

Social Insurance Developments in the German Democratic Republic since 1949

After the Second World War far-reaching changes were introduced in the social insurance scheme in the Soviet zone of Germany, since 1949 the German Democratic Republic. These changes were described in an article published in the Review in 1948 on the position of social insurance in post-war Germany.¹ The changes introduced in the German Democratic Republic up to 1 August 1955 are analysed in the following pages.²

ORGANISATION

The regional insurance institutes set up in the German Democratic Republic in 1947, which administered all branches of social insurance (including miners' insurance) in their territories except unemployment insurance, were amalgamated, under an ordinance of 26 April 1951³ and in accordance with regulations issued by the Free German Trade Unions Federation on 10 December 1951⁴, into a Central Social Insurance Institution with headquarters in Berlin.⁵ The Institution is supervised by the Ministry of Labour but directed and controlled by the Central Board of the Free German Trade Unions Federation and, under its guidance, by the individual industrial and craft trade unions. For this purpose a Central Social Insurance Council was established, which is the legal representative of the Central Institution and is obliged to follow the directives given by the Central Board of the Free German Trade Unions Federation. Members of this Council are a chairman appointed by the Central Board of the Free German Trade Unions Federation, a representative of each of the individual industrial and craft unions, a representative of the Farmers' Mutual Aid Organisation (Farmers' Trading Co-operative), the Chairman of the Central Complaints Commission and the Director of the Central Institution and his substitute, both appointed by the Central Board of the Free German Trade Unions Federation. At the level of the regions (*Bezirke*) and within

¹ Max BLOCH: "Social Insurance in Post-war Germany", in *International Labour Review*, Vol. LVIII, No. 3, Sep. 1948, p. 325.

² For an account of developments in the Federal Republic of Germany, see "Social Security Developments in the Federal Republic of Germany since 1949", *ibid.*, Vol. LXVI, Nos. 5-6, Nov.-Dec. 1952.

³ *Gesetzblatt der Deutschen Demokratischen Republik* (hereafter referred to as *GBl.*), 1951, p. 325; *I.L.O. Legislative Series*, 1951 (Ger. D.R.1).

⁴ *GBl.*, 1951, p. 1154.

⁵ Under section 3 of the ordinance of 12 July 1951 (*GBl.*, 1951, p. 687), the Institution is also competent for the unemployment insurance scheme.

each region at the level of the districts (*Kreise*), social insurance councils were likewise established, similar in composition to the Central Council. At the level of the individual nationalised and equivalent undertakings and administrative offices social insurance councils were established, and at the level of the other undertakings social insurance commissions, composed of representatives of the workers employed in the plant or office concerned. For the administration of the Central Institution a Central Administration for Social Insurance was established at Berlin by the Central Board of the Free German Trade Unions Federation. It has branch offices in the regions and districts. Thus the social insurance scheme is centralised under the sole responsibility of the trade unions.

Another important feature of this centralised scheme is that the budget of the Central Institution is a part of the state budget and is established yearly by the Central Council on the basis of "control figures" given by the Government after approval by the Free German Trade Unions Federation. The contributions are paid together with the taxes to the government fiscal departments established in the districts or towns, and not, as before 1 January 1951, to the social insurance institutions.¹ Income from contributions and expenditure on the social insurance scheme are now items of the state budget. For 1952 separate budgets had to be established for social insurance in the most essential branches of industry. The purpose of this was to establish different benefits in respect of insured persons employed in nationalised undertakings according to the economic importance of the branch of industry to which the insured persons belong.

SCOPE

The scope of compulsory insurance, with the exception of unemployment insurance², was extended to—

(a) students at universities, high schools and technical schools, including persons studying in schools of a political party or of the trade unions³;

(b) self-employed handicraft workers, irrespective of the number of workers employed by them⁴, to the extent that they are liable to the special handicrafts tax instead of general income tax⁵;

(c) members of handicraft co-operatives⁶;

(d) members of agricultural co-operatives⁷;

(e) in respect of employment injury benefit, persons who engage voluntarily in organised reconstruction work, harvesting, welfare work for children and young persons outside school or rescue work, or who give assistance in cases of disasters or general dangers or who assist the police or protect persons unlawfully attacked.⁸

¹ Ordinances of 14 Dec. 1950 (*GBL*, 1950, p. 1195) and 25 Jan. 1951 (*GBL*, 1951, p. 81).

