

# OLD-AGE INSURANCE FOR AGRICULTURAL WORKERS IN WESTERN EUROPE

THOMAS C. BLAISDELL, JR.\*

*At the request of the Advisory Council on Social Security, the Social Security Board is conducting studies of social insurance measures in use in other countries for groups excepted from the Social Security Act. The following article outlines briefly certain measures adopted on behalf of workers in agriculture. It is anticipated that outlines of measures in use in other fields will be published in subsequent issues of the Bulletin and that reports on the completed studies will be issued at a later date.*

In many Western European countries, old-age protection has already been extended to the various groups of workers in the agricultural industries. In the United States, however, the terms of the Federal law establishing old-age insurance operate to exclude agricultural employees.<sup>1</sup> The principal reason advanced for this exception was that the administration of the program for agricultural workers would present great difficulties at the outset. These anticipated difficulties are ascribed to many factors: the territorial expanse of the United States; the large proportion of farm operators, unpaid family workers, and sharecroppers, as contrasted with wage workers; the seasonal and frequently migratory character of farm labor; the problem of obtaining wage records when cash wages are only a part of the remuneration.

Although no country of Western Europe has had to meet these administrative difficulties on so large a scale, the same types of problems have had to be faced in attempts to provide old-age protection for agricultural workers. It is not our purpose to analyze the characteristics of agricultural labor in the United States or to compare them with the characteristics of American industrial and commercial labor or with agricultural labor in foreign countries. The significant point is that a study of European systems of old-age insurance indicates that these countries have had somewhat similar problems to meet and that they have devised methods of including agricultural workers either in their general contributory old-age insurance programs or in parallel systems. In European countries as well as in the United States, there are self-employed farmers who operate small-scale

farms without any hired help or with members of their own family, employers who engage in large-scale industrialized farming and employ many wage workers, and tenants who farm under various types of contractual relationship.

Even though there is considerable similarity between the type of administrative difficulties which might be created by the farm patterns of the United States and those met in European countries which have enacted laws for agricultural as well as for industrial and commercial workers, there are significant differences between the organization of agriculture in the Old and the New World. The social structure of the European village, the more concentrated and more stable relation of the population to the land, the greater rigidity of occupational status, the variety of cooperative organizations, the more definite character of the labor contract, and the more firmly established organizations of agricultural workers—all these differentiate European agricultural patterns from comparable conditions in the United States.

The legislation and operation of programs to protect agricultural workers in Europe against the risks inherent in old age can, therefore, be only suggestive of what may be done in the United States. Brief examples from a study of the old-age insurance systems of five European countries where operating data are available and where analogies to agriculture in the United States might be drawn may, however, serve to indicate the general approach to the solution of some of the administrative difficulties as it has been worked out in each of the five countries. The countries selected for comment are Great Britain, France, Germany, Sweden, and Austria.<sup>2</sup>

\*Assistant Director, Bureau of Research and Statistics, Social Security Board.

<sup>1</sup> Agricultural employment is excepted under the Federal old-age insurance program. State old-age assistance programs, however, apply to all needy aged persons 65 or 70 and over, without regard to previous occupational or employment status.

<sup>2</sup> Because Austrian experience preceding the framing of the social insurance laws indicated that a separate system for agricultural workers was desirable, the Austrian law is included in this comparison. However, because of the precarious state of Austria's finances since 1928, the system was never put into operation and, in view of the recent amalgamation of Austria with Germany, the system may be completely modified.

