines employees to include share tenants and standing renters (*aparceros, medieros, colonos*), as well as other persons of the same character, no matter how called, who farm a plot of land and pay rent in produce or by sharing the crop with the owner or manager of the estate (unless the said persons employ three or more assistants). The Uruguayan pension scheme for rural workers covers all persons engaged in agricultural occupations, including tenants. In Hungary, tenant farmers are permitted to insure voluntarily for sickness, accident and pension insurance if their holding is below a specified size. The United Kingdom treats tenants renting and tilling a small holding ("crofters") as self-employed persons.

It may be noted that under schemes imposing a general tax on all citizens which is not directly linked with an employer contribution, tenants of all kinds are covered on the same basis as other workers. This is the case, for example, in Australia, New Zealand and Sweden. In Denmark, admission to the voluntary scheme is open to tenants in agriculture under the same conditions as for other workers.

SOCIAL SECURITY FOR INDEPENDENT WORKERS

Cultivators working for their own account, together with their families, form a majority of the rural population in some countries, and in nearly every country their number is large. Since they have no employer, the application of social insurance to them involves special problems not present in the case of rural employees. Some of the problems are the same as those encountered in providing social security protection for the urban self-employed. Nevertheless, the coverage of agricultural and non-agricultural self-employment may necessitate quite different policies and techniques or, at the very least, special adaptations in the case of the former.

From an international standpoint, independent workers in agriculture represent an even more heterogeneous category than agricultural employees. At one extreme are peasants cultivating small plots of land on a bare subsistence basis. There are millions of such workers throughout the world, but the majority are to be found in Asia, Latin America and the Middle East. The ground they work is ordinarily of quite small area and relatively unproductive, and

they use only crude tools. Much, or all, of their production is for home use or for local barter. Usually members of the family share in the work of the farm.

Above this subsistence level, there is an infinite number of gradations of farms of higher economic status. The gradations are marked by the increasing size and fertility of the land cultivated, by the sending of a larger proportion of the product to market rather than consuming it on the farm, by larger cash proceeds as well as total income, and by the decreasing importance of family labour. Independent farmers in the upper part of the scale receive incomes comparing favourably with those of skilled labour or of small businessmen in the towns. At the top of the scale are operators of large-scale farms, who are essentially businessmen or even capitalists engaged in industrial farming and take little part in the manual work of the farm.

It is evident that social security measures designed for a country where certain types of farming predominate require substantial modification before they can be applied in other countries whose agricultural economies function at a different level. All that can be done in the present report is to examine various principles applicable in greater or less degree to all agricultural self-employment. To relate these to the social security problems of a particular country requires their adaptation to the special characteristics of farming which prevail in that country.

Risks of the Self-Employed

Factors causing insecurity for independent agricultural workers are as numerous as for agricultural employees. Some of the risks faced are the same as those confronting employees, while others are peculiar to the self-employed.

Temporary Incapacity.

The short-term risks of sickness and of temporary incapacity resulting from accidents create a need for medical benefits in the case of independent cultivators which is quite obvious. The establishment and strengthening of rural medical services affording curative and preventive care are of vital importance for self-employed workers therefore, just as for the rest of the rural population. Medical care services, as well as schemes for insuring against costs of medical care, should be so organised as to be equally available to independent and employed workers in agriculture and also to members of their families.

The provision of cash benefits in such cases involves somewhat different considerations. The incapacity of the self-employed does not necessarily lead to the same loss of earnings as that of wage-paid labour. The extent of loss depends on whether the illness or accident occurs in a busy season, such as during planting or harvesting of

the crop, or in a slack season. It is also affected by the extent to which the farmer's normal duties can be carried on temporarily by other family members. The annual income of the farm, derived from infrequent sales of crops rather than from a regular flow of wages, may in some cases be little affected by its owner's temporary incapacity. In other cases, as where incapacity lasts for some months or occurs at an awkward time, the loss of income can be quite large.

This situation has administrative significance, because it complicates the testing of incapacity in case of benefit claims of independent workers. Evaluation of the income loss to which benefits should be related is difficult, and abuses result if claimants do not actually abstain from work. Thus, while prolonged incapacity is a genuine threat to the income security of self-employed workers, full application of the same remedial benefits as are provided for employed workers is hardly feasible unless extremely tight and effective methods of testing incapacity are devised.

There are various ways of subdividing the temporary incapacity risk of self-employed workers so as to provide insurance protection against only part of the risk. One method is to require a long waiting period and to provide benefits only for relatively prolonged cases of incapacity. The Czechoslovak law, for example, requires a six-week waiting period before payment of incapacity allowances to self-employed persons. Another procedure is to limit cash benefits to farmers requiring hospitalisation or suffering from specified diseases or infirmities, where abstention from work can be taken for granted. Still another procedure is to impose an income test, as is done in Australia and New Zealand.

Temporary incapacity of family members who participate in farm work may also seriously impair family income, apart from any medical costs involved. Serious consideration should therefore be given to the inclusion of family members in any sickness and employment injury insurance provided for independent workers in agriculture. The same administrative difficulties exist as for the head of the family, and the same type of safeguards are required, but the risk exists and should be dealt with in a comprehensive scheme.

Long-Term Risks.

The risks of invalidity, old age and death often have a somewhat different meaning for farmers and for wage earners. Aged cultivators or those permanently incapacitated by disease or injury frequently are still able to perform certain regular tasks on the farm. The sons meanwhile gradually take over most of the work that their father used to do. Hence, family income may not be greatly impaired by the father's withdrawal from full-time work. The family situation is much more serious when its head dies. If ownership or tenure of the land remains with the survivors, however, it will continue to yield an income meeting at least part of the needs of the survivors. None of these circumstances exist, as a rule, for wage earners.

