

REPORTS AND INQUIRIES

A Comparative Analysis of the Cost of Social Security

The inquiry into the cost of social security carried out in 1949 by the International Labour Office constituted part of its preparatory technical work for the Convention (No. 102) concerning minimum standards of social security, 1952. The statistics collected for 24 member States of the International Labour Organisation were published in the International Labour Review, Vol. LXV, No. 6, June 1952. On the basis of these data the Office undertook a comparative analysis giving a general survey at the international level, and the results were submitted to the Committee on Social Security of the 35th Session of the International Labour Conference, June 1952. The present survey generally goes back to the results and methods of that document; however, additional statistics subsequently received have made it possible to complete the data for a few countries, and hence the figures appearing in the present survey differ in some cases from those in the document submitted to the Conference.

The financing of social security raises various problems, which may be divided into two categories: the first concerns financial relationships within a social security system and the second the interdependence of social security and the national economy. The problems of the first category, which are mostly of an actuarial nature, arise from the obvious need to keep the administering body solvent at all times by balancing its receipts and expenses. The problems of the second category concern the economic repercussions of the operation of social security either on the national economy as a whole or on its various factors and sectors—prices, wages, the national budget, etc. Social security and the national economy are interdependent: on the one hand social security influences national economy and on the other hand economic factors and their variations affect the operation of social security. This survey deals only with the repercussions of social security on the national economy as a whole.

A number of studies have been made of this question in respect of either specified countries or groups of countries, especially in the last few years, but it cannot be claimed that all aspects of the problem have been explored, or that the results achieved are satisfactory. This is not surprising, for any protracted study of the question shows that what may appear relatively simple at first sight becomes much less simple when an attempt is made to analyse it accurately and, above all, to support it with figures. First, the operation of a social security system directly influences a series of economic factors. More-

over, there is a correlation, outside social security itself, between these economic factors (for example, between prices and taxation), and the effect of the machinery of social security receipts and expenses on one of these factors indirectly influences the others. Thus, the effect of social security on the interplay of economic factors appears as the result of a chain of direct or indirect repercussions, the effects of which are sometimes cumulative, sometimes complex, so that any investigation into the economic repercussions as a whole is extremely complicated. Secondly, even if it were possible to obtain a complete picture of the interplay of economic factors and to assess their mutual relationship, any search for a solution based on figures—the only means of obtaining a satisfactory result—would be hindered by the lack of necessary statistics.

The inquiry undertaken by the International Labour Office into the cost of social security in 1949 is primarily intended to provide more accurate figures regarding the financial operations of social security in a number of countries. The data collected do not provide an answer to all the questions concerning the economic repercussions of social security. For a more comprehensive survey it would be necessary to collect much more detailed statistics, many of them concerning subjects outside social security itself. However, the result of the inquiry, in spite of inevitable gaps and shortcomings, gives a fairly complete picture of the scope and importance of social security in a number of countries, and can also be used in an attempt to compare the cost of social security in the different countries.

The expression "cost of social security" almost automatically recalls another expression, "social charges". For several reasons the Office has preferred to undertake an inquiry into the cost of social security rather than into social charges. First of all the expression "charges" often has a critical or even pejorative connotation. For example, we avoid speaking of "national defence charges" unless we intend to suggest a complaint or criticism; instead we speak of "the cost of national defence" or "expenditure for national defence". But even more important is the lack of a definition of "social charges"; the expression is, in fact, used in very different senses according to the country, the author or the survey. Together with the cost of social security in its narrower sense, it is sometimes used to cover the most diverse measures—annual holidays with pay, paid public holidays, benefits in cash or in kind granted to employees by employers, subsidies paid by undertakings for workers' housing, canteens and workers' leisure, the cost of health measures in industrial undertakings, direct or indirect subsidies by public authorities for the construction of cheap housing, subsidies for principal consumer goods, family allowances for soldiers on active service, tax rebates for large families, reduced rates on public transport systems for workers or other categories of the population, etc. Finally, it should be noted that a survey of social charges can have no precise significance unless an answer is found to the question: By whom are the charges actually borne? Obviously the reply will vary according to the standpoint; unquestionably "social charges" means one thing to an employee and another to his employer, the Minister of Finance or a consumer.