The laws of these five countries differ in scope of coverage and administrative techniques. In endeavoring to relate this European practice to the American scene, the size of the American population which is involved should be considered. The number of persons gainfully employed in agriculture fluctuates as does the number in all other gainful employments. Of the total 48.8 million gainful workers recorded in the 1930 census, some 10.5 million, or 21 percent, were found in agriculture. This group can be broken down by employment status roughly as follows:

Farm operators.....	5, 300, 000
Unpaid family workers.....	1, 700, 000
Sharecroppers.....	700, 000
Wage workers.....	2, 800, 000
<b>Total.....</b>	<b>10, 500, 000</b>

Figures showing the agricultural coverage of the five European old-age insurance systems are not available, but census data on the total occupied population and the number of those engaged in agricultural pursuits are given below for all except Sweden to indicate the relative proportions of agricultural workers, including workers engaged in forestry and fishing, in each of the countries:

<b>Great Britain (1931):<sup>3</sup></b>	
Total occupied population.....	21, 055, 000
Agriculture.....	1, 398, 000
Operators.....	384, 000
Employees.....	1, 014, 000
<b>France (1931):<sup>4</sup></b>	
Total occupied population.....	21, 600, 000
Agriculture.....	7, 700, 000
Operators (including family workers).....	5, 500, 000
Employees.....	2, 200, 000
<b>Germany (1933):<sup>5</sup></b>	
Total occupied population.....	32, 296, 000
Agriculture.....	9, 344, 000
Operators.....	2, 182, 000
Employees.....	2, 645, 000
Assisting family workers.....	4, 517, 000
<b>Austria (1934):<sup>6</sup></b>	
Total occupied population.....	3, 175, 000
Agriculture.....	1, 004, 000
Employers.....	291, 000
Employees.....	359, 000
Family workers.....	354, 000

<sup>3</sup> International Labour Office, *International Survey of Social Services, 1933, Studies and Reports, Series M (Social Insurance), No. 13 (Geneva, 1936), Vol. 1, p. 354.*

<sup>4</sup> *Ibid.*, Vol. 1, p. 220.

<sup>5</sup> *Ibid.*, Vol. 1, p. 312.

<sup>6</sup> *Ibid.*, Vol. 2, p. 16.

Figures alone, however, give but a partial indication of the complexities of agricultural employment status here or abroad. Many farm operators in the United States—possibly more than a million—are only part-time farmers and receive a sizable share of their income from industrial or commercial business activities or employment. Of the wage workers, possibly as many as half are employed in nonagricultural employment during at least part of the year.

It should also be noted that the number of agricultural workers who are employed on larger farms in the United States constitutes a considerable proportion of the total number of agricultural wage workers. Though farms employing three or more workers constitute only 2 or 3 percent of all farms, they account for approximately 40 percent of all agricultural wage workers.<sup>7</sup>

The total number of persons gainfully occupied in agricultural work represents only about 20 percent of the total number of gainfully occupied persons in the United States. In Great Britain the agricultural group constitutes less than 7 percent of the total, in Germany nearly 30 percent, in Austria a little over 30 percent, and in France slightly more than 35 percent. Comparable figures for Sweden are not available, but a recently published survey of Swedish social work and legislation<sup>8</sup> indicates that in 1930 agriculture and subsidiary occupations offered employment to 39 percent of the gainfully occupied population.

Figures on farm wage workers as distinct from unpaid family workers and farm operators are available only for France, Germany, and Austria. In these three countries as well as in the United States, farm labor represents only about one-third of the total reported in the census as engaged in agriculture.

Four of the five countries studied made no distinction between agricultural and industrial wage workers when their contributory old-age insurance programs were first established. Thus Germany in 1889, France in 1910, Sweden in 1913, and Great Britain in 1925 passed laws to protect against old-age dependency all persons who were dependent on a wage for a living. Furthermore, the Swedish program has covered all adult citizens, the proprietor along with the tenant farmer, the manager

<sup>7</sup> Wendzel, Julius T. "Distribution of Hired Farm Laborers in the United States." *Monthly Labor Review*, Vol. 45, No. 3 (September 1937), pp. 561-568.

<sup>8</sup> The Royal Social Board. *Social Work and Legislation in Sweden*. 2d rev. English ed., Stockholm, 1938, p. 20.

of an agricultural cooperative, and the farm laborer.

