

WORKMEN'S INSURANCE IN AUSTRIA.

Accidents Branch.

Of the threefold system of compulsory insurance against sickness, accident, and old age in force in the German Empire, and of the old-age-pensions law in Denmark, something is known in New Zealand—something, at any rate, of their main features. It is not, perhaps, so generally understood that insurance against accidents and sickness is established by law in Austria on a considerable scale, albeit the scope is not so complete as the German. Neither, so far as I can judge, does the Austrian system appear to be so efficient or so firmly administered as the other. At the same time, though I heard sweeping complaints made against it, I could not avoid forming the opinion that some of these are at least exaggerated, and that the laws have conferred and are conferring notable benefits on the working-classes.

The Austrian laws dealing with State insurance against accidents to workmen and against sickness respectively are quite distinct. They were passed in 1887 and 1888, and amended in important respects in 1894. Their origin is therefore later than that of the German insurance laws, and there can be no doubt that Austria borrowed the idea from her neighbour. The Austrian system, however, is anything but a mere copy of the German. I should mention that it is confined to the Austrian half of Austria-Hungary. There is no sick-insurance law in Hungary, and workmen there who are the victims of accidents have to fall back upon the dubious assistance of the common law. The Austrian system, in so far as it deals with compensation to injured workmen, is mainly confined to factory hands in the larger sort of factories, to persons employed on railways and other transport lines, to wharf labourers, and to workmen engaged in or about machinery or in certain dangerous trades. Seamen, nearly all country labourers, navvies, and workers in the smaller sort of factories do not get the benefit of the law, and much heartburning and friction is thereby caused. The usual absurd inconsistencies caused by "drawing the line" are in evidence in Austria as in other countries. For instance, a street-sweeper comes under the law, but a road-mender does not. A locomotive-driver comes under the law, but a marine engineer does not. A man engaged at a chaff-cutting machine comes under the law, but a wood-cutter does not. Government servants are under the law when they are entitled to pensions; when they are not entitled to pensions they are also excluded from the benefits of the insurance law. Still, the number of wage-earners who may benefit by the insurance laws is very large. The English Board of Trade computes it at about two and a half millions, employed in nearly 360,000 establishments.

Large mutual insurance societies form the basis of the machinery. Of these there are seven, that at Vienna being the chief. Every employer of labour whose workmen are touched by the Act has to enrol himself in the accident insurance company of his district. Unlike the private accident insurance companies known in New Zealand, the main object of these Austrian companies is not to make a profit. What they aim at is to indemnify all their members against compensation-payments to their workmen, and to do so as cheaply as possible. Every employer, therefore, subject to the law is insured in their books at one or other of the rates charged in their elaborate tariffs. The employer pays so much per cent. on his annual wages-bill. He may, if he pleases, deduct 10 per cent. of this insurance-payment from the wages of his workmen. It is stated, however, that many employers do not trouble to do this. In any case the employers have to find nine-tenths of the premiums, and they are naturally not greatly in love with the law which imposes such an obligation upon them.

The tariffs of these insurance companies are supposed to be so framed that the yearly subscriptions paid by the employers will be sufficient to defray each year's outgoings in the way of indemnities and working-expenses, and also to enable a substantial capital fund to be accumulated. The outgoings of the companies, I may mention, have steadily increased since 1899, and are expected to increase for some fourteen years further. The tariffs have been amended several times, always by making them higher. The result, however, is at present that the societies have failed to reach a position of financial equilibrium. The best that can be said is that so far all the obligations of the companies have been punctually discharged. The expectation is that their future obligations will also be discharged, but that this will only be done by increasing their rates and reforming some of their methods.

Although the Austrian insurance system does not separate the employers in one trade from the employers in another trade to the same extent as the German system, it does to a certain extent recognise that different trades deserve different treatment, and also that factories in the same trade may be assessed at different rates. Under the tariffs of the companies trades are assessed according to the degree of danger existing in them. Certain dangerous trades are charged higher rates, while workshops where no dangerous machinery is used will be rated on a much lower scale. Furthermore, differential rates are imposed on factories in the same trade according as inspection shows them to be properly equipped with life-saving appliances and carefully conducted or otherwise. A notoriously badly arranged factory may be rated as much as 30 per cent. higher than one in which the arrangements and the management satisfy the insurance inspectors. To show how widely the rates charged to different employers and to different trades may vary under this system I may mention that some employers in the Vienna district pay early 8 per cent. of their total wages-bill by way of accident insurance, while others pay less than 1 per cent.

The mode in which compensation is paid for injuries or death differs in Austria from that commonly adopted in England or New Zealand. As you are aware, compensation in Denmark and several other countries usually, though not always, takes the form of a lump sum of money paid down in satisfaction of damages. But in Austria it is always, or nearly always, given in the form of small annuities, having relation to the wages earned by the injured workman and the amount of damage sustained by him. Let us suppose, for instance, that a workman has suffered the loss of an eye, and that the officials of the insurance company decide that this has reduced his earning-power by 20 per cent. Let us suppose that his full annual wages come to £80. For the purpose of estimate this annual wage is reduced by two-fifths. In the imaginary case I am considering it would be reduced to £48. The annuity granted