

# Old-Age Security

Social and Financial Trends

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## FOREWORD

THIS STUDY was undertaken as a result of the opinion of the Committee on Social Security that an analysis of the methods or devices that have been adopted by selected foreign countries in dealing with the financial problems of contributory old-age insurance and in providing various types of non-contributory old-age assistance or pensions or relief would throw much light upon parallel problems in the United States. As the study progressed it was found, however, that the financial principles and trends could be interpreted adequately only after an examination of the history of the statutory measures and social purposes which had determined their evolution.

In the end, therefore, this study necessarily involved an effort to describe and evaluate the economic and social factors affecting the financing of old-age security programs. Historical background has been subordinated as much as possible, but specific problems have been given concreteness by detailed illustrations drawn from those countries whose programs seemed to be of especial interest for the United States. The treatment of individual countries is intentionally selective; for instance, no attempt was made to discuss the specialized considerations presented by the existence of separate insurance plans for salaried employees in countries such as Germany.

In spite of the extension of its original scope, financial considerations remain the primary concern of the present report. Fuller treatment of the theoretical issues involved in old-age programs generally, and particularly of the advantages or disadvantages of contributory insurance systems and of non-contributory assistance measures will be found in the various reports of the International Labour Office and in the other literature cited in the text. The inter-relationships of old-age security and other types of social insurance and relief are treated very briefly; a fuller account is available in C. A. Kulp's *Social Insurance Coordination: An Analysis of German and British Organization*, published by the Committee on Social Security in 1938.

Seven countries were singled out for especially close study. The operation of old-age insurance systems is illustrated by the experience of Germany, Great Britain, Czechoslovakia, and Sweden. These systems are contrasted with the non-contributory assistance or pension plans of Denmark, Great Britain, New Zealand and Australia. While the discussion of the foreign systems and programs is focused upon problems which appear to be of importance in the United States, it did not seem necessary or feasible to add at this time a comparably detailed account of the 1935 Social Security Act in the United States or of the amendments enacted in 1939.

The text and supporting tables are based in large part upon official documents. Where documentation proved to be inadequate or lacking, the available materials were supplemented by data obtained in interviews with officials and other informed persons who were consulted during the author's period of study abroad. The text has necessarily been based largely upon these conversations at certain points, although because of the nature of the discussions it has not been feasible to refer to all of them in formal footnote citations.

The time and thought which these officials and other experts so generously gave are gratefully acknowledged. The assistance and suggestions given by A. Tixier, Oswald Stein, and Lucien Féraud of the International Labour Office especially were invaluable. The treatment of the Australian and New Zealand old-age security measures is based in large part upon a memorandum prepared for the Committee by Robert Murray Haig after his return from a study of the fiscal problems in these countries and upon the documentary materials which he collected. In analyzing the Swedish insurance system the author's own observations in Sweden were supplemented by her access to the manuscript of Mrs. Helen Fisher Hohman's study, *Old-Age in Sweden: A Program of Social Security*, which is being published by the Social Security Board.

Especial indebtedness is acknowledged also for the suggestions and criticisms given during the planning and execution of the study by Eveline M. Burns, J. Frederic Dewhurst, Eleanor Dulles, William R. Williamson, and W. S. Woytinsky, and by M. Albert

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While the study has been sponsored by the Committee on Social Security, the resulting report has not been submitted to the Committee for formal review or approval. The statements and conclusions of the author are therefore entirely her own and do not necessarily reflect the opinions or attitudes of the members of the Committee or of the Social Science Research Council.

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