² Cf. Max BLOCH, loc. cit., p. 326.

³ Ordinances of 2 Feb. 1950 (*GBL*, 1950, p. 71), and 5 Apr. 1950 (*GBL*, 1950, p. 375).

⁴ In general only small employers who regularly employ not more than five workers are compulsorily insured.

⁵ Section 8 of the Act of 9 Aug. 1950 (*GBL*, 1950, p. 827) and ordinances of 16 Aug. 1952 (*GBL*, 1952, p. 737), of 25 Nov. 1953 (*GBL*, 1953, p. 1188) and of 20 Feb. 1954 (*GBL*, 1954, p. 235).

⁶ Decree of 26 Sep. 1953 (*Zentralblatt*, 1953, p. 476).

⁷ Ordinances of 20 Jan. 1955 (*GBL*, 1955, p. 96) and 11 June 1955 (*GBL*, 1955, p. 435).

⁸ Ordinances of 4 Feb. 1954 (*GBL*, 1954, p. 169) and 20 Feb. 1954 (*GBL*, 1954, p. 170).

BENEFITS

*Sickness Benefit**Cash Benefit.*

Sickness benefit in cash is normally paid from the first day of incapacity for work and amounts to 50 per cent. of the average wage earned during the last three months prior to incapacity. If the insured person is a wage earner or salaried employee the employer is obliged to pay, likewise from the first day of incapacity, as supplementary benefit, the difference between such sickness benefit and 90 per cent. of the average net wage earned during the last 13 weeks preceding incapacity.¹ The benefit is payable, as a rule, for a maximum period of 26 weeks; however, under section 28 of the ordinance of 7 January 1954² payment continues for a further 13 weeks if an advisory panel of doctors confirms that capacity to work will presumably be restored within the following 13 weeks. The supplementary benefit payable by the employer is provided for a maximum period of six weeks per calendar year, even if several cases of illness have arisen in that year.

Both the cash benefit and the supplementary benefit are paid for two days in cases of urgency if the insured person has to nurse a child who is seriously ill and neither hospitalisation nor care by relatives or neighbours is available, and the urgency of the case is medically confirmed.³

These benefits are also paid if the insured person is ordered by the competent public health authorities to remain absent from his place of employment by reason of danger of infection (quarantine). In such cases benefit is paid for the duration of the quarantine.⁴

A reduced allowance is paid to insured persons who are in hospital and have dependants; the amount is equal to 80 per cent. of the normal sickness benefit in cash. Insured persons in hospital who have no dependants receive pocket money amounting to 50 per cent. of normal sick pay.⁵ Persons suffering from tuberculosis always receive full sick pay while they are in hospital. The supplementary benefit is paid by the employer even if the insured person is in hospital.

Students are entitled to short-term cash benefits in the case of incapacity to continue their studies as a result of sickness or accident if they received scholarships for their studies and if the scholarships are suspended; such benefits are fixed according to the wage earned before the beginning of the studies; if the students were not employed before that date, wages equal to 4 DM per day are deemed to have been earned.⁶

Self-employed handicraft workers are entitled to sickness benefit in cash per day equal to 10 per cent. of the contribution paid per month and furnished from the fourth day of incapacity for work.⁷

Members of handicraft co-operatives receive sickness benefit in cash

¹ These rules were fixed by section 27 (1) of the ordinance of 20 May 1952 (*GBL*, 1952, p. 377), completed by the decree of 27 May 1953 (*GBL*, 1953, p. 773).

² *GBL*, 1954, p. 30.

³ Section 27 (2) of the ordinance of 20 May 1952 (*GBL*, 1952, p. 377).

⁴ *Ibid.*, section 31.

⁵ The original rates were increased by the ordinance of 9 Mar. 1949 (*Zentralverordnungsblatt*, 1949, p. 159) from 50 to 80 per cent. and from 25 to 50 per cent.

⁶ Section 4 of the ordinance of 7 Jan. 1954 (*GBL*, 1954, p. 30).

⁷ Section 20 of the Act of 9 Aug. 1950 (*GBL*, 1950 p. 827).

from the fourth day of incapacity for work ; it amounts to the normal rate of 50 per cent. of earnings.

Members of agricultural co-operatives are entitled to the same benefit if they are liable to the normal contribution equal to 9 per cent. of earnings ; otherwise no cash benefit is payable.¹

Benefits in Kind.