That is why it has been deemed preferable to take the cost of social security, and not social charges, as the subject of the present survey. Since it was to be an international survey, it had to be so conceived that statistics could be compiled on the financial operations of social security in various countries and at the same time the resultant data

could be used for an international comparison. The questions that had to be studied fall into three categories :

- A. Definition of social security.
- B. Collection of statistics at the national level.
- C. Establishment of appropriate criteria for an international comparison.

DEFINITION OF SOCIAL SECURITY

An international survey of the cost of social security would be meaningless if it did not cover the same field in all countries. Although this condition may appear obvious, it raises serious practical difficulties, since the meaning of the expression "social security" varies considerably from country to country. It would be possible to frame an arbitrary definition of social security, but it would be extremely difficult, perhaps impossible, to collect statistics falling exactly within the limits of such a purely theoretical definition. Hence it was thought preferable not to start with a definition of social security but to establish criteria on the basis of which it could be decided whether or not a given system or service could be regarded as being a part of social security.

On the basis of the principles set forth in the Recommendations adopted by the 26th Session of the International Labour Conference (Philadelphia, May 1944) concerning income security and medical care, and the conclusions of the Committee on Social Security set up by the 34th Session of the International Labour Conference (Geneva, June 1951) to study the question of the objectives and minimum standards of social security, it was decided to regard as a part of social security any system, scheme or service meeting the following three requirements :

(a) the aim of the system must be either to give curative or preventive medical care, or to guarantee income in the case of the involuntary loss of all or a large part of income from work, or to grant additional income to persons with dependants;

(b) the system must be instituted by legislation which attributes certain individual rights to, or imposes definite obligations upon, a public, partly public or autonomous organisation;

(c) the system must be administered by a public, partly public or autonomous organisation.

Thus, for the purposes of this survey, a national social security system means all the schemes in force that satisfy the above three conditions. However, an exception had to be made in the case of compensation for occupational risks. Although compensation for industrial accidents is usually the oldest branch, there are national legislations which do no more than define the employers' responsibility, which may be either assumed directly or covered by private insurance. For the sake of international comparability it has been judged advisable to include in the definition of social security all systems of compensation for employment injury, even if condition (c) above is not fulfilled. The criteria adopted have led to the inclusion in the inquiry of the following schemes :

- (a) compulsory social insurance ;
- (b) certain systems of voluntary social insurance ;
- (c) special schemes for public employees ;
- (d) family allowances ;
- (e) public assistance ;

- (f) public health services ;
- (g) benefits to war victims.

The inquiry would undoubtedly have been more comprehensive if it had been possible to extend it to voluntary insurance of all kinds. Unfortunately, in almost every case adequate statistics on the financial operations of voluntary insurance schemes as a whole were not available, and a special inquiry within each country would have been required to obtain them. To show how important voluntary insurance is, even from a financial standpoint, a few (necessarily incomplete) statistics are given below by way of example.

In *Canada* benefits paid out in 1949 under the Government Annuities Act of 1908 amounted to a total of 20,120,185 dollars.¹

In the *United States* voluntary sickness insurance gave the following results in 1949² :

Type of insurance	Premiums (millions of dollars)	Benefits (millions of dollars)
Commercial	1,031.0	595.0
Other types	554.5	471.4

Pension systems in force by virtue of collective contracts covered 5,123,000 employees in the middle of 1950.³

In *France* the additional pension insurance for supervisory staff which was introduced by the national AGREEMENT of 17 March 1947 covered 33,074 undertakings and 256,220 subscribers on 31 December 1949. In 1949 total contributions were 9,704 million francs, while benefits amounted to 3,565 million francs.⁴

In the *Federal Republic of Germany* private sickness insurance covered 8,185,490 persons on 1 January 1950. In 1950 total receipts were 443.5 million marks, and expenses in respect of benefits were 333.4 million marks.⁵

These examples show only some of the steps taken in each country to supplement compulsory social security schemes by more or less individual and voluntary insurance.