The provisions of the French general old-age insurance law, passed in 1910, have been modified substantially from time to time as applied to agricultural wage workers. One outstanding change introduced in 1935 establishes flat contributions by agricultural workers whereas the contributions for industrial workers vary with wages. An interesting feature of the French system is the inclusion of small share-tenants (those who had leased livestock valued at less than 1,000 francs when they became tenants) along with agricultural wage workers in the insurance system. The owners from whom these share-tenants lease their farms pay the share of the insurance contribution which is ordinarily borne by the employer. Large share-tenants who employ farm workers are not covered by the system. They are considered as employers and, as such, pay contributions for their workers, but their landlords refund these contributions.

The Austrian law is the only one of these five which provides an entirely separate old-age insurance system for agricultural workers. These provisions, enacted in 1927, have never been put into operation, however.

The methods used by each of these foreign countries to meet the administrative difficulties arising from the characteristics of agricultural labor are noted briefly in the following paragraphs.

### *Scattered Population*

In dealing with problems which arise from the scattered agricultural population, preexisting governmental and private organizations are frequently utilized. For example, the postal system has been used for the payment of pensions under nearly all the programs. In some cases voluntary mutual benefit and cooperative societies have been placed under government supervision and used as organizing centers. In Sweden the general system of taxation has been integrated with the administration of social insurance.

In several countries various mutual insurance societies established on a voluntary basis provided a means for overcoming the difficulties connected with scattered population. Great Britain, when the program of contributory old-age insurance was introduced, utilized the preexisting compulsory health insurance system which had been built upon the framework of private mutual benefit

associations and insurance societies. In France, likewise, the system of contributory old-age insurance was set up in close conjunction with mutual benefit societies and agricultural cooperatives. These societies play a part not only in collecting and disbursing funds but also in the investment of reserves.

In spite of the apparent wisdom of both Great Britain and France in taking advantage of these existing organizations, many European administrators of social insurance regard the relationships with these nongovernmental societies as unnecessarily complicating the work of the social insurance offices. On the other hand, the same administrators look with favor on the integration of various types of governmental insurance agencies, such as unemployment, health, invalidity, and survivors' insurance, which have parallel coverage.

In Sweden, which has the most nearly complete coverage in its old-age insurance program, the system of collecting contributions has been made an integral part of the general system of collecting property and income taxes payable by nearly the entire adult population. This coordination seems to have produced a higher percentage of payments of contributions in rural areas than in urban areas.

### *Seasonal Employment*

The practice of treating seasonal or temporary employment varies with the different systems. In England, which includes only wage workers under the contributory insurance program, persons employed in certain types of work of a temporary or casual character, such as picking hops and perishable fruits, are excluded from the payment of contributions. Since the picking crews are assembled on an emergency basis with no form of wage contract and no regular pay roll, the inclusion of such workers would present great administrative difficulties. Germany likewise excludes such types of temporary work. In addition, persons may receive a certificate of exemption from contributions for seasonal work which does not last longer than 12 weeks in any one season or 50 days in the entire year, provided they follow no other insured occupation regularly. This exemption is good for a year at a time.

France excludes persons earning less than 1,500 francs (\$49.80) a year, and this status is measured by the earnings of the preceding year. Under the Swedish system the problem of seasonal employ-

ment is not significant, since taxes are collected on an annual basis.

In general in these foreign countries, persons who engage solely in seasonal or temporary agricultural employment are not covered by the old-age insurance program, and neither they nor their employers pay contributions to the system for such employment.

### ***Migratory Workers***

In the countries of Western Europe with old-age insurance systems for agricultural workers, the administrative problems for workers who migrate from one place to another within the country are not serious. Under nation-wide, federally operated systems no particular difficulties are encountered in keeping insurance records for such workers.