Sickness benefits in kind include medical care by general practitioners and specialists, dental care, dental, pharmaceutical and other medical and surgical supplies, including prosthetic and orthopaedic appliances, maintenance and care in hospitals and sanatoria. With the exception of maintenance and care in hospitals and sanatoria the benefits are not subject to a time-limit. The regular maximum duration of stay in a hospital or sanatorium is 26 weeks, but this may be extended to 52 weeks if the doctor confirms that capacity for work will presumably be restored within that period, and in special cases to a longer period. Family dependants are entitled to the same benefits in kind as the insured person. If the financial situation of the scheme should become difficult, the insured persons and family members may be required to pay up to 50 per cent. of the cost of benefits in kind, except medical treatment by physicians, which is always paid in full by the insurance institution.

Maternity Benefit

Cash Benefit.

Maternity cash benefit is paid to insured women in the amount of 75 per cent. of the basic wage for four weeks prior to confinement and 50 per cent. for six weeks thereafter. The ordinance of 16 March 1949² laid down that 4 DM per day should be considered the minimum basic wage. Another 25 per cent. of the basic wage is paid as long as the child is alive, up to 12 weeks after birth. Nursing of the child by its own mother is not a prerequisite for benefit. Insured women who are employed persons receive under the social insurance scheme the full average net earnings as computed from the last three months of employment, even if such earnings exceed the normal maximum (600 DM per month). The net earnings are paid for five weeks prior to confinement and six weeks thereafter.³ In cases of abnormal birth or the birth of more than one child, the net earnings are paid for eight weeks after confinement. Every insured woman receives 50 DM for each newborn child to cover the cost of the layette. The dependants of an insured person receive this lump sum alone, without periodic payments.

Benefits in Kind.

Maternity benefits in kind include medical care by doctors, assistance by midwives, pharmaceutical and other medical supplies, and maintenance and care in a hospital or maternity establishment. These benefits are furnished to insured persons and their dependants.

¹ Section 9 of the ordinance of 11 June 1955 (*GBL*, 1955, p. 435).

² *Zentralverordnungsblatt*, 1949, p. 167.

³ Section 10 of the Act of 27 Sep. 1950 (*GBL*, 1950, p. 1037, and *I.L.O. Legislative Series*, 1950 (Ger. D.R. 4)), and decrees of 3 Nov. 1950 (*GBL*, 1950, p. 1139) and of 1 Mar. 1954 (*GBL*, 1954, p. 234).

Funeral Allowances

The provisions concerning funeral allowances have not been modified. The allowance is equal to 20 times the daily basic wage, with a minimum of 100 DM, on the death of an insured person ; it is equal to ten times the daily basic wage, with a minimum of 50 DM, on the death of a dependant of an insured person.

Employment Injury Benefits

Where incapacity for work is a result of employment injury, short-term benefits in cash are as a rule the same as in cases of sickness. However, payment of the supplementary benefit by the employer is payable until capacity to work is restored or invalidity is declared ; it is paid even if it has already been furnished by reason of sickness for six weeks in the calendar year concerned.¹ Wage earners or salaried employees who, as a result of employment injury, are temporarily unable to continue the activity exercised previously, and earn during such period lower wages than before, are entitled to receive, normally for a maximum of one month, the full wages paid before the employment injury occurred, on condition that they fulfil the output required in respect of the work that they are able to do.² Cash benefit equal to 50 per cent. of wages is paid in full in cases of hospitalisation.

Full and partial disability pensions are as follows : full pension is equal to two-thirds of the average earnings of the last 12 months (earnings above 600 DM a month are not counted). In the case of partial disability of 20 per cent. or more a partial pension is paid equal to the proportion of the full pension corresponding to the extent of the loss of capacity for work. Full pensions and partial pensions exceeding $66\frac{2}{3}$ per cent. of the full pension have been increased by 10 DM per month.³ The minimum for the full pension is 75 DM per month.⁴ Children's allowances supplementing pensions are paid in the case of disability of 50 per cent. or more ; they are equal to 10 per cent. of the pension and are paid for each child under 15 years (in the case of full-time students, 18 years). Survivors' pensions are provided for disabled widows ; they are equal to 40 per cent. of the average earnings, plus a supplement of 10 DM per month. The minimum is 65 DM per month. A widow is considered disabled if she has one child under three years of age or two children under eight years, or if she has reached the age of 60 or is more than $66\frac{2}{3}$ per cent. disabled. Widows who are not disabled receive 20 per cent. of the said earnings ; the supplement of 10 DM per month mentioned above is not payable. Children under 15 or full-time students under 18 who have lost one parent or both parents are entitled to orphans' pensions. If they have lost both parents, the eldest child receives 30 per cent. of earnings and all other children 20 per cent. A special supplement amounting to 10 DM per month is added. The minimum pension for a child who has lost both parents is 55 DM per month ; for other children it is 35 DM per month. In no case may the total of survivors' pensions exceed 80 per cent. of the earnings.