As regards methods adopted to improve the economic situation of families by way of legislation, apart from family allowances constituting direct additional income there are income tax rebates which amount to indirect allowances and involve considerable sums. For example, in *Norway*, the total of such tax rebates was estimated at 117 million kroner in 1949. The importance of such rebates in several European countries is brought out by the recent survey "Taxes on Wages or Employment and Family Allowances in European Countries "

¹ *Canada Yearbook*, 1951, pp. 231-32.

² *Social Security Bulletin*, December 1951, pp. 20-23.

³ *Monthly Labour Review*, February 1951, p. 159.

⁴ *Bulletin d'Information de l'Association générale des Institutions de Retraites des Cadres*, No. 15, third quarter, 1952, pp. 10-11.

⁵ *Deutsche Versicherungszeitschrift*, Vol. V, No. 6, 20 June 1951.

published by the United Nations.¹ Although the present survey would undoubtedly have been more comprehensive if account had been taken of these tax rebates, they have had to be ignored because of the great difficulty of collecting sufficiently accurate and uniform statistics.

COLLECTION OF STATISTICS

The collection of statistical data raised a number of very diverse problems and entailed a great deal of work which would have been impossible to accomplish without the considerable efforts made by the Governments which took part in the inquiry. In each country there are a number of institutions, organisations or services which together make up the social security system of the country in question. The results of the financial operations of each of these systems are not always available, especially in the case of assistance and, often, of public health services.

Special difficulties were encountered in the case of a system of compensation for industrial accidents based on the principle of the direct responsibility of the employer, the latter being free to cover himself with a commercial insurance company or to act as his own insurance carrier. Here a special inquiry is required in order to collect the necessary statistics and even estimates have to be used; inevitably such data

TABLE I. SOCIAL SECURITY RECEIPTS AND EXPENSES

(In millions of units of the national currency)

Country	Financial year	Total receipts	Expenses in respect of benefits	Total expenses
Australia	1.VII.1948-30.VI.1949	162.36 ¹	127.11 ¹	130.33 ¹
Austria	1.I.1949-31.XII.1949	4,368.82	3,920.86	4,128.42
Belgium	1.I.1949-31.XII.1949	35,320.4	30,616.9	32,181.1
Canada	1.IV.1948-31.III.1949	1,072.2	875.9	912.1
Denmark	1.IV.1948-31.III.1949	1,520.1	1,420.4	1,483.1
Finland	1.I.1949-31.XII.1949	34,320.5	27,198.3	28,349.1
France	1.I.1949-31.XII.1949	961,598	898,497	948,343
Germany (Fed. Rep.)	1.I.1949-31.XII.1949	11,969	10,634	11,061
Greece	1.I.1949-31.XII.1949	779,879	483,935	569,423
Iceland	1.I.1949-31.XII.1949	110.98	85.59	89.85
Ireland	1.IV.1948-31.III.1949	24.97	22.80	24.27
Israel	1.I.1949-31.XII.1949	13.82	11.47	13.00
Italy	1.I.1949-31.XII.1949	710,218 ¹	625,059 ¹	667,787 ¹
Luxembourg	1.I.1949-31.XII.1949	1,493.81 ¹	1,066.91 ¹	1,111.44 ¹
Netherlands	1.I.1949-31.XII.1949	1,322.6	1,120.2	1,188.3
New Zealand	1.IV.1948-31.III.1949	65.39	60.67	61.78
Norway	1.VII.1948-30.VI.1949	885.0	797.0	820.3
Saar	1.I.1949-31.XII.1949	27,380.7	24,335.0	25,033.4
Sweden	1.I.1949-31.XII.1949	2,601.2	2,464.2	2,533.4
Switzerland	1.I.1949-31.XII.1949	1,489.75 ¹	707.02 ¹	777.02 ¹
Turkey	1.I.1949-31.XII.1949	223.50	143.52	146.74
Union of South Africa	1.IV.1948-31.III.1949	47.15	30.02	30.63
United Kingdom	1.IV.1949-31.III.1950	1,344.2	1,095.3	1,173.5
United States	1.VII.1948-30.VI.1949	13,015.5	10,001.2	10,482.1

¹ Figures obtained by adding to the results of the tables published in the *International Labour Review* (June 1952, Vol. LXV, No. 6) the additional data that have since been collected.