While the situations described above are not uncommon, they provide no ground for concluding that farmers in general do not need protection against long-term risks: Too often when farms continue to yield a return despite occurrence of a risk to the family head, the income is insufficient to provide even minimum subsistence. The holding, moreover, may be too small to support, in addition to the parents, the family of grown sons taking over their father's work. If the land is leased and not owned, it is not a saleable asset if the family head is forced to suspend work or dies. And in countries where farming is largely for the market and the economic status of farmers is fairly high, loss of the father's working capacity is a serious blow since other members of the family may do little of the farm work.

Agricultural workers in some countries shift back and forth fairly frequently between wage earning and self-employment during the course of a single year or throughout life. Where this occurs, it is important for insurance against long-term risks to be equally available to independent and to employed workers so that no loss of cumulative rights is suffered. If employment experience in the two fields is not additive, the benefit status of workers may be seriously impaired when the risks materialise.

Family Charges.

The income derived by cultivators depends on the productivity of their land and the state of their market rather than on a wage contract. Whether their net earnings are sufficient to enable them to provide adequate maintenance for their children varies according to place and time. It is well-known, however, that the average rural family is usually larger than the average urban family. Much of the urban population in many countries is drawn from the farm and was raised there. For these reasons, it is in the national interest to include the children of farmers in the scope of family allowance schemes, to ensure that they will not be brought up under conditions of poverty impairing their physical and mental development.

Business Risks.

Since independent workers in agriculture do not work for the account of another, they are not normally exposed to the risk of unemployment. Landless workers who change their status may sometimes encounter difficulty in finding land to lease or buy, but, in general, farmers may be regarded as having no need for unemployment insurance.

There are other risks menacing their security, however, which parallel the unemployment risk for employees. These risks are in a sense business risks of the farm as an enterprise. But since business and personal affairs are virtually inseparable for most cultivators, the business risks of the farm directly affect the security of the worker and his family. These risks, in fact, can constitute a greater

threat to income security than physical risks to the farmer's person, which are not always as serious for independent workers as for employed workers. For farmers to have complete security of income, therefore, they must have protection against so-called business risks as well as personal risks.

The list of hazards threatening farm income is long. Among natural hazards which may be mentioned are excesses or deficiencies of rain, sun and heat ; storms of sand, wind, snow or hail ; burning of crops or sheds ; diseases of crops or of livestock ; and pests. All farmers are exposed to natural risks of this sort whether they produce for the market or only for home consumption. In addition, farmers producing for sale or barter face an economic hazard in the instability of agricultural prices. Often these prices are fixed on a world market, and the individual farmer has to sell his product, usually a perishable one, at the prevailing price whatever it may be. This can result in considerable irregularity of income, which is an antithesis of income security.

Social measures for stabilising farm prices are a matter for general agricultural policy and not social security policy. Measures for alleviating the consequences of natural risks through use of insurance techniques, such as crop insurance schemes, have a much closer relation to social security concepts, but fall outside the scope of the present report.

In brief, self-employed workers in agriculture have much the same needs for social security protection, except for unemployment insurance, as farm employees. This is particularly true of smallholders operating family-type farms, who are numerically the most important. An important objective of social policy in all countries, therefore, should be to ensure that the protection required is provided.

Whether the workers concerned should be covered by a special scheme or by the general scheme applying to urban workers is perhaps a question of expediency rather than of principle. The answer for any country depends, in part, on what general scheme exists and how adaptable it is to agriculture. It also depends on the comparable decisions made as to the coverage of urban self-employed workers. In countries where there is considerable shifting among occupations, it is a desirable general objective to cover as many groups as possible under a single scheme. This assures preservation of rights despite changes in employment, and also has important administrative and financial advantages. In other countries, where the status of farmers remains fairly stable over a period of time, or where the general scheme is not well adapted to extension or is still undeveloped, there may be advantages in having a special scheme for farmers and peasants.

Bulgaria has set up a special scheme of old-age insurance for agricultural smallholders. Pensions are payable to smallholders who have attained age 60 (55 for women), have completed 25 years of contribution, and are members of the Union of Agriculturists; bene-

ficiaries may not be in receipt of a pension under the general scheme, may not be gainfully occupied, and must have derived their past income mainly from their farm. A special scheme exists in Uruguay covering all rural workers, both employees and employers. Switzerland has a special family allowance scheme covering agricultural employees and mountain peasants. Italy applies special contribution and other provisions to agricultural smallholders covered under its sickness schemes, but these form essentially a branch of the general scheme. In contrast, various other countries covering farmers include them under the general scheme applicable to other workers; such is the case, for example, in Australia, Chile, Czechoslovakia, Denmark, New Zealand, Sweden and the United Kingdom, and in Switzerland as regards old-age and survivors' insurance.

The basic principles which should underlie benefit formulas, eligibility conditions and related provisions for independent workers in agriculture differ little from those for other workers, and are not discussed here. It has already been noted, however, that more restrictive eligibility provisions may be needed as regards temporary incapacity benefits for independent workers. Other special problems involved in extending social insurance to farmers and peasants are those connected with finance and administration. These are dealt with in the following sections.

Sources of Revenue

The provision of cash and other benefits to the self-employed in agriculture may be a fairly costly matter. It can be successfully accomplished only if adequate and stable financial resources are available. The financial plan requires careful consideration before a new scheme is launched.