Workers who migrate from one country to another, however, create problems which have not been completely solved in any country. Between England and Northern Ireland, methods have been developed for the exchange of old-age insurance credits earned by workers. On the other hand, Polish workers who formerly migrated to Germany in numbers paid no contributions to the German insurance system. The employers of those workers are required, however, to pay their portion of the contribution in order to avoid setting a premium upon the employment of alien labor.

### ***Unpaid Family Workers***

Unpaid family workers create no problem in a system of practically universal coverage such as is found in Sweden, since nearly all adults contribute to old-age insurance through general taxation. In countries with narrower coverage, family workers on farms as well as in industry tend to be omitted. Germany permits family workers to enter the old-age insurance system on a voluntary basis. The Austrian law specifies that family workers other than the spouse are included unless the employer gives written assurance that he will provide for them in old age. In France family workers are required to pay contributions if any other workers are hired by the farm operator.

### ***Wages in Kind***

The problems that arise when remuneration for labor is partly or entirely in food and lodging, rather than in cash, are not dissimilar from those occurring in industry and commerce when wages in kind are received. The solutions likewise are

similar. In France and England the payment of "flat" contributions (unrelated to the amount of wages) avoids any difficulty in this respect. Under the German and Austrian laws the goods or services received are valued in accordance with prevailing local prices, and the cash equivalent is included as wages; the evaluation is made by an administrative authority after consultation with organizations representative of both workers and employers.

### ***Social Forces***

While the administrative problems deriving from the special characteristics of agricultural labor should not be minimized, it is evident that systems have been developed in Europe to include agricultural workers of all types. Methods for obtaining universal coverage, limited coverage for agricultural wage workers, coverage for tenant farmers, and compulsory or voluntary coverage for the self-employed have been devised. The systems and the administration have both been adjusted to meet the circumstances when the demand in the various countries was sufficiently insistent for protecting agricultural as well as industrial workers against old-age dependency.

The Austrian old-age insurance laws for the two groups reflect the way in which these pressures have affected the character of the legislation. The political strength of the various groups concerned is manifest in the systems. The program for industrial workers provides for centralized federal administration; the law for agricultural workers leaves the way open for administration by the various provinces. The contributions for industrial workers are uniform throughout the nation; those for agricultural workers may vary from province to province. The law for industrial workers provides for voluntary insurance of certain groups of wage workers excluded from compulsory coverage. No similar voluntary coverage privileges are granted to those excluded by the agricultural system. There is no provision for compulsory coverage of self-employed independent tradesmen under the law for industrial workers; yet the agricultural provisions permit farmers and tenants to participate in the compulsory system.

The concessions made to provincial forces in the agricultural system were viewed with apprehension by one of the outstanding social insurance experts (Max Lederer), who feared that the un-

equal distribution of risks in the provinces would necessitate the curtailment of benefits.

Another example of the pressure of local forces is found in the history of agricultural coverage in Germany. During the first 10 years' operation of the general old-age insurance system, the Reichstag was flooded with petitions from large and small landowners setting forth the hardships entailed by the payment of contributions. The protests, however, went unheeded. Subsequently, an investigation of the situation revealed negligible differences between agriculture and industry so far as the payment of contributions was concerned.

It is worth noting that in Sweden and France, where agricultural workers are included in the old-age insurance systems, there are sizable agricultural populations which have been strongly organized. The one system includes the self-employed, tenants, and wage workers, while the other covers tenants and wage workers.

It is clear that administrative procedures can be developed to give old-age security to workers in agriculture as well as to those employed in industry and commerce. The types of systems developed, however, have arisen out of the conditions which prevail in each country and have taken on forms closely related to the habits and customs of the various peoples. When the laws were written to cover the principal common needs, the framework of the systems was determined by the extent to which the groups concerned were effectively organized. Various groups have played their part in obtaining for agricultural workers in Western Europe the benefits which were being given to industrial and commercial workers. If European experience is any guide, the administrative problems in America will be solved by careful adjustment of the statutes to existing and established conditions which differentiate agricultural from industrial employment.