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# INFORMATION

SOCIAL POLICY

## FINANCING SOCIAL SECURITY FOR INDEPENDENT FARMERS

46 / 73

One of the basic claims of farmers in the European Community is that they should be on a par with other social strata.

In our rapidly-changing society, in which price problems seem to be linked with structural reform, the standard of living does not depend entirely on the reward of ones work. Since the end of the war the social security system, from which farm workers benefit, as do other workers, has been accounting for between a sixth and a fifth of the national incomes of the EEC member countries, and is an appreciable part of the resources put at the disposal of the citizen.

### INCREASED BENEFITS

It is possible to give a comparison of the social security expenditure for the independent farming population in the Six countries of the EEC, to which the corresponding figures for the new members will have to be added later.

There has been a considerable increase in the benefits paid out in recent years, despite the fact that there has been a noteworthy decrease in independent farming during the period concerned. Between 1960 and 1970 the total benefits paid out in the different countries have increased three-fold, four-fold and even seven-fold.

#### Total social security expenditure for farmers and their families (million units of account)

	Belgium	Germany	France	Italy	Luxembourg	Netherlands
1960	32.0	113.9	275.4	107.2	1.30	19.6
1966	65.1	320.3	1,004.8	355.4	4.53	59.7
1970	95.1	427.6	1,406.7	779.5	6.60	91.9

Old-age pension assurance takes the lion's share of this expenditure. In 1965, it accounted for about 50 % (Luxembourg and France) and nearly 70 % in the Netherlands. In the next place came family allowances, which was proportionately smaller than in 1960, but apart from Italy, ranged between 18.3 % in the Netherlands and 26.6 \_ in Belgium.

Proportion of different insurance schemes in total social security benefits for farmers and their families

	Health insurance		Old-age pensions		Accident insurance		Family allowances		Total	
	1960	1965	1960	1965	1960	1965	1960	1965	1960	1965
Belgium	7.5	10.0	63.7	63.4	-	-	28.7	26.6	100	100
Germany	-	-	49.8	56.0	21.4	19.8	28.8	24.2	100	100
France	24.7	28.1	46.1	49.7	-	-	29.2	22.2	100	100
Italy	25.0	25.7	69.9	63.9	5.0	6.1	-	4.3	100	100
Luxembourg	17.2	16.7	42.2	48.3	15.2	13.6	25.3	21.4	100	100
Netherlands	-	12.6	79.5	69.1	-	-	20.4	18.3	100	100

**FINANCE FOR THE EXPENDITURE**

In all the countries the cost of social security is borne in varying proportions between the farmers and the State. Between 1966 and 1970 the contributions from the farmers themselves did not rise in parallel in all the countries, showing only a small increase in France, and Italy, but rising very considerably in Germany and the Netherlands.

Social security receipts (farmers) 1966-70  
(million units of account )

Contributions	Belgium	Germany (F.R.)	France	Italy	Luxembourg	Netherlands
1966	24.4	82.0	282.1	64.0	1.23	56.9
1967	25.5	92.4	307.9	69.6	1.28	60.5
1968	27.5	92.0	260.3	69.7	1.29	66.5
1969	28.2	95.2	301.2	68.2	1.28	75.4
1970	29.1	121.0	289.9	66.9	2.17	83.4

The ratio of contributions to benefits also developed differently in the various countries during the same period. It declined in Belgium (37.5 % to 30.6 %), France (28.1 % to 20.6 %) Italy (18.0 % to 8.6 %) and the Netherlands (95.3 % to 90.7 %). It showed an increase in Germany (25.6 % to 28.3 %) and Luxembourg (27.1 % to 32.8 %).

In all the countries the increase in the total expenditure on benefits led to an increase in subsidies, which was particularly marked in those countries where the contribution from the farmers had shown least increase.

In 1966, government intervention accounted for 76.3 % in Germany, 75.3 % in Luxembourg, 73.2 % in France, 64.4 % in Italy, 59.6 % in Belgium, but only 10.4 % in the Netherlands. In 1970 the proportions were as follows : Italy 90 %; France 79.9 %; Germany 72.9 %; Luxembourg 71.3 %; Belgium 62.2 % and the Netherlands again showed by far the lowest figure at 12.8 %.

#### BENEFITS AS PART OF FARMERS' INCOME

France and Luxembourg lead.

It is in France and Luxembourg that social security benefits to farmers represent the highest proportion of their incomes. This was already true in 1966, and applied still more in 1970. As a proportion of total income, the French social security benefits in 1970 were 18 %, or three times as much as those for the Dutch farmers (6.3 %). Between the two dates, however, the share represented by the benefits showed an increase in all the countries.

Social security benefits as proportion of total income of farmers  
(comparable income + benefits)

Year	Belgium	Germany	France	Italy	Luxembourg	Netherlands
1966	8.8 %	7.9 %	15.1%	6.4%	12.9%	5.3%
1967	9.1 %	8.6 %	15.8%	6.6%	13.4%	5.4%
1968	9.9 %	7.6 %	16.5%	8.5%	15.8%	5.5%
1969	9.6 %	8.2 %	17.4%	10.1%	16.0%	5.8%
1970	11.2 %	8.9 %	18.0%	11.5%	17.0%	6.3%

#### AMOUNT OF CONTRIBUTIONS : Dutch farmers pay most

Comparing the amount of contributions paid by farmers in 1970, we find that the Dutch made the biggest contributions, followed by the Luxembourgers. The Dutch farmers pay ten times as much as the Italians.

Contributions from non-wage earning farming population per  
head of farm unit (1966-70)  
units of account

Year	Belgium	Germany	France	Italy	Luxembourg	Netherlands
1966	174.6	101.7	215.0	42.4	143.9	283.7
1967	192.7	120.0	239.2	43.0	159.4	311.6
1968	212.1	124.0	206.8	46.5	170.2	354.4
1969	227.7	132.2	245.9	45.0	178.9	415.7
1970	245.7	177.4	243.1	44.1	323.0	477.0

EXCESS OF BENEFITS OVER CONTRIBUTIONS : France shows the highest figures.

In 1970 the share of farmers' total income represented by social security benefits and after deduction of contributions, amounted to 14.3 % in France. The smallest such surplus was in the Netherlands at only 0.6 %. The changes in each country since 1966 are shown in the following table :

Share of excess of benefits over contributions in total  
income of farmers (1966-70)

Year	Belgium	Germany	France	Italy	Luxembourg	Netherlands
1966	5.7 %	6.0 %	11.4 %	5.3 %	9.7 %	0.3 %
1967	5.9	6.4	12.0	5.6	10.2	0.4
1968	6.7	5.7	13.5	7.4	16.5	0.5
1969	6.7	6.3	14.2	9.1	12.8	0.6
1970	8.0	6.6	14.3	10.6	12.1	0.6

CONCLUSION

The different social security systems for independent farmers are as diverse as they are complicated. The examination of them shows, that the legal social protection is developing along parallel lines. In all the Community countries the social security for farmers and their families has improved and expanded in recent years.

It is nevertheless to be noted that the general increase in benefits has tended to accentuate rather than to eliminate the considerable disparities in several

fields, including the nature of the legislation (not discussed in this note), the level of social benefits, the contributions from the assured and the amount of subsidies from the State or third parties.

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