¹ UNITED NATIONS: *Economic Bulletin for Europe*, Vol. 4, No. 2, August 1952.

TABLE II. SOCIAL SECURITY RECEIPTS AND EXPENSES
(In percentages of national income, 1949)

Country	National income in 1949 in millions of units of national currency ¹	Total receipts	Expenses in respect of benefits	Total expenses
		as percentage of national income		
Australia	1,896 ²	8.6	6.7	6.9
Austria	29,198	15.0	13.4	14.1
Belgium	250,775	14.1	12.2	12.8
Canada	12,977	8.3	6.7	7.0
Denmark	16,480	9.2	8.6	9.0
Finland	323,200	10.6	8.4	8.8
France	6,930,000	13.9	13.0	13.7
Germany (Fed. Rep.)	64,500	18.6	16.5	17.1
Greece	19,200,000	4.1	2.5	3.0
Iceland	1,080	10.3	7.9	8.3
Ireland	342	7.3	6.7	7.1
Israel	208	6.6	5.5	6.3
Italy	6,192,000	11.5	10.1	10.8
Luxembourg	8,150	18.3	13.1	13.6
Netherlands	14,135	9.4	7.9	8.4
New Zealand	418.4 ³	15.6	14.5	14.8
Norway	9,640	9.2	8.3	8.5
Saar	115,000 ⁴	23.8	21.2	21.8
Sweden	22,500	11.6	11.0	11.3
Switzerland	16,940	8.8	4.2	4.6
Turkey	6,951 ⁵	3.2	2.1	2.1
Union of South Africa	832 ²	5.7	3.6	3.7
United Kingdom	10,420	12.9	10.5	11.3
United States	216,831	6.0	4.6	4.8

¹ Estimates taken from UNITED NATIONS: *National and Per Capita Incomes, Seventy Countries—1949*, Statistical Papers, Series E, No. 1, October 1950.

² For the financial year 1 July 1948–30 June 1949.

³ For the financial year 1 April 1948–31 March 1949; communicated by the Government.

⁴ Communicated by the Government.

⁵ UNITED NATIONS: Statistical Papers, Series H, No. 2, August 1952.

are not always comprehensive. For example, the data concerning compensation for industrial accidents in the United States is usually limited to the total benefits, and other data for 1949 could not be obtained. As a result, the financial significance of the industrial accidents system in the United States is greatly underestimated. In 1948 total industrial accident insurance premiums—including an estimate of the premiums for undertakings which act as their own insurance carriers—were assessed at 1,014 to 1,018 million dollars, while total benefits were estimated as 536 million dollars; thus benefits represent no more than 52.6 per cent. of the total premiums.¹ It may be concluded that the real cost of the employment injury system in the United States in 1949 was almost double the figure shown in our table.

There are cases where the body responsible for a social security service at the same time administers other services that are not within the scope of our inquiry. For example, the unemployment benefit scheme may be attached to the employment service for administrative purposes; in such cases the expenses of the employment service have had to be estimated and deducted from the total figures.

¹ *Social Security Bulletin*, July 1950, pp. 3-10 and 24.