¹ Section 26 (5) and (6) of the ordinance of 20 May 1952 (*GBL.*, 1952, p. 377).

² Section 6 of the ordinance of 27 May 1953 (*GBL.*, 1953, p. 773).

³ Ordinance of 17 Aug. 1950 (*GBL.*, 1950, p. 844) and decrees of 18 Aug. 1950 (*GBL.*, 1950, p. 849) and 24 Aug. 1950 (*GBL.*, 1950, p. 858).

⁴ Ordinance of 25 June 1953 (*GBL.*, 1953, p. 822) and decree of 25 June 1953 (*GBL.*, 1953, p. 823).

Insured persons who have suffered an employment injury may sue the employer in the labour courts for damages in excess of social insurance benefits if the employer has purposely caused the accident or has violated the safety regulations in force.

Invalidity, Old-Age and Survivors' Pensions

All wage earners and salaried employees are entitled to pensions according to uniform rules. Invalidity pensions are paid to insured persons suffering more than $66\frac{2}{3}$ per cent. invalidity on certification by a panel of doctors. The criteria used to determine the degree of invalidity are the remaining capacity for work (judgment of the Supreme Court of 6 March 1953) and whether the insured person is actually earning less than one-third of the wages normally earned in the same occupation and in the same district by a person in good health who had the same education.

Old-age pensions are paid to men over 65 and to women over 60, whether they retire or not.

Widows' pensions are paid to widows suffering more than $66\frac{2}{3}$ per cent. invalidity or aged over 60 or who have one child under three years of age or two children under eight years of age. Widowers are entitled to pensions if they are suffering more than $66\frac{2}{3}$ per cent. invalidity or are aged over 65. Orphans receive pensions if they are under 15 years of age or full-time students under 18 years.

The qualifying period is 15 years for old-age pensions and five years for all other pensions. For old-age pensions the qualifying period may be reduced to a minimum of five years in the case of persons who, because they belong to one of the categories recently included in the scheme became insured for the first time after having reached the age of 50. No pension is payable if the insured person was not covered in the scheme during a period equal to two-thirds of the total period from first entrance into insurance up to the date when the covered risk occurs. Rights in course of acquisition may be maintained by paying a fee of 1 DM per month.

Invalidity and old-age pensions are equal to a basic amount of 30 DM per month, plus an increment for each year of coverage equal to 1 per cent. of average monthly earnings not exceeding 600 DM; they are supplemented by children's allowances of 32.50 DM per month for each child under 15 (18 in the case of full-time students) and by an allowance of 10 DM per month for the wife who is an invalid or is aged over 60 or has one child under three years of age or two children under eight years or for the husband who is an invalid or aged over 65, as well as by a general supplement equal to 10 DM per month.¹ The minimum rate for invalidity and old-age pensions without the children's allowance is 75 DM per month; if, however, an allowance to the spouse is payable, the minimum rate of the total of pension and allowance for the spouse amounts to 95 DM per month.² Children's allowances (32.50 DM per month for each child) are added to these minimum rates. The maximum rate is equal to 80 per cent. of the average earnings on which the pension is calculated.

¹ Ordinances of 17 Aug. 1950 (*GBL.*, 1950, p. 844) and decrees of 18 Aug. 1950 (*GBL.*, 1950, p. 849) and of 24 Aug. 1950 (*GBL.*, 1950, p. 858).

² See ordinance of 25 June 1953 (*GBL.*, 1953, p. 822) and decree of 25 June 1953 (*GBL.*, 1953, p. 823).