Most social security measures developed in the past have applied to urban and especially industrial employees. It is feasible to derive a substantial proportion of revenues needed for the insurance of such workers from employer contributions, the burden of which is spread among consumers. This has made it possible to impose a much lighter direct social security charge on insured persons themselves and on the general State budget. But no third party such as an employer exists in the case of independent agricultural workers, so that the burden must in the main be shared between the insured persons themselves and the State. In countries where the disposable resources of neither are large, serious difficulties will be met.

The capacity of self-employed persons in agriculture to pay social insurance contributions is often very small. The income, in cash and in kind combined, of peasants and smallholders in many countries is often scarcely enough for bare subsistence. An important fraction of the total income of all such persons is in kind and does not provide means for paying a cash contribution.

There is undoubtedly a point at which, if average earnings are too low and the proportion of income in kind is too high, the collection of a part of social security revenue from insured persons must be regarded as an impossibility. In this case and since there is no employer contribution, recourse can be had only to State funds. This greatly restricts the type of scheme which can be developed. In certain circumstances the difficulty might conceivably be overcome by devising a system of contributions in kind; whether a workable system could be created on this basis would require intensive study.

Where there is normally some margin between the earnings of independent workers and their expenditure for necessities, a positive basis for financing a social security scheme is present. The problem then is one of selecting the particular combination of contributions, State subsidies and special taxes which is best adapted to national conditions as well as to the existing general scheme of social security, if any.

Worker's Share of Cost.

A primary question to be resolved when peasants and farmers are covered under general schemes also applying to employees is whether the former should contribute at a rate above the employee rate. The ostensible reason for charging them a higher rate is that no employer contribution is forthcoming on their behalf. Another argument sometimes advanced is that it is inequitable to grant a larger public subsidy for a self-employed person than for an employed person with the same earnings, simply because the former lacks an employer to contribute for him. On the other side, it may be argued that the capacity of a self-employed person with a given income to pay contributions is no larger than that of an employee receiving the same income; and that a different assumption leads to excessively heavy charges on self-employed persons. Moreover, it is asserted that the employer contribution is really a general tax and should be used for the scheme as a whole rather than for the exclusive benefit of a particular group of employees.

There is perhaps no clear single answer to the question raised. In practice, however, it is questionable whether effective coverage of independent workers in agriculture can be secured without sizable subsidies from public funds. The lower the level of farm income in a country, the more valid this generalisation may be.

Countries now covering self-employed agricultural workers under part or all of their social security legislation follow diverse policies as regards the proportion of total costs imposed on such workers. Some have chosen to charge them higher contribution rates than those paid by employees, while others admit them to the general scheme at the same rate.

Rates exceeding employee rate. It is of interest first to examine several general schemes under which farmers and peasants pay either

double the ordinary employee rate or at least a somewhat higher rate. In virtually every case such schemes also receive a State subsidy. Czechoslovakia requires farmers to pay the same total rate ordinarily paid by employees and employers combined, and they must also pay contributions for members of their family who work in the undertaking. The rate for a self-employed person, starting in 1950, will be 16.7 per cent. of basic income, consisting of 6.7 per cent. for the sickness branch and 10 per cent. for the pensions branch. State subsidies are provided for the scheme, but it will be financed mainly from contributions.

Under the national insurance scheme of the United Kingdom, adult male farmers at present pay a weekly contribution of 6s. 2d., and a State contribution of 1s. 1d. is paid on their behalf. In contrast, adult male employees normally pay only 4s. 7d. weekly, their employer pays 3s. 10d., and the State pays 2s. 1d. Thus, the contribution of self-employed farmers is more than one third larger than that of employees, although the former are not insured for unemployment benefit. In addition to the weekly State contribution, an annual lump-sum grant is made to the insurance scheme as a whole. Contributions of women and youths, which are also flat amounts, are somewhat smaller than for adult males. Payment of the weekly contribution may be avoided by farmers whose income does not average more than £2 weekly through a provision permitting them to elect not to be insured.

In Chile, independent workers in agriculture pay a 4½ per cent. contribution under the workers' scheme (including 1 per cent. under the Preventive Medicine Act), and the State contributes an amount equivalent to 3½ per cent. In contrast, employees engaged in manual work contribute 2 per cent., their employers contribute 5 per cent. (including 1 per cent. under the Preventive Medicine Act and 1 per cent. under a low-cost housing law), and the State contributes 1½ per cent. The contribution of an independent worker is thus 1¼ times as much again as an employee's contribution, while the State contribution for the former is 1⅓ times as much again.

Under old-age and survivors' insurance in Switzerland, self-employed persons are normally required to pay a 4 per cent. contribution. This equals the combined total of the 2 per cent. contributions payable by both employees and their employers. The burden of contributions is substantially moderated for low-income peasants, however, by a provision that those earning less than 600 francs a year pay a flat annual contribution of only 12 francs, while those earning between 600 and 3,600 francs a year pay contributions at a graduated rate of between 2 and 4 per cent. In addition, peasants are permitted to offset contributions they owe with the payments to which they are entitled under the family allowance scheme. The scheme as a whole also receives lump-sum subsidies from the Confederation and cantons.

Independent workers contribute at a 2 per cent. rate under the old-age and invalidity scheme of Finland. This equals the combined

total of the 1 per cent. rates paid by employees and employers. All citizens are initially assessed at a rate of 2 per cent., but one half of the levy on employees is paid by their employer. Additional pensions supplementing the regular pension are payable from State and communal moneys to pensioners whose annual income does not exceed specified amounts, the supplementary pensions varying according to the cost-of-living classification of the locality.