TABLE III. AVERAGE ANNUAL RECEIPTS AND EXPENSES
OF SOCIAL SECURITY PER HEAD
(In units of national currency)

Country	Total receipts	Expenses in respect of benefits	Total expenses	Total receipts	Expenses in respect of benefits	Total expenses
	Per head of total population			Per head of population of working age		
Australia	20.83	16.31	16.72	31.13	24.37	24.99
Austria	624.1	560.1	589.8	890.9	799.5	841.8
Belgium	4,100	3,554	3,736	6,014	5,213	5,479
Canada	80.57	65.82	68.54	126.98	103.73	108.02
Denmark	361.8	338.1	353.0	554.4	518.0	540.9
Finland	8,546	6,772	7,059	13,261	10,509	10,954
France	23,171	21,651	22,852	35,460	33,133	34,971
Germany (Fed. Rep.)	251.5	223.4	232.4	374.5	332.7	346.1
Greece	99,272	61,601	72,483	154,279	95,734	112,645
Iceland	792.7	611.4	641.8	1,275.6	983.8	1,032.8
Ireland	8.36	7.64	8.13	13.60	12.42	13.22
Israel	12.98	10.77	12.21	20.06	16.65	18.87
Italy	15,441	13,589	14,518	23,564	20,739	22,156
Luxembourg	5,064	3,617	3,768	7,147	5,105	5,318
Netherlands	132.8	112.5	119.4	210.0	177.9	188.7
New Zealand	35.37	32.81	33.41	55.94	51.90	52.85
Norway	275.2	247.8	255.1	409.9	369.2	379.9
Saar	29,601	26,308	27,063	43,119	38,323	39,423
Sweden	374.0	354.3	364.2	551.1	522.1	536.7
Switzerland	321.1	152.4	167.5	476.9	226.3	248.7
Turkey	11.41	7.33	7.49	20.00	12.84	13.13
Union of South Africa	3.94	2.51	2.56	6.76	4.31	4.39
United Kingdom . . .	26.66	21.72	23.27	39.65	32.31	34.62
United States	88.32	67.86	71.13	135.37	104.02	109.02

Another example of the difficulties encountered is furnished by accident prevention services; in several countries, *e.g.*, France, the Federal Republic of Germany, Italy, and Switzerland, the institutions insuring against industrial accidents bear the expenses of accident prevention measures. Obviously the annual accounts of the insurance bodies include the expenses of industrial safety services, and it is not always possible to estimate the expenses of such services. On the other hand in certain countries, such as the United Kingdom, the public services responsible for the prevention of employment injuries are financially independent of the institutions responsible for compensation for industrial accidents. Thus it has been impossible to obtain, for all countries, statistics which either include the expenses for industrial safety or exclude them in all cases. The only possible solution in the circumstances was to include accident prevention expenses in this survey wherever they are borne by the organisation responsible for paying compensation for employment injuries, and to ignore such expenses wherever they are borne by other organisations or institutions.

The collection of statistical data concerning administrative expenses may also give rise to certain difficulties. Usually such expenses can be seen directly from the annual accounts of the administering body, and if this body has no other duties outside social security it is not difficult to ascertain administrative expenses. This is not so, however, if the department responsible for administering a social security system also

TABLE IV. AVERAGE ANNUAL RECEIPTS AND EXPENSES
OF SOCIAL SECURITY PER HEAD IN U.S. DOLLARS
(Converted at the official exchange rate in December 1949)

Country	Total receipts	Expenses in respect of benefits	Total expenses	Total receipts	Expenses in respect of benefits	Total expenses
	Per head of total population			Per head of population of working age		
Australia	46	36	37	69	54	56
Austria	43	38	40	61	55	58
Belgium	82	71	75	120	104	109
Canada	73	60	62	115	94	98
Denmark	52	49	51	80	75	78
Finland	37	29	31	57	45	47
France	66	62	65	102	95	100
Germany (Fed. Rep.)	60	53	55	89	79	82
Greece	7	4	5	10	6	8
Iceland	85	65	69	136	105	110
Ireland	23	21	23	38	35	37
Israel	36	30	34	56	47	53
Italy	25	22	23	38	33	35
Luxembourg	101	72	75	142	101	106
Netherlands	35	30	31	55	47	50
New Zealand	98	91	92	154	143	146
Norway	39	35	36	57	52	53
Saar	85	75	78	124	110	113
Sweden	72	68	70	106	101	104
Switzerland	75	35	39	111	53	58
Turkey	4	3	3	7	5	5
Union of South Africa	11	7	7	19	12	12
United Kingdom . .	75	61	65	111	90	97
United States . . .	88	68	71	135	104	109