Widows' and widowers' pensions amount to 50 per cent. of the pension to which the deceased was entitled at the date of his death (children's allowances and the allowance for the spouse not being taken into account). Each child having lost both parents gets 35 per cent. and each other child 25 per cent. of the said pension. However, the general supplement of 10 DM per month is paid in full. The minimum rate of pension for widows and widowers is 65 DM, for children who have lost both parents 55 DM and for other children 35 DM per month.¹

Unemployment Benefit

Under the ordinance of 28 January 1947², as amended by the ordinance of 22 June 1949³, workers and salaried employees, including apprentices and homeworkers, who cannot be placed by the district labour office and have been insured for at least 26 weeks during the last 12 months are entitled to unemployment benefit. The payment of such benefit starts on the eighth day of unemployment and continues for a maximum of 26 weeks. The basic amount of the benefit is one-fifth of previous earnings but not less than 1.20 DM and not more than 2 DM per calendar day. This basic amount is supplemented by a housing allowance, which varies according to the size of the town or village in which the unemployed person is living, and by a family allowance of 0.35 DM per day for each dependant who is incapable of working. The total benefit, without family allowances, varies from 11.20 to 16.80 DM per week in the largest localities and from 10.26 to 15.86 DM per week in the smallest.

Family Allowances

The Act of 27 September 1950⁴ concerning the protection of women and children established a family allowances scheme. The following allowances are paid from the state budget to all mothers of large families:

(a) lump sums of 100 DM on the birth of the third child, of 250 DM on the birth of the fourth child and of 500 DM on the birth of every further child;

(b) monthly allowances of 20 DM for the fourth child and of 25 DM for every further child up to the age of 14.

SPECIAL PROVISIONS FOR MINERS

Miners are entitled to special benefits under provisions that are more favourable than those for other workers.⁵ The differences are explained below.

Cash Sickness Benefit

Sickness benefit in cash of 50 per cent. of the average wage is paid for a maximum period of one year instead of 26 or 39 weeks as for

¹ Ordinance of 17 Aug. 1950 (*GBL.*, 1950, p. 844).

² *Arbeit und Sozialfürsorge*, 1947, p. 159. See also ordinances of 28 Mar. 1947 (*GBL.*, 1947, p. 159) and 27 Dec. 1947 (*Zentralverordnungsblatt*, 1948, p. 25).

³ *Zentralverordnungsblatt*, 1949, p. 492.

⁴ *GBL.*, 1950, p. 1037, and *I.L.O. Legislative Series*, 1950 (Ger. D.R. 4); see also decree of 20 Jan. 1951 (*GBL.*, 1951, p. 37).

⁵ Ordinance of 19 Dec. 1946 (*Arbeit und Sozialfürsorge*, 1946, p. 417) as amended by the ordinance of 28 June 1951 (*GBL.*, 1951, p. 645) and decree of 5 Sep. 1953 (*GBL.*, 1953, p. 987).

other workers. From the eighth day of incapacity for work this benefit is supplemented by 4 per cent. of the average wage in respect of the wife and each of the children of the miner; if the miner has more than two children this supplement is paid from the fourth day of incapacity. Family supplements are also payable if the miner is in hospital.

Cash Maternity Benefit

The dependants of a miner receive maternity benefit in cash for four weeks prior to and six weeks after confinement of 0.75 DM per day or, if the miner has more than two children, for five weeks prior to and eight weeks after confinement of 1 DM per day. The nursing benefit to dependants is 0.50 DM per day, for not longer than 12 weeks, if they nurse their newborn children themselves; if the miner has more than two children, nursing benefit is payable for a maximum period of 26 weeks.

Funeral Allowances

A funeral allowance amounting to 30 times the daily basic wage, with a minimum of 100 DM, is payable on the death of a miner. Reduced allowances are payable on the death of a dependant—two-thirds of the rate in the case of the wife and one-third in the case of a child.

