

Extension of Workmen's Accident Insurance in Japan

Effective April 1, 1968, Japan extended compulsory coverage under the workers' accident compensation insurance law to some 2.5 million workers employed in commerce, finance, and service industries. Accident insurance for workers in these industries had formerly been on a voluntary basis—in contrast to compulsory coverage for 23 million workers in manufacturing, mining, construction, and transportation. About 88 percent of the 28.9 million nonagricultural employees in Japan are now covered by work-accident insurance. The new ordinance, like the 1947 basic law, applies to businesses employing five or more workers and to smaller manufacturing and mining establishments using sources of mechanical power of at least 2 horsepower.

The new ordinance has extended coverage to 270,000 Japanese and foreign-owned enterprises. Between 1950 and 1965, the number of workers covered by workmen's accident compensation insurance had increased from 7,559,100 to 20,141,100, and the number of covered establishments had grown from 339,622 to 856,500.

The extension of coverage to industries in which the risk of occupational injury and disease is relatively small reflects, in part, the increased hazard to workers resulting from a greater use of vehicles and the introduction of new, more complicated, and potentially hazardous types of equipment. More significant, perhaps, is the trend toward expanded compulsory coverage, which has been combined with a campaign by the Japanese Government to increase industrial safety, particularly in small establishments. Although there has been a significant accident-rate decrease (estimated at 20 percent from 1962 through 1966), it is largely attributable to an improvement in the safety record of larger establishments employing 100 or more. The smaller, marginal enterprises frequently cannot afford safety devices.

Workmen's accident insurance is financed by employers' contributions at rates ranging from a minimum of 0.2 percent of payroll to a maximum of 8 percent, depending on the frequency of industrial accidents within a given industry during the preceding 3 years. Individual merit ratings apply, depending on the contribution-benefit

ratio. The contribution rate for the new extended coverage is at the minimum of 0.2 percent because of the Government's accumulation of workmen's accident insurance funds and the expectation that the newly covered industries will be less hazardous.

The principal provisions of the Japanese workmen's compensation program include medical benefits and cash benefits equal to 60 percent of the average wage. After a 3-day waiting period, during which the worker is compensated by his employer, benefits are payable for 3 years. (Workers with conditions not cured after 3 years may be eligible for long-term disability benefits.) The law defines 14 degrees of inability to work resulting from a work-connected, permanent physical handicap, each degree with a corresponding benefit or lump-sum payment. Survivors receive 30–50 percent of the annual average earnings of the deceased worker or a lump-sum payment equal to 400 days' wages—an option that will be terminated on January 31, 1971. Funeral expenses of 35,000 yen (\$97.22) plus 30 days' wages are also paid.

Bulgaria Revises Family Allowances

A recently established Bulgarian law aims at using family allowances to bring about a selective adjustment in the country's declining birth rate. The new law restructures birth grants and monthly allowances to provide strong incentive for a family to have a second and third child but relatively little incentive for more. The intent appears to be to increase the birth rate by promoting moderate-sized families and discouraging the formation of large families that might be dependent upon small incomes. The move thus tends to distribute the cost of population growth more evenly throughout society.

Citing the desirability of bringing about a higher birth rate, the Council of Ministers promulgated the new system of family allowances on December 8, 1967. Bulgaria's birth rate had declined from an average of 21.7 births per 1,000 of population in the period 1950–54 to 14.9 births per 1,000 in 1966. In the opinion of many observers, crowded living conditions resulting from urbanization have been a major factor in dis-

couraging large families and lowering the number of births. Only two European countries, Rumania and Hungary, have lower birth rates.

Effective January 1, 1968, the new schedule increases birth grants for second and third children by 800 and 1,000 percent, respectively, but decreases benefits for fourth and subsequent children to a fraction of their previous levels. The progressive increase from the first through the sixth child has thus been eliminated, and the highest benefit of 500 levas¹ (equal to 6 months of the average worker's income) is now granted at the birth of a third child. The old and new schedule for birth grants are given below:

Rate per child	Amount (in levas)	
	New law	Old law
First.....	20	16
Second.....	200	24
Third.....	500	48
Fourth.....	20	80
Fifth.....	20	100
Sixth and subsequent.....	20	120

The new monthly allowances, which will go into effect January 1, 1969, also favor second and third children. The old schedule had favored the second, third, and fourth children. The new monthly payment of 35 levas for a family's third child is equivalent to 40 or 45 percent of the average worker's wages. Bulgaria's new children's allowances to families with three children will be the highest in relation to average wages in East Europe—about 60 percent of the average wage in the manufacturing sector. A comparison of the old and new monthly allowance schedules follows:

Rate per child	Amount (in levas)	
	New law	Old law
First.....	5	1.20
Second.....	15	12.80
Third.....	35	13
Fourth.....	5	13
Fifth.....	5	9
Sixth and subsequent.....	5	10

As an interim measure, the old schedule of monthly allowance payments will continue in force throughout 1968, except that the benefits for a third child have been raised by 10 percent.

¹ One leva equals 50 cents.

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