In the United States, the old-age and survivors' insurance scheme does not now cover farmers although the Administration has strongly urged this. In the plans made for their coverage, considerable study has been given to the contribution rate which should be applied to self-employed persons covered under the general scheme. The Treasury has argued that, in principle, this rate should be somewhere between the employee rate and the combined employer-employee rate. An interesting variant suggested is the levying of a 1 per cent. rate on the first \$500, \$1,000 or some other specified amount of self-employment income, and a 2 per cent. rate on the balance taxable up to the wage ceiling selected; this would result in a progressive scale of contributions, farmers with small incomes paying at a lower rate than those with higher incomes. Under the Administration Bill now pending before Congress, contributions of the self-employed would equal the employee rate plus one half of the employer rate—that is, 50 per cent. more than the employee rate.

Another instance where independent workers are placed in a less favourable position than employees as regards social security contributions is found under the family allowance system of Belgium. The entire cost of allowances for independent workers is met through contributions paid by such workers on a mutual basis. In contrast, employees do not contribute toward their family allowances, which are financed from a 6 per cent. contribution paid by employers.

Rates same as employee rate. Some social security schemes are so designed as to allow cultivators to contribute on the same basis as employees. These schemes usually have a somewhat different orientation from those hitherto examined. While still having contributory features, they tend to apply to citizens as such rather than making insurance depend on a particular occupational status. One result, apart from the broader scope, is to modify the principle of an employer contribution; either no employer contribution is imposed or it becomes more nearly a purely revenue measure instead of a matching of the employee contribution. Moreover, since the right to benefit in some cases is no longer made to depend on the contributions paid, the contributions of insured persons are much less in the nature of an insurance premium. When a scheme possesses these general characteristics, it is relatively easy to admit farmers and peasants on the same contribution basis as employees.

The national pension and sickness insurance schemes of Sweden are financed by contributions from insured persons and State sub-

sidies, and no employer contribution is levied. The contribution rate for pensions is 1 per cent. of income, while the contributions for sickness, which vary with the types and size of benefits insured, are flat amounts fixed by the local sickness funds. Swedish farmers are covered by these schemes and contribute at the same rate as other citizens.

Sickness insurance in Denmark is also financed exclusively from contributions of insured persons and from Government subsidies paid to approved sickness funds. Active membership in subsidised funds is open, without regard to occupational status, to all persons whose income does not exceed a specified level (in practice, the wage level of skilled employees). The flat-rate contributions charged for active membership, which vary among different funds and also according to the benefits for which each member chooses to be insured, are the same for independent workers in agriculture as for other members. Danish employers do not contribute toward sickness insurance, but do contribute to invalidity insurance, which is linked with membership in a sick fund.

The universal benefit schemes of Australia and New Zealand are financed by means of special income taxes, plus general fund grants in the case of New Zealand. The major revenue source of the New Zealand scheme is a special "social security charge" of $7\frac{1}{2}$ per cent. on gross wages and salaries, net individual income other than wages, and net company income. Farmers thus contribute on the basis of their net income at the same rate as other workers. Australia levies a special "social services contribution" on taxable income of individuals (after exemptions) at graduated rates rising from $1\frac{1}{4}$ per cent. to $7\frac{1}{2}$ per cent. This levy is applicable to independent workers in agriculture in the same way as to other citizens. The scheme also receives the yield from a $2\frac{1}{2}$ per cent. employer payroll tax levied on payrolls in excess of £20 per week.

Some sickness insurance funds established under cantonal legislation in Switzerland, which are financed by members' contributions and public subsidies, are open to farmers and peasants on the same financial terms as apply to other categories of insured persons.

Other arrangements. A few countries have adopted revenue arrangements which include not only contributions from insured persons and State subsidies, but also special types of taxes for financing agricultural social security benefits. Where special tax sources or taxing arrangements of this kind are available, they can do much to resolve the difficulties met with in financing benefits for independent workers.

Thus, the rural old-age and invalidity scheme in Uruguay, in addition to receiving voluntary contributions from insured persons and having a State financial guarantee, receives the proceeds of a 0.2 per cent. tax on all real estate situated in rural areas and of a 0.5 per cent. levy on the value of rural real property whose ownership is transferred. The revenue for family allowances paid to peasants

in France is derived in part from individual contributions and a budgetary contribution by the State, but comes mainly from special sales taxes on a number of agricultural products, such as meat, sugarbeet, cereals, beverages, milk, vegetables, potatoes and tobacco. These taxes are paid into a national agricultural solidarity fund, from which they are paid out to family allowance funds.

The special scheme of old-age insurance for agricultural smallholders in Bulgaria is financed through contributions paid by or on behalf of insured persons and through Government grants and subventions. Smallholders whose income is large enough to be subject to the general income tax pay one half of their contribution, and the other half is paid for them by the Union of Agriculturists. Members who need pay no income tax have their entire contribution paid on their behalf by the Union. A special supplementary contribution is also payable by farmers whose yearly income is more than 100,000 leva ; the rate is 10 per cent., 20 per cent., 30 per cent. and 40 per cent., respectively, for each additional 100,000 leva of income. Similarly, the Mexican law provides that members of producers' co-operative societies shall be compulsorily insured and that the society shall be deemed to be the employer for purposes of the social security scheme. The co-operative is required to pay an employer contribution in respect of its members.

No contribution is paid by farmers in Switzerland towards their family allowances, the latter being financed for the present from surpluses accumulated under the wartime scheme of compensation for loss of earnings suffered by soldiers.

Exclusive State Financing.

When coverage and benefit provisions are such as to make it logical and equitable, a social security scheme can sometimes be financed exclusively from general State revenues. This avoids the need of securing special insurance contributions from insured persons, and serves to allocate the financial burden of the scheme in accordance with the general tax structure. Use of this non-contributory approach is rarely justifiable unless coverage for the risk dealt with is universal or unless a means test is imposed. The former type of coverage can be very costly, while the latter may not be socially adequate. The practicability of exclusive State financing also depends, obviously, on the general fiscal status of the State concerned and on the efficiency of its general tax system.