Invalidity, Old-Age and Survivors' Pensions

Miners' pensions are much more favourable than those of other workers. Pensions in cases of occupational invalidity—i.e., incapacity for work in the mining industry—are paid if the miner has worked in the industry for at least five years. The pension amounts to 1.5 per cent. of total earnings not exceeding 600 DM per month¹ or, where this is more favourable for the miner, the pension is based on average net earnings since 1 July 1926. If the worker has been employed underground for at least ten years he is entitled to supplements for each further year of such work: the supplements are 12 DM per month for each year between the eleventh and fifteenth, to 30 DM per month for each year between the sixteenth and the twenty-fifth, and 42 DM per month for every further year of such work. Children's allowances of 20 DM per month are payable for each child under 16 years (18 if the child is a full-time student). The minimum rate is 45 DM per month. The maximum rate is equal to 80 per cent. of the average earnings in the last year before occupational invalidity occurs or 90 per cent. if supplements for underground work are paid. In cases of general invalidity (more than $66\frac{2}{3}$ per cent.) the full pension is payable; the full pension is likewise payable at age 60 (women 55) if the miner is still employed in mining or the age of 65 (women 60) if he left the industry earlier, or the age of 50 if he has been employed in the mining industry for at least 25 years, including at least 15 years underground. The qualifying period for the full pension is five years of employment in the mining industry. The full pension amounts to 2.4 per cent. of total earnings not in excess of 600 DM per month¹ or, where this is more favourable to the miner, of average net earnings since 1 July 1926. The supplements for employment underground and the maximum rates are the same as for occupa-

¹ For the period before 1 Jan. 1946 only 400 DM.

tional invalidity pensions. A special supplement of 10 DM per month is also paid. The children's and spouses' allowances are paid as to other workers. The minimum rate of a full pension is 85 DM per month.

A miner's widow is entitled to a pension provided that she is an invalid or, if the miner died while employed in mining, at the age of 55, or, if the miner left the mining industry before his death, or if she has one child under three or two children under eight years of age or had at the date of death of the miner four children under 18 years, at the age of 60. The widow's pension amounts to 60 per cent. of the pension (not including children's and spouses' allowances) to which the miner was or had been entitled. However, the supplement of 10 DM per month is paid in full. The minimum rate of the widow's pension is 65 DM per month. Orphans' pensions are paid up to the age of 18 as for other workers. The pensions provided for children other than those who have lost both parents, however, are at a flat rate of 50 DM per month.

SUPPLEMENTARY PENSIONS

Professional workers employed in nationalised undertakings or in certain scientific, artistic, educational and medical establishments are entitled to supplementary invalidity and old-age pensions to be furnished by the German Insurance Institution¹ to the extent of 60 to 80 per cent. of the salary earned in the last year before invalidity or the age of 65. Supplementary survivors' pensions are also provided.

Wage earners and salaried employees in specially selected undertakings receive supplementary pensions equal to 5 per cent. of average earnings, at least 10 DM per month in the case of invalidity or old age.

Special pensions of 600 to 1,500 DM per month are paid for outstanding merit of a political nature. Supplementary pensions are suspended in so far as they are lower than the special pensions.

The supplementary pensions are financed solely by the employer.

Supplementary pensions are payable to policemen (or their survivors where death ensues)² who suffer invalidity arising from their service and victims of Nazi persecution.³ Policemen and their survivors get 50 per cent. more than the normal rates. The victims of nazism are entitled to still higher rates, under more favourable conditions, whether they are covered by the general scheme or not.

Any person covered by the social insurance scheme is permitted to take out supplementary insurance if he is under 60 and in good health⁴ by payment of supplementary contributions to the German Insurance Institution.

FINANCE

As explained above, the budget of social insurance has become a part of the state budget, and contributions are paid to the government departments in the districts or towns.

¹ An institution under public law which is solely authorised to conclude insurance contracts individually or collectively. No private insurance companies are admitted.

² Decree of 8 Dec. 1950 (*Zentralverordnungsblatt*, 1950, p. 581).

³ Decree of 5 Oct. 1949, *ibid.*, 1950, p. 765.

⁴ See Max Bloch, *loc. cit.*, pp. 331-332.

The contribution rates to the social insurance scheme, not including those covering employment injury benefit, are as follows ¹:

(a) 20 per cent. of wages in respect of wage earners and salaried employees compulsorily insured, other than miners; one-half of this is borne by the employer;

(b) 30 per cent. of wages in respect of miners; two-thirds is paid by the employer;

(c) 14 per cent. of earned income in respect of self-employed persons and employers compulsorily insured other than those indicated under (e) and (f) below; the minimum is 8 DM per month.

