

SESSION II.
1906.
NEW ZEALAND.

INTERNATIONAL CONGRESS ON WORKMEN'S INSURANCE

(NOTES ON THE).

Presented to both Houses of the General Assembly by Command of His Excellency.

The AGENT-GENERAL to the Right Hon. the PREMIER.

No. 154.

SIR,— Westminster Chambers, 13 Victoria Street, London, S.W., 4th January, 1906.
Agreeably to your cabled instructions of August last I attended the seventh International Congress on Workmen's Insurance, which met at Vienna in September. The proceedings of the Congress occupied the week beginning the 17th September. Some forty official delegates were present, representing the more important of the civilised countries and some others. The delegate for the United Kingdom was Mr. D. Schloss, of the Board of Trade, and for the Commonwealth of Australia, Sir John Cockburn. To both of these gentlemen I am indebted for much courtesy and assistance. In addition to the official delegates, a large number of persons took part in the Congress, either as representatives of some unofficial society or simply on the ground of special knowledge or interest in workmen's insurance. The Viennese speakers and onlookers mustered strongly. On the whole, something like eight hundred persons must have taken some sort of part in the proceedings. I cannot say that this seemed to me to tend towards the advantage of orderly and businesslike discussion. Moreover, the direct outcome of the Conference must appear rather small. None of the official delegates were authorised by their Governments to agree to any important changes of policy. The direct conclusions, therefore, of the Conference may be said to have been almost confined to passing resolutions in favour of the unification of national statistics relating to workmen's insurance and accidents, and to the blessing of the labour treaty recently concluded between France and Italy. But it must not be supposed, because the direct outcome of the proceedings of such a meeting appears small, that important work is not effected by it. Many problems arising from the administration of insurance laws were discussed at length. Many of the papers and addresses put in or delivered at the Conference are of great value, embodying as they do the special knowledge of experts of high standing. Moreover, the interchange of views amongst these experts both at the meetings of such a Conference and unofficially behind the scenes must be of very great service to the cause of workmen's insurance in all countries, whether dealing with sickness, accidents, or old age. The progress made by protective and benevolent laws of this kind in many countries is already greater than is generally supposed. As this report indicates later on, there are already fourteen countries in which special statutes either make provision for the insurance of workmen or give them facilities for obtaining compensation for accident. In several countries both these ends are aimed at. So far as I can ascertain, no country in the world can yet claim to cover the same ground as the German Empire with its triple system of insurance against sickness, accidents, invalidity and old age. The progress, however, made in Austria, Denmark, Italy, and Belgium is marked and encouraging.

This memorandum is not so much an attempt at a formal summary of the proceedings of the Congress—the official report of which will reach you in due course—as a digest of notes on the present position of workmen's insurance, compensation, and pension laws in Germany, Austria, Great Britain, Denmark, and America, with some remarks on the question of international reciprocity. It is chiefly based on documentary information furnished to the Congress and examined there, or upon facts obtained by me either officially or otherwise. In addition to the various authorities mentioned within, I have made considerable use of the addresses delivered to the Congress by Dr. Von Bödiker, Councillor Cordt Trap, and Dr. Richard Freund, and of information given to me by the Austrian Organization Committee for the International Congress.

The Right Hon. the Premier, Wellington.

I have, &c.,

W. P. REEVES,

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

to the workman would thus be one-fifth of this—i.e., £9 12s. a year. Where an accident results in death, the annuity is bestowed upon the family or nearest relatives of deceased dependent on him. This system of annuities is all very well in cases of serious injuries not resulting in death. In these cases a fairly substantial sum is paid yearly to one person. But where the injury is not so serious, or where death has resulted, and where the resulting annuity is split up amongst several relations, the sum paid to each person becomes trifling. The recipients grumble, while on the other hand the expense and trouble caused by attending to large numbers of tiny payments are considerable. The income of the companies in 1902 was £1,436,000; their expenditure £1,735,000, divided between (1) capital set aside for annuities, (2) compensation-payments, (3) cost of administration. The number of small annuities now in existence under the system in Austria is very large and grows with each year. Personally, I do not consider that the working-expenses of the insurance companies are heavy. In the year just mentioned they were £123,000 all told. The cost of administration of the Vienna company amounted nearly to about 12 per cent. of the working-receipts last year. This would not be considered at all an alarming proportion in a private accident insurance company; but, of course, the whole method of business with the Austrian companies is entirely different from those to which we are accustomed in private companies. The Austrian institutions are intended to be social and philanthropic, not carried on for the purpose of profit, but for the working of the benevolent law. Their weakest point appears to be that their tariffs are not heavy enough to enable them to be actuarially sound. Most of them show deficits, and for the reasons I have explained they fail entirely to satisfy either masters, workmen, or financial critics.