has other duties, or if the social security service is part of a larger administrative organisation, so that only the administrative expenses of the organisation as a whole are known. At best an estimate could be made, but this would often entail considerable work. In the field of public health services, it is very difficult to make a clear distinction between administrative and other expenses. Apart from administrative expenses proper, which are borne by the administering body, there are indirect administrative expenses, particularly those borne by the undertakings in fulfilment of their obligations to the social security services. Thus, the results of the inquiry do not give a complete picture of all administrative expenses entailed by the functioning of social security.

Allowance had also to be made for transfers of funds from one social security scheme to another. For example, the pension insurance or sickness insurance contributions of unemployed persons may be paid by the body responsible for unemployment benefit, or the cost of medical care guaranteed to beneficiaries of pensions may be either covered by contributions paid by the pension insurance scheme or refunded by this scheme to the sickness insurance scheme; another example is the national insurance contribution paid in the United Kingdom to the National Health Service. In such cases the sums transferred had to be deducted from the totals to avoid including the same amount twice. A further difficulty is that the annual accounts of the various social

TABLE V. AVERAGE ANNUAL RECEIPTS AND EXPENSES
OF SOCIAL SECURITY PER HEAD IN U.S. DOLLARS

(Conversion rates extracted from the estimates made by the United Nations) ¹

Country	Total receipts	Expenses in respect of benefits	Total expenses	Total receipts	Expenses in respect of benefits	Total expenses
	Per head of total population			Per head of population of working age		
Australia	59	46	47	88	69	71
Austria	32	29	31	46	42	44
Belgium	82	71	75	120	104	109
Canada	73	60	62	115	94	98
Denmark	64	60	62	98	91	95
Finland	37	29	31	57	45	47
France	66	62	65	102	95	100
Germany (Fed. Rep.)	60	53	55	89	79	82
Greece	5	3	4	8	5	6
Iceland	48	37	39	78	60	63
Ireland	31	28	30	50	46	49
Israel	25	20	23	38	32	36
Italy	27	24	25	41	36	39
Luxembourg	101	72	75	142	101	106
Netherlands	47	40	42	74	63	67
New Zealand	120	112	114	190	177	180
Norway	54	49	50	81	73	75
Saar	85	75	78	124	110	113
Sweden	90	85	88	133	126	129
Switzerland	75	35	39	111	53	58
Turkey	4	3	3	7	5	5
Union of South Africa	15	10	10	26	17	17
United Kingdom . . .	100	81	87	148	121	129
United States	88	68	71	135	104	109

¹ UNITED NATIONS: *National and Per Capita Incomes, Seventy Countries—1949*, Statistical Papers Series E, No. 1, October 1950.

security bodies in one and the same country do not always refer to the same financial year.

Although it would have been desirable to collect data for several years in succession, it was essential at the outset to limit the inquiry to a single year. This year had to be as recent as possible and, since the inquiry started at the beginning of 1951, there was no choice but to take the year 1949. As a rule the inquiry refers to the financial year running from 1 January to 31 December 1949; however, where the financial year does not coincide with the civil year, the statistics refer to the financial year ending in 1949. The only exception is the United Kingdom, where the entry into force of new social security schemes on 4 July 1948 made it necessary to use data for the financial year running from 1 April 1949 to 31 March 1950.

The results of the inquiry are summarised in table I, which shows for each country, in millions of units of the national currency, (a) total social security receipts; (b) total expenses in respect of social security benefits; and (c) total social security expenses. To avoid any possible misinterpretation it must be pointed out that the figures in the table do not in every case cover all the social security schemes that should be embraced in the present survey; however, in most cases the figures refer to all the social security schemes in force during the period under observation.