State revenues alone have been used in various countries to finance family allowance schemes covering independent workers in agriculture as well as all other citizens. This practice is now being followed, for example, in Canada, Iceland, Ireland, Norway, Sweden and the United Kingdom. Public revenues are also used to finance most of the cost of medical care services in the United Kingdom, which are furnished free to farmers and their families just as to all other residents. A number of other countries also finance rural

health services of various types from general revenues. The social insurance law of the Dominican Republic provides that sickness and disablement benefits for self-employed workers in frontier agricultural settlements shall be financed through State contributions and taxes exclusively.

In various countries farmers are also beneficiaries under non-contributory old-age pension and assistance schemes which are financed from public funds. Payments under these schemes are usually limited to aged persons of small or no means. Schemes of this general type are found, among other countries, in Canada, Denmark, Ireland, Norway and the United States. The financial burden of this type of payment is usually shared between the national Government and localities or communes.

Assessment of Earnings

A problem encountered in covering farmers which has both financial and administrative aspects is that of assessing their earnings. Most general schemes of insurance graduate the contribution in relation to the insured persons' earnings, and a considerable number also provide for graduation of benefit amounts in relation to past earnings. If farmers are to be brought under such schemes, therefore, it is necessary that earnings data should be available on which their contributions and benefits can be based.

The assessment of farmers' earnings is a highly complicated matter, since they not only include much income in kind but must also be converted from a gross to a net basis by deduction of the cost of operating the farm. The task is in some respects even more difficult than in the case of urban independent workers, whose income in kind is relatively small, besides which there is a much more common tendency in agriculture towards complete fusion of the business finances of the enterprise with the personal finances of the family. The farmhouse itself, for example, is both a home for the family and an essential piece of capital equipment for the farming enterprise.

A reasonably accurate determination of the net earnings of farmers can be made through use of certain arbitrary evaluations and allocations, provided that careful and accurate accounts are kept. The books kept by farmers in most countries, however, are either very crude or non-existent. This means that, as a general rule, direct and independent calculation of agricultural net earnings for social insurance purposes simply cannot be required.

It is necessary, therefore, either to have recourse to substitute devices for securing an approximate evaluation of the differences in farmers' net earnings, or to abandon entirely the attempt to distinguish among farmers of different income status. The feasibility of the latter alternative is obviously affected by the contribution and benefit structure of the general scheme under which it is proposed

to cover farmers, that is, the extent to which contributions and benefits of other participants are graduated.

Flat Rates.

Some countries covering independent workers in agriculture have very largely avoided the assessment problem. Under the national insurance scheme of the United Kingdom, for example, both contributions and benefits are flat amounts for all classes of insured persons, employed or self-employed, urban or rural, etc. Contributions vary only with the age, sex, and employment status of the contributor. Assessment of a farmer's income is necessary, therefore, only if he claims exemption from insurance because his annual income is only £104 or less.

A flat-rate system of contribution and benefit is also used under the sickness insurance scheme of Denmark, although the monthly contribution varies somewhat among individual funds and also in relation to the amount and type of benefit for which insurance is taken. In Bulgaria, contributions under the smallholders' scheme are uniformly 300 leva per year for persons aged 21 to 60 (55 for women) and 1,200 leva for older contributors. Only farmers whose annual income exceeds 100,000 leva pay a graduated contribution. The yearly pension is 9,600 leva for all recipients.

From an administrative standpoint, a flat-rate contribution system for farmers and peasants has many advantages. Apart from the question of its suitability in relation to the structure of the general scheme, the primary consideration in its adoption is whether the earnings and standard of living of the workers concerned are sufficiently homogeneous to permit selection of flat rates which are equitable for the great majority of insured. If there is a wide range in income and living standards, any rates selected may be much too high for many workers and much too low for an equally large group.

Income-Tax Assessment.

Another approach to the assessment of agricultural earnings for social insurance is to use assessments already being made for other purposes, notably for income tax. The elaborate regulations and administrative machinery needed for accurate determination of farm income may already have been developed under the general income tax, and in this case the social security scheme can become a secondary user of the data obtained.

This practice is followed in various countries, although in most the assessment is used only for contributions, since benefits are awarded on bases independent of individual contribution records. Thus, in Sweden the annual contribution of every farmer, like that of any other person, to the pension system is equal to 1 per cent. of his assessment for the year under the national income tax and property tax; the minimum and maximum contributions are 6 and

100 crowns respectively. The rate for each member of a married couple, however, is 0.5 per cent. The payment of pensions does not depend upon the number of contributions paid, but is a general responsibility of the State.

For purposes of assessment of the social security charge on net income payable by farmers in New Zealand, income is defined as all income assessable under the general land and income tax law (whether or not taxable under that law). The social services contribution payable by farmers in Australia is a special levy imposed on income taxable under the ordinary income tax and it is payable in addition to the regular tax; minimum income exemptions, which are scaled upward according to the number of dependants, are allowed in calculating the tax base for both levies. In Finland, the insurance premium paid by self-employed agricultural workers under the pension system is a fixed proportion of their income as assessed for purposes of local taxation, but without exemptions by reason of low income or maintenance liabilities. Various proposals in the United States for extending old-age and survivors' insurance to farmers have also contemplated using income as assessed under the income tax (with some adjustments) as the basis for social insurance contributions.

Income tax assessments obviously cannot be used for calculating the insurance contributions of independent workers in agriculture in countries which have no general income tax or where such a tax is not being applied with reasonable efficiency to agriculture. Moreover, if the general income tax admits of fairly high exemptions, it is possible that the majority of small cultivators will not be covered by its provisions.