It is alleged that a certain amount of fraud is practised upon them by masters who fail to supply full and complete returns of the number of hands they employ, or of their full yearly outgoings and wages. It is obvious, however, that if such frauds exist the remedy is in the hands of the managers of the companies, and that such an abuse implies no defect in the law, but is simply due to faulty administration. Companies have absolute power to recover all overdue subscriptions, for these are placed by law on the same footing as unpaid taxes and municipal rates. Moreover, the managing committees of the companies are able to invoke the assistance of State Factory Inspectors and the police in their investigations, so if they fail to get at the truth it would appear to be their own fault. Workmen dissatisfied with the annuities awarded to them have the right of appeal to a State Tribunal of Arbitration. In this we find, as in our own Court of Arbitration, a State-appointed President sitting with two Assessors, the one representing employers and the other workmen. But Austria is not satisfied with one official representative only; two more must be added, so that the Austrian Court of Arbitration for workmen's accidents consists of five persons, three of whom are officials.

Sickness Branch.

The Austrian insurance law against sickness has a much wider application than the accident-insurance law of which I have been speaking. Yet it is also hampered by some of the absurd limitations of the accidents law. For instance, seamen are excluded from it just as they are from the benefits of the accidents law. Agricultural and forest labourers are also excluded from it, except to the extent that if they suffer from illness the result of an accident their employer has to find them medical attendance and maintenance for four weeks. Domestic servants and apprentices are also outside the law, because this class has special legal rights of its own to temporary support and medical help. Subject to the above exceptions, the sickness-insurance law, which was passed in 1888, applied generally not only to the working-classes but to certain persons in clerical occupations.

The benefits gained under the sickness-insurance law may be summarised as two—first, medical assistance; second, maintenance during inability to work. Medical assistance includes medicines, and may be given either at the house of an invalid or in a hospital. Maintenance may be given in all cases of illness lasting more than three days. It may continue for as long as twenty weeks. Its maximum rate is 60 per cent. of the workmen's earnings during a similar time. There are, I understand, cases in which maintenance may be extended for as long as one year in the event of a prolonged illness, but I believe that a benefit of this kind is very unusual.

The funds to furnish the benefits above specified are provided by subscriptions, paid partly by workmen and partly by the employers. Roughly speaking, the masters find one-third of the money and the men two-thirds. The masters may deduct the men's share from their wages, and are responsible for handing it over to the Administration. It will be noted, therefore, that the position of these sickness funds is very different from that in the accident fund, of which the employers provide nearly all. One curious result of this difference is that in the case of sickness resulting from accidents there is a certain amount of friction as to the fund to which the case should be chargeable. Workmen desire that such cases should be provided for by the accidents societies, while employers favour the burden being placed on the sick-funds. In practice, I understand that it is customary that the expenses of sickness resulting from accidents are charged to the sick-fund for four weeks of illness, and after that are transferred to the accidents companies. As in Germany, the student of the Austrian insurance system is brought face to face with an almost bewildering number of different funds and associations, local or otherwise. Of these I am informed that there are six main divisions—(1) district sick-funds, (2) sick-funds for accidents met with during work, (3) builders' sick-funds, (4) corporation sick-funds, (5) friendly societies' sick-funds, (6) union sick-funds. Where a workman is not enrolled in any other division, he is compelled by law to belong to one of the district funds.