TABLE VI. SOCIAL SECURITY RECEIPTS AND EXPENSES IN 1949
(In millions of U.S. dollars (adjusted conversion rates))

Country	Total receipts	Expenses in respect of benefits	Total expenses	National income in millions of U.S. dollars	Total population	Population of working age	National income per head in 1949 (U.S. dollars) ¹
	Millions of U.S. dollars (adjusted conversion rates)				Thousands		
Turkey.	79	51	52	2,452	19,592	11,175	125
Greece	41	25	30	1,008	7,856	5,055	128
Austria.	227	204	214	1,516	7,000	4,904	216
Italy.	1,235	1,087	1,161	10,800	45,996	30,140	235
Union of South Africa	181	115	118	3,200	11,959	6,973	264
Total . . .	1,763	1,482	1,575	18,976	92,403	58,247	205
Germany (Fed. Rep.)	2,846	2,529	2,630	15,300	47,597	31,961	320
Finland	149	118	123	1,399	4,016	2,588	348
Saar	78	70	72	329	925	635	356
Israel	26	22	25	395	1,065	689	389
Iceland.	7	5	5	66	140	87	476
Ireland.	92	84	89	1,260	2,986	1,836	420
France	2,755	2,574	2,717	19,857	41,500	27,118	482
Netherlands	468	396	420	5,000	9,956	6,298	502
Luxembourg	30	21	22	162	295	209	553
Belgium	705	611	643	5,015	8,614	5,873	582
Norway	174	157	162	1,898	3,216	2,159	587
Total . . .	7,330	6,587	6,908	50,681	120,310	79,453	421
Australia	460	360	369	5,374	7,795	5,215	679
Denmark	268	251	262	2,908	4,201	2,742	689
United Kingdom . .	5,021	4,091	4,383	38,922	50,426	33,898	773
Sweden	627	594	611	5,426	6,956	4,720	780
Switzerland.	347	165	181	3,940	4,639	3,124	849
New Zealand	223	207	210	1,610 ²	1,849	1,169	856 ²
Canada.	970	793	825	11,797	13,308	8,444	870
Total . . .	7,916	6,461	6,841	69,977	89,174	59,312	785
United States. . . .	13,016	10,001	10,482	216,831	147,370	96,150	1,453
Grand total . . .	30,025	24,531	25,806	356,465	449,257	293,162	793

¹ Figures taken from UNITED NATIONS: *National and Per Capita Incomes, Seventy Countries—1949*, Statistical Papers, Series E, No. 1, October 1950. ² Figures for financial year 1949-1950; taken from United Nations estimates, *op. cit.*

INTERNATIONAL COMPARISON

The scope and importance of social security in the various countries cannot be judged from the data in table I alone, since they are expressed in different currencies and are not directly comparable. Moreover, the significance of the receipts and expenses of social security as a whole depends not only on the absolute figures but also on the population and its distribution by age, occupation, etc., and on the general standard of living. Some attempt must therefore be made to establish relative figures or coefficients expressing the relationship between the

TABLE VII

National income per head of population in U.S. dollars	No. of countries	Total receipts	Expenses in respect of benefits	Total expenses	Total receipts	Expenses in respect of benefits	Total expenses	Total receipts	Expenses in respect of benefits	Total expenses
		As percentage of national income			In U.S. dollars per head of total population			In U.S. dollars per head of population of working age		
Up to 300 .	5	9.3	7.8	8.3	19	16	17	30	25	27
301-600 . .	11	14.5	13.0	13.6	61	55	57	92	83	87
601-900 . .	7	11.3	9.2	9.8	89	72	77	133	109	115
901 and above	1	6.0	4.6	4.8	88	68	71	135	104	109
	24	8.4	6.9	7.2	67	55	57	102	84	88

social security data and other economic and demographic data of the country in question.