(d) 14 per cent. of earned income in respect of family members of self-employed persons and employers if these dependants are working for the head of the family, with the exception of those over 21 years of age working in agricultural plants exceeding 20 hectares; the contribution rate for the latter is 20 per cent. of earned income; the minimum is 8 DM per month;

(e) rates equal to the basic rate of the special handicrafts tax in respect of self-employed handicraft workers who are subject to that tax ²; blind, disabled and older handicraft workers contribute 50 per cent. or 25 per cent. of the normal rates;

(f) special rates varying with the value of the undertaking, as indicated under (h) below, in respect of owners of agricultural undertakings;

(g) 20 per cent. of earnings resulting from work and profit-sharing in handicraft co-operatives, in respect of members of the co-operatives; half of this is paid by the co-operatives; for members who are entitled to invalidity or old-age pensions the co-operatives pay a contribution equal to 10 per cent. of earnings;

(h) special rates in respect of members of agricultural co-operatives who formerly owned undertakings now incorporated in the co-operatives; the rates vary with the value of the undertaking (normal rates: 4.32 to 23.65 DM per month, including coverage for employment injury benefit);

(i) a flat rate of 6 DM per month in respect of members of agricultural co-operatives who are dependants of former owners of agricultural undertakings and are voluntarily insured against invalidity and old age;

(j) a flat rate of 4.32 DM per month (including coverage of employment injury benefit) in respect of members of agricultural co-operatives who have established an undertaking of their own not exceeding 0.5 hectares;

(k) 9 per cent. of earnings in respect of all other members of agricultural co-operatives;

(l) a flat rate of 6 DM per month in respect of students, unless they are exempted from the obligation to pay fees for their studies.

So far as employment injury benefits are concerned the rates of contribution to be paid solely by employers vary according to the hazar-

¹ See ordinances of 14 Dec. 1950 (*GBL*, 1950, p. 1195) and 25 Jan. 1951 (*GBL*, 1951, p. 81). The contribution rates for handicraft workers are fixed by the ordinance of 16 Aug. 1952 (*GBL*, 1952, p. 737), those for members of handicraft co-operatives by the decree of 26 Sep. 1953 (*Zentralblatt*, 1953, p. 476) and those for members of agricultural co-operatives by the ordinance of 11 June 1955 (*GBL*, 1955, p. 435).

² This tax was fixed by an Act of 13 Apr. 1951 (*GBL*, 1951, p. 291 (Annex A), amended by the ordinance of 6 Jan. 1954 (*GBL*, 1954, p. 103).

dous nature of the work in the undertaking and are fixed as a percentage of wages. The minimum rate is 0.3 per cent. and the maximum 3 per cent. of wages. For self-employed persons in agriculture and members of agricultural co-operatives flat-rate contributions vary with the value of the undertaking of which the person is proprietor or which is incorporated into the co-operative (from 0.54 to 0.97 DM per month).

The contributions prescribed as a percentage of earnings are payable on wages or earnings not exceeding 600 DM per month.

One-fifth of the income from the contributions paid in respect of persons mentioned above under (a) and (b) is used for the purpose of unemployment insurance.

Family allowances are financed exclusively from the state budget.

No special state subsidies are provided for the purposes of the social insurance scheme. However, it follows from the above reconstruction of the finance system that any deficit has to be covered by the State and any surplus will remain in the state budget.

The State is obliged to reimburse to the social insurance institution the cost of employment injury benefit to persons who suffer an employment injury while voluntarily engaged in reconstruction work, harvesting or welfare work for children or young persons or rescue work or who give assistance in cases of disasters or general dangers or assist the police, or protect persons unlawfully attacked.

CLAIMS AND APPEALS

A new procedure for deciding claims and appeals was laid down by the ordinance of 11 May 1953.¹

Claims for short-term cash benefits and benefits in kind are decided by the council or the commission established at the level of the undertaking where the insured person is employed or by the district branch office. Claims for pensions are decided by such branch offices only.

Persons dissatisfied with such decisions may appeal to complaint commissions established at the district or regional level. The district commission has three and the regional commission five members. The chairman and the other members are appointed by the trade unions. Representatives of the different categories of insured persons may participate in an advisory capacity in the proceedings of the commissions.

Appeals against decisions of the councils or commissions established at the level of the undertaking or the district branch offices are settled by the district complaint commission. Appeals against decisions of the district complaint commissions are settled either by the regional complaint commissions or by the district labour courts. Such decisions are binding. However, the central complaint commission competent for the Republic as a whole, which consists of seven members likewise appointed by the trade unions, may over-rule the decisions of the regional complaint commissions.

¹ GBl., 1953, p. 698.