The impression left on my mind is that on the whole the sickness-insurance law works tolerably well. At the same time, the number of the funds and societies seems altogether excessive. I am informed that in the year 1902 there were nearly three thousand distinctly administered sick-funds in Austria. The average number of members in each of these was about nine hundred. Hundreds of the societies

had less than a hundred members each. It is obvious that this minute subdivision must entail expenses of administration, and that the smaller societies with their "dwarf sick-funds" must be a source of financial weakness. I am officially informed, however, that the Government contemplates amending the law with the view both to simplify and to centralise its administration.

The collective transactions of the Austrian sick-fund societies are on a considerable scale. In the year 1902 the total receipts reached the figure of about £2,050,000 sterling. The expenditure was about £125,000 less. Slightly more than four-fifths of the expenditure came under the head of insurance obligations. Very nearly a million sterling went in sick-pay, about £30,000 in medical charges, over £20,000 in medicine, about £10,000 in hospital fees, and about £5,000 for funeral expenses.

Miners' Societies.

With a few exceptions, miners in Austria are exempted from the operations of both sick-fund and accident fund insurance laws, and are dealt with under a special law applying to them alone. By this law all permanent workers in a mine are grouped together in a friendly society of which the mine-owner is chairman. The funds of these societies are supplied by subscription, half from the men the other from the owners. There is a managing committee, of which the men elect two-thirds. The subscriptions go to establish two funds, a sick-fund and a provident fund, which are kept distinct. Between the two provision is made not only for sickness but for accident and, in the case of death, for funeral expenses and the maintenance of widows and orphans. In addition, some provision is made for old age. The law therefore is very complete in its scope. Membership is compulsory for all miners regularly employed. The societies are by law obliged to accumulate reserve funds. One interesting section of the statute obliges mine-owners to lay by a special reserve fund to be used in the case of accidents on a large scale—i.e., in which many persons suffer death or injury. All disputes concerning the claims of members of these miners' friendly societies are referred to a tribunal of arbitration, of which every mining district has one.

STATE INSURANCE IN GERMANY.

In spite of the progress which the insurance of workmen has been and is making in many parts of Europe, much the most important group of laws on the subject is still formed by those in force in the German Empire. Germany has now a triple system of compulsory provident and compensation laws at work, laws which have now brought under their operation masses of the working-class of the Empire as well as a considerable portion of the poorer middle class.

The three divisions of the triple system are, of course, (1) sick-insurance, (2) accident insurance, and (3) old-age and invalidity pensions. In their main intent and operation these laws are compulsory, and, roughly speaking, they apply to that class of the population which is in regular employment but whose earnings do not exceed £100 a year. Allowing for the difference of the rate of wages in Germany and New Zealand, such a law in our country would apply to all persons earning less than £3 a week. In addition, however, to the classes compulsorily affected by the insurance laws, several other sections of the poorer among the people are allowed to take advantage of the sick, old-age, and invalidity insurance laws and insure themselves if they so wish it. The colossal scale on which State insurance is carried out in Germany may be understood from the single statement that from the initiation of the system in 1885 down to the year 1903 the outgoings amounted to over one hundred and fifty millions sterling—this although the old-age and invalidity branch only dates from 1891. The best summary I know of the operations of the triple system is found in a table published in Dr. Zacher's official compilation, and which is as follows:—

The Workmen's Insurance of the German Empire.

| | | | | | | |
|------------------------------------|----|----|----|-------------------|-------------|-------------------------|
| Total population | .. | .. | .. | .. | .. | 58,000,000 |
| Wage workers | .. | .. | .. | .. | .. | 14,500,000 |
| 1902 Summary. | | | | | | |
| | | | | Insurance against | | |
| | | | | Sickness. | Accident. | Invalidity and Old Age. |
| Persons insured | .. | .. | .. | 10,320,000 | 19,083,000 | 13,381,000. |
| Persons compensated | .. | .. | .. | 3,983,900 | 934,600 | 1,061,000 |
| Receipts (marks) | .. | .. | .. | 200,350,600 | 141,394,100 | 210,677,100 |
| Including contributions of | | | | Employers | 125,663,300 | 69,492,900 |
| | | | | Employed | 130,784,000 | 69,492,900 |
| Expenses (marks) | .. | .. | .. | 194,060,000 | 124,796,900 | 132,361,800 |
| Including costs of | | | | Compensation | 108,133,100 | 120,414,100 |
| | | | | Administration | 16,663,800 | 11,947,700 |
| Accumulated funds (marks) | .. | .. | .. | 186,645,200 | 199,194,300 | 1,007,477,500 |
| Compensation per case (marks) | .. | .. | .. | 46·0 | 128·7 | 113·0 |
| Charges per person insured (marks) | .. | .. | .. | 18·8 | 7·1 | 13·2 |