It is not easy to select appropriate coefficients. Any method adopted is open to criticism, since no general economic figure perfectly reflects the whole economic situation of a given country. Any objection to the use of an economic figure will also apply to the relevant social security coefficients established by applying the economic figure in question to social security data. However, a first step in this direction had to be taken in the hope that by theoretical research on the one hand, and perfected statistics on the other, the method and the numerical results could be improved.

In this survey, two groups of coefficients have been worked out :

(1) the social security figures expressed as a percentage of national income at factor cost ;

(2) the averages per head of total population and per head of the population of working age, *i.e.*, between 15 and 64 years.

Coefficients have been established for each country for three social security figures: total receipts, expenses in respect of benefits and total expenses. The first group of coefficients is intended to give some idea of the relative scope of the financial operations of social security in relation to the national economy as a whole; the second group attempts to indicate the level of protection afforded by social security.

Table II shows, as a percentage of national income, the total receipts, the expenses in respect of benefits and the total expenses of social security in each country. The estimates of national income at factor cost are taken from the United Nations publication, *National and Per Capita Incomes, Seventy Countries—1949*. In two cases the estimated national income was communicated to the Office by the Government concerned. It should be noted that the financial year for social security does not always coincide exactly with the period for which the national income was estimated.

Table III shows, in units of national currency, the averages per head of the total population and per head of the population of working age in the middle of the financial year. These two series of averages have been established in order to bring out the influence of differences of demographic structure. Since the averages are expressed in different units of national currency, they are not readily comparable, and have

therefore been converted into the same unit—U.S. dollars. The choice of a conversion rate presented certain difficulties. The best solution would doubtless be to select a rate corresponding to purchasing power, but this method had to be rejected on account of the lack of sufficiently accurate data on the relative purchasing powers of different currencies.

Two different conversion rates have been used. Table IV is a conversion of the figures in table III into U.S. dollars at the official exchange rate in December 1949.¹ It was thought wiser to use the December 1949 exchange rate for all countries, whether or not their financial year coincided with the civil year: if the exchange rate current at the end of the financial year had been used, the figures would have been converted for some countries at the rate in force before a whole series of national currencies were devalued, and for others at the rate in force after devaluation, which would have made the comparison valueless. The exchange rate in December 1949 has therefore been used throughout.

Table V is also a conversion of the figures in table III into U.S. dollars; but here the conversion rate for each country is based on the estimates made by the United Nations in order to convert the national income of each country into U.S. dollars in the publication mentioned above.

It may be noted that the figures in tables IV and V are identical for the following countries: Belgium, Canada, Finland, France, the Federal Republic of Germany, the Saar, Switzerland, Turkey and the United States.

Table VI is a summary, in absolute figures expressed in U.S. dollars, of the data concerning social security receipts and expenses; the conversion rates are those used for table V. Countries are arranged in table VI in order of national income per head of total population. The grouping of countries in accordance with their average national income leads to the results summarised in table VII, which gives a preliminary picture of the efforts made and results achieved in the field of social security. This table would, of course, have been of much greater value if the inquiry could have embraced a larger number of countries; in particular, the averages found for the first group of countries—those where the average annual national income is less than 300 U.S. dollars—would be much lower if the survey had included the other countries of the same group in which, as a rule, social security is in its infancy and has only partially been put into practice.

The present survey, and that already published in the *International Labour Review*—of which it is a continuation—contain the results that it has been possible to extract from the international inquiry undertaken by the International Labour Office with the active participation of national administrations. It cannot be too heavily stressed that great caution must be shown in the use of these data and especially in the use of the newly introduced relative coefficients. For several countries social security data is as yet incomplete, and comparison is not always possible. Moreover, the method used to calculate the relative coefficients is not perfect, although every effort has been made to use the most reliable terms of comparison. It is to be expected, however, that methods will improve and results become more significant if, as we hope, we can continue the inquiry for several consecutive years and extend it to a greater number of countries.

¹ UNITED NATIONS: *Monthly Bulletin of Statistics*, Vol. IV, No. 3, March 1950.