Other Methods.

For evaluating differences in the earnings of independent farmers, other techniques can be devised which permit of graduation and yet do not require a detailed book-keeping calculation of net income. These generally involve the use of objective criteria which are related to the magnitude of farm operations but which at the same time are easily measured. Among such criteria are the size of the farm, its assessed value for land tax purposes, its physical production (perhaps as indicated by warehouse receipts), the number of employees, the number of man-years of work required to operate it, and the gross cash receipts.

On the basis of data such as these, a series of income classes or categories can be established, to one of which each farmer can be assigned and for each of which a designated contribution is payable. Sample or intensive studies of a few farms of each type may indicate their approximate average net earnings, and this information can be used in fixing appropriate contribution amounts. In other cases, it may be desirable to take account of the prevailing wages for experienced employees, and to obtain income figures for independent

workers by applying a certain percentage increase to the wage figures. Once the preliminary investigations have been made and contribution scales have been established, the contribution liability of each farmer can readily be established by reference to his standing in respect of the criteria selected.

In Czechoslovakia, for example, the law provides that the basis for assessment of contributions and benefits in the case of farmers shall be established by the Ministries of Social Welfare and Agriculture after consultation with the occupational associations concerned. The criteria used are the area of each farm, the production region in which it is situated, the quality and degree of cultivation carried on, and the manner of cultivation. It is specified that a farm of 50 hectares located in a beet-crop region shall be assessed on the basis of 120,000 crowns.

The regulations in force for old-age and survivors' insurance in Switzerland prescribe a schedule to be used in calculating the net income from independent agricultural activity in the case of married workers earning less than 3,000 francs a year (2,000 francs if single). The schedule shows the monetary values to be assumed as the output per man-day of labour on mountain farms with 1-3 head of cattle or more than 3 head, and on valley farms of 0.5-2 hectares and of more than 2 hectares. Peasants are assigned to a particular income class on the basis of this schedule, and a fixed annual contribution is specified for each class. Peasants whose net income exceeds 3,000 francs normally contribute according to the assessment made of their income under the national defence tax.

Peasants' contributions under the French agricultural family allowance scheme are calculated by applying the quarterly contribution rate fixed for each department either to the actual registered value of the holding of each peasant or to the product of its area multiplied by the average registered value of farm land in the commune. The basis used in Belgium for financing family allowances for independent workers depends on the area of land cultivated and the type of cultivation. The rural workers' fund of Uruguay is authorised by law to fix fictitious earnings figures, on the basis of which agricultural employers may contribute toward their own insurance.

Administrative Organisation

The administrative processes involved in receiving, adjudicating and paying the benefit claims of independent workers in agriculture differ little from those customarily used for employed workers. Hence, the administrative problems peculiar to the coverage of farmers are largely those concerned with registration, which assures their initial participation, and the collection of contributions, which involves their continuing compliance with the provisions of the scheme.

In the case of farmers, an insurance institution cannot have recourse to an employer, but must as a rule deal individually with

each insured person, securing his registration and collecting his contribution. This in itself makes for difficult and costly administration. The difficulties are further intensified by the dispersion of insured persons and by the small average contribution due per contributor. Moreover, harsh penalties for non-compliance, such as are possible in the case of large employers, are not practical; public opinion will not approve them, they cannot be applied on an extensive scale and they are ineffective for persons whose means are limited.

Whatever detailed methods are adopted, care must be taken in designing provisions for agriculture to make them as self-enforcing as possible. Schemes of voluntary insurance place full responsibility for participation upon each individual contributor, and as a result have certain drawbacks from the standpoint of social adequacy. In contrast, compulsory insurance implies that protection is furnished, in principle, to everyone and that there is a pooling of good risks and bad. In reality, however, the difference between compulsory and voluntary insurance for farmers cannot be very great. Unless compulsory schemes are so designed that most persons covered are anxious to participate of their own accord, they are unlikely to be successful.

What can be done to encourage farmers to comply readily with registration and contribution provisions, and so to facilitate administration? One useful practice is to link eligibility for a variety of benefits, including those for both current and deferred risks, to the payment of one basic contribution. This makes the acquisition and maintenance of insured status equally attractive to independent workers in widely different age groups, with different family status, and exposed to different types of risks. Another effective practice is to provide a substantial public subsidy which is varied for individual participants in inverse relation to earnings. This lowers the direct contribution which participants must pay. Thirdly, the procedures required of participants in paying contributions and claiming benefits should be kept as simple as possible, both for psychological and for practical reasons. The payment of contributions should be made a simple operation and should be adjusted to the seasonal or other prevailing pattern of farm income.

If account is taken of these principles, with special adaptation to the characteristics of the agricultural economy of the country concerned, an administrative system can be developed which will succeed in bringing the great majority of cultivators into the scheme established.

The Stamp System.

Diverse procedures have been adopted for the administration of registration and contributions in countries which now cover farmers for one or more risks. The stamp method already described ¹

¹ See Part I, *loc. cit.*, pp. 176-177.

has found favour in some countries. For example, the United Kingdom applies its general stamp system also to the coverage of self-employed farmers. At the start of the new scheme in 1948, all previously unregistered farmers and other persons aged over 15 were required to register for insurance. This was done by obtaining a registration form from a post office or local insurance office, filling it in, and returning it to an employment exchange. Stamp cards were then issued to self-employed persons, who are required to stamp their own cards. Stamps are purchased at post offices, and they must be affixed in the appropriate weekly space on the card not later than the last day of the week for which they are due. They must be cancelled at the same time by writing the date across them in ink. Within six days after expiry of the period of the card's currency (normally one year), farmers must send their cards to a local insurance office, which issues new cards. Proper stamping of the card is a prerequisite for receipt of benefits both for current risks (*e.g.*, sickness, invalidity, death) and also for the deferred risk of old-age.