The analysis of the above table shows that, while all three systems are contributory, the wage-earning classes in Germany who draw the benefits contribute less than one-half of the total subscriptions. Employers of labour pay considerably more than the workpeople, as the table shows. In addition, there is a substantial contribution by the State in the case of invalidity and old-age pensions, though not in the other two divisions. To New-Zealanders the most interesting of the three divisions is that which includes insurance against invalidity and old age. Invalidity includes total or partial incapacity

to labour, produced not by accident, but by disease or premature enfeeblement. To be classed under the head of invalidity, incapacity to labour must be more or less permanent, and therefore not dealt with under the head of sick-insurance. It need not be complete; any contributor disabled to the extent of one-third of his earning-power receives a proportionate annuity. In all cases the invalidity, however, must have lasted more than six months before an applicant can receive any payment on account of it. The compulsory payment of contributions in the invalidity and old-age division begins at seventeen years of age, and the law applies not only to ordinary wage-earners but to apprentices, foremen, overseers, clerks, and ship-captains. It must be borne in mind, however, that, as I have already said, all persons belonging to the above classes who may earn more than £100 a year are exempted. Employees earning between £100 and £150 a year may join the insurance voluntarily, as may also the masters of small workshops and some others of the *petite bourgeoisie*. On the other hand, certain divisions of employees are specially exempted from the liability to contribute. Such are public servants and teachers who may become entitled to a pension. In case a contributor to the invalidity insurance should die after paying his contribution for at least two hundred weeks, and should leave a widow or orphan children, these will be entitled to recover the amount of such contribution. Young-women workers also who may marry after contributing for at least one hundred weeks are entitled on marriage to receive their contributions back again; and a considerable sum is paid out under this head.

The right to receive an old-age pension is attained at seventy years of age. It is not restricted by any stipulations as to the property or earnings of the pensioner, but, as already pointed out, the system only applies to poorer class.

The pensions fund both for invalidity and old age is contributed in equal amounts by employers and their workpeople. The State supplements the contributions to each pension by a fixed payment of £2 10s. The office machinery both for effecting insurance and paying out pensions is provided by the State free of charge. Pensions are paid through the Imperial Post Office. The contributions are expected to be paid weekly, and in the case of workmen in actual employment are usually paid by the employer, who is entitled to deduct each workman's share from his wages. But many contributions are collected by local societies, and voluntary insurers look after their own payments. Every injured person is furnished with an annual receipt-card. Every week an insurance stamp with a face value equal to his or her weekly contribution is to be affixed to the receipt-card either by the contributor himself or by his employer. Contributors are divided into five classes according to their income. Each of these classes has to pay a special rate of weekly contributions. In the lowest of these classes the weekly payment is 14 pfennigs; in the highest it is 36 pfennigs. Within each class the contributions of all members are equal. They are graduated at such rates as to make the insurance system actuarially sound. The old-age pensions, which are paid monthly in advance, vary according to the class. In the lowest class they are about £5 10s. in English money, in the highest class about £11 10s. per annum. The invalidity pensions vary according to class, and also according to the number of weekly contributions which have been paid in. A pension under this head may be as low as £5 16s. or as high as £11 5s.

Accident Insurance in Germany.

If I devote but a brief space to the famous German accident law it is not because it lacks importance or interest. So far is the German law from lagging behind other countries that it stands in many respects at the head of all systems of the kind. As already indicated, it works on a vast scale, and, though obviously open to criticism in certain directions, it has, in my humble judgment, been productive of more material good than most social laws of our time.