A stamp book system is also used in Chile. Independent workers in agriculture are required to register themselves with the workers' fund. Stamp books are issued by the fund, which also sells stamps through its various offices. At the end of each year, the stamped book is returned to the fund.

The stamp method is particularly well adapted to schemes which provide for flat-rate benefits and contributions, as in the case of the United Kingdom, or to those which use a limited number of wage classes or categories. It can be an effective method of covering farmers if its detailed procedures are kept simple; but if these become too complex, farmers may react unfavourably against its use.

Income Tax System.

The collection of social insurance contributions can be fused with that of general income taxes in countries possessing an efficient income tax system, provided income exemptions are not so high as to exclude most farmers. Such use of income tax machinery may free the insurance agency completely from the task of collecting contributions from independent workers in agriculture. The social insurance levy can appear simply as a surcharge, to be taken into account by the taxpayer in computing his liability. The general tax agency will then remit the portion of collections attributable to the surcharge to the social insurance fund.

Sweden has linked the collection of insurance contributions with its national income tax and property tax mechanism in approximately the manner outlined. The social security charge on then et income of self-employed farmers in New Zealand is administered by the Commissioner of Taxes in the same manner as and together with the income tax. In Finland, premiums for old-age and inva-

lidity insurance are assessed at the time when the communal tax on income is assessed, and they are collected together with the latter tax. The social services contribution payable in Australia is, in effect, a special surcharge added to the ordinary income tax, and it is administered and collected along with that tax. Proposals have been made in the United States for computing and paying a self-employment social security tax and the income tax at the same time and according to the same general procedures; both taxes would be administered by the collectors of internal revenue.

Administration through Occupational Associations.

An alternative administrative approach which can be followed is to utilise existing autonomous or semi-autonomous farmers' organisations as agents for the collection of contributions as well, perhaps, as for the payment of benefits. This involves departure from a purely State administrative organisation through the delegation of certain functions to institutions managed by insured persons themselves. Such institutions, however, should presumably be approved by the State, and should operate under State supervision.

The nature of the organisations used under such a system will naturally vary from country to country in accordance with the pattern of agricultural associations which has developed in each. The organisations selected should embrace all or a very considerable proportion of the farmers concerned, perhaps on a compulsory basis. They should also be such as have direct and continuing contact with farmers on various matters of mutual interest. Among the types of organisations which might be considered in this connection are unions of cultivators, agricultural mutual benefit societies, equalisation funds, producers' or other co-operatives and sickness benefit societies. The special role which co-operatives can play in the social security field has been dealt with elsewhere.¹ Whatever the type of organisation selected, it may be made responsible for the direct collection of social insurance contributions; or, if it derives substantial revenues from its members in other forms, it may even be asked to pay insurance contributions on their behalf.

Administrative systems of this general type are now in use in various countries. In Bulgaria, the Union of Agriculturists pays half the contributions of members who are subject to the general income tax and the whole contribution of those whose income is so low as to be exempt from income tax. Mexico provides for compulsory coverage of members of producers' co-operative societies on an employee basis. The societies are required to perform the same administrative functions under the social security scheme for their members as are normally performed by a regular employer for his employees.

¹ Cf. *International Labour Review*, Vol. LX, Nos. 5 and 6, November and December 1949, pp. 496-512 and 625-648: "Co-operation and Social Security".

Old-age and survivors' insurance contributions of self-employed persons in Switzerland are collected by autonomous equalisation funds established by occupational associations or cantons. Every self-employed person must be affiliated with a fund of this type. These funds determine the contributions payable by low-income farmers in accordance with the schedule contained in regulations, and obtain information concerning the net income of farmers paying the national defence tax from the cantonal offices administering that tax. The funds then collect contributions from their members on the basis of the assessments made. They also pay pensions to their members ; any differences between the contributions received and the pensions paid are settled with a central equalisation fund.

Under the French agricultural family allowance scheme, the administration of contributions and the payment of allowances are in the hands of the departmental agricultural family allowance funds. Affiliation with the departmental fund is compulsory for each peasant. These funds are of a mutual character, but they administer contributions and allowances within the framework of statutory rules and their surpluses or deficits of receipts in relation to disbursements are adjusted with a national equalisation fund. A system of mutual benefit funds in Belgium also carries on administration of family allowances for independent workers.

Sickness insurance in Denmark is administered at the local level, so far as the collection of contributions and payment of benefits is concerned, largely by sickness funds. There is usually only one fund in each area, the funds elect their own officers, and they are self-governing to some degree. They must be approved by the State, however, must comply with statutory provisions, and are supervised by the Ministry of Social Affairs. They collect monthly contributions from their members and insert stamps in their stamp books to indicate that contributions have been paid.

Other Systems.

Responsibility for the collection, assessment and recovery of contributions in Czechoslovakia is in the hands of district insurance institutions established in different areas by the central institution. Self-employed persons in agriculture must register themselves for insurance, as well as members of their family engaged in family employment, within seven days of beginning self-employment, and must notify the institution within seven days of terminating such employment. In addition, they must inform it during January of each year of any changes in the area of land being farmed as well as other circumstances affecting their basis of assessment. Contributions are payable in monthly instalments.

Voluntary schemes. A number of countries have dealt with the administrative problems met with in providing social insurance for independent agricultural workers by establishing statutory

schemes under which participation is voluntary only. This avoids the difficulty of forcing unwilling cultivators to comply with compulsory contribution requirements. Whether the voluntary approach provides the great mass of independent workers with adequate social security protection is another question. Voluntary schemes are difficult to subsidise because of the danger of adverse selection. Accordingly, a high contribution rate must often be charged, which acts as a deterrent to potential participants and especially to low-income workers, whose need for protection is the greatest.

In France, certain categories of independent farm workers, including owner-operators, can insure themselves voluntarily under the special scheme for agricultural employees; contributions for voluntary insurance are fixed by the mutual agricultural fund of each department and may differ from region to region. Austria permits farmers to insure themselves voluntarily against sickness; insurance is arranged through an agricultural sickness fund of which there is one in each province. In Hungary, peasants may insure themselves voluntarily for sickness, accident and old-age risks if their holding does not exceed a specified size.

The law in Peru authorises independent workers to enter insurance voluntarily if their annual income does not exceed 3,000 gold soles; they must pass a medical examination before entrance. Similar provisions are found in the Dominican Republic: self-employed workers in agriculture may insure voluntarily if their weekly income does not exceed a specified level and if they are not suffering from a disease or injury affecting their working capacity. The social insurance law of Mexico authorises the insurance institution to enter into individual or collective contracts with independent workers for voluntary insurance. Persons entitled to the use of communal lands and members of agrarian communities may enter into a collective contract with the institution for insurance against accidents, sickness and maternity.

Various other countries—for example, Ireland, Luxembourg, the Netherlands, Norway and Poland—provide for certain types of voluntary insurance, particularly for voluntary continuation of insurance when an employee leaves insurable employment for self-employment.

SEQUENCE OF EXTENSION

In countries where coverage of agricultural workers is still limited in scope or does not exist, alternative patterns of development may be followed if it is felt that only a gradual approach towards eventual full social security coverage is feasible.

On the one hand, a policy may be adopted of providing a fairly complete scale of protection from the outset, but of extending such protection only gradually by geographic areas. This may be particularly appropriate if a fairly comprehensive programme is already

in operation in urban communities. Gradual geographic extension of the scope of a scheme permits the administrative problems encountered in covering agriculture to be dealt with on a smaller and more manageable scale. Valuable experience can be acquired which is of use in applying the scheme to still other areas. In addition, such gradual extension allows time for developing needed health facilities, so that medical benefits under the programme can keep pace with the provision of cash benefits.

This general pattern of development has been followed to some extent in Latin American countries and also in eastern Europe. Some of the newer schemes in Latin America, such as those of Colombia, Guatemala, Mexico and Venezuela are being applied progressively, region by region. Priority is in general being given to cities and industrial regions, with extension to rural areas being deferred until later. The sickness and maternity provisions of the Costa Rican scheme, however, have been introduced in some regions where agricultural employment is included.

As regards the branches of insurance which should be stressed under this approach, those concerned with sickness and employment injury should probably receive first consideration. Disease and injury are acute problems in many agricultural communities and represent risks which are current rather than deferred. Insurance against such risks provides an opportunity to establish systems of rural medical care which will bring about immediate improvements in health. It also makes possible the payment of cash benefits within a short period after contributions are first paid. These medical and cash benefits give workers an early familiarity with the working of social security measures, and tend to lessen any reluctance they may have to contribute to or participate in the scheme.

Gradual extension of somewhat complete social security legislation, region by region, has various administrative and other advantages as outlined above. At the same time, a certain inequity as among agricultural communities may result if the pace of the extension is too slow and a few communities receive fairly adequate protection while other communities have none.

A contrasting procedure which may be followed is to add one type of risk at a time to the list of those against which all workers in agriculture are protected. This requires a nationwide organisation in so far as the administration of social security for agriculture is concerned, but the range of benefits provided is kept within more easily managed bounds than under the first alternative.

The kind of social security legislation which is being applied to agricultural employees in the majority of countries at the present time is that relating to accident compensation. This fact suggests that legislation dealing with compensation for employment injury may be the easiest to apply in those other countries which as yet have no social security laws for agriculture. A desirable first step in numerous countries, therefore, may be to enact an employment injury law for agriculture or to extend an existing law that applies

only to large employers or to mechanised farming to all workers in agriculture.

A next step, which can be taken without too much difficulty, is to broaden such laws to provide compensation in case of any accident, whether of occupational or non-occupational origin. This provides protection against a frequent cause of income loss in agriculture, and also permits some expansion in the organisation of medical benefits. In course of time, as administrative and health facilities are further developed, a genuine scheme of sickness insurance can be established around this nucleus.

Experience under the sickness insurance scheme with cases of long-continuing incapacity may later provide a background for the adoption of invalidity insurance provisions. Finally, the mechanism developed for dealing with the long-term invalidity risk may in time naturally lend itself to the addition of the other long-term risks of old age and death. Thus, by a fairly logical progression, which permits the gradual accumulation of experience as well as the building up of administrative procedures and benefit facilities, there will eventually emerge a fairly well-rounded system of social security protection for agricultural workers.

If it is desired to provide family allowances on a contributory basis for agricultural workers, machinery for administering such a scheme would be available fairly early in the sequence outlined.

Whichever approach may be adopted, the specific scheme developed should possess the maximum degree of simplicity as regards contribution and benefit rules. Administration of social security measures for agriculture can never be as easy as for industrial workers. In some countries, illiteracy among the agricultural population may still be quite widespread. To the greatest extent possible, therefore, complicated methods of computing contributions, determining eligibility and fixing benefit amounts and duration should be avoided. If this is constantly kept in mind, much progress can be made in providing rural workers with the same social security protection as that now enjoyed by urban workers and in raising their standard of living accordingly.