Its repute, however, is so wide as to make it scarcely needful for me to give here a detailed account of its operation. As you are well aware, the pivot on which it turns is an elaborate system of trade insurance associations. These are district societies inasmuch as their limits are territorial; they are trade societies inasmuch as, unlike the Austrian insurance corporations, all their members belong to one trade. The whole of the funds of these societies are contributed by employers. Workmen make no contribution whatever. In this respect the accident division of German State insurance differs in a marked way from the invalidity and old-age pensions division already described, and also from the sick-fund division. Yet it must not be supposed that, because the funds provided for workmen's compensation for accidents come entirely from the pockets of the employer, therefore the whole burden of providing for workmen disabled by accident falls on the German employers. This is not the case. For the first three months (thirteen weeks) of disablement as the result of accident, the suffering workman is maintained not out of accident insurance funds, but out of sick-funds. To these sick-funds workmen contribute two-thirds of the money and the employers only one-third. The result is that about 8 per cent. of the money spent in support of those suffering from accidents comes out of the workers' pockets. But, after all, this is small compared with the 92 per cent. which the employers find, or with the 33½ per cent. which the employers contribute towards the sick-fund division. How great an improvement the accident-insurance system has made in the workmen's condition may be judged from a statement by Dr. Zacher that forty years ago no more than one-tenth of all industrial accidents were properly compensated in Germany.

Speaking generally, the accident-insurance law applies compulsorily to workmen, whether in town or country, on land or on sea, irrespective of the scale of their earnings, and to foremen and overseers earning less than £150 a year. Government workmen and even soldiers come under it. It may also be extended to small employers, to farmers, and to masterless persons engaged in domestic industries. The assistance given under the accidents law takes up the sufferer from accident at the point at which the sick-fund leaves him—namely, at the fourteenth week of disablement. The sufferer is supplied with medicine and medical attendance and maintenance-money, or he may be placed in a hospital. The maximum of the maintenance-money is two-thirds of his annual earnings when these are under £75; somewhat less if they are above that sum. His annual earnings are calculated for the purpose to be

three hundred times his average daily wages or those of individuals of his class. If the sufferer dies, funeral expenses and annuities to those dependent on him are paid very much as in Austria. In Germany very small annuities may, for the sake of convenience, be compounded for by payment of lump sums.

The only accidents for which compensation may not be claimed are cases in which a workman has intentionally injured himself. Mere negligence does not disqualify a sufferer from receiving compensation. The amount awarded is decided by the trade societies; but the claimant may appeal to a State Arbitration Court, and, in the most important class of cases, to the Imperial Insurance Office, a supreme official body which may be said to overlook and control the insurance system both in its accident and in its invalidity and old-age branches. This body consists of about twenty-five members, and though the majority of its members are permanent Government officials, both workmen's delegates and representatives of the employers sit on it. The expenses of the insurance associations are advanced every year by the State through the Post Office. At the end of the year a general assessment is made to cover the amount of the year's outgoings, and this sum has to be refunded to the State by the trade associations. Each trade association in turn assesses all its members, and every employer is rated according to the danger to which he exposes his association. The danger rates vary according to the nature of the trade and the condition of the individual factory and its machinery.

It may be pointed out that where employers or their managers cause accidents by criminal conduct or gross neglect, they will not be relieved of personal responsibility by the mere fact that they are contributors under the State insurance system. They may be held liable to pay full compensation to be divided between the injured individual and any sick-fund or accident society which may have assisted the sufferer.

Prevention of Accidents in Germany.

Dr. Krische, a member of the Civil Service of Saxony, furnished to the Conference an extremely interesting summary of that side of the German insurance system which touches on the prevention of accidents or the reduction of their number. While, of course, any system which compensates workmen fairly for accidents the result of professional risks must be considered a valuable system; still, the highest object of every Government and every industrial code must be to diminish the number of accidents and the amount of suffering resulting therefrom. Now, in theory, the German system of combined insurance and inspection is one of the best in the world, and might be expected to show better results than those seen in other civilised countries. In Germany the State to a considerable extent keeps the inspection of factories and machinery in its own hands, and has done a good deal to extend and improve its inspecting system since the coming into force of the accident-insurance laws. For instance, in 1882 there were but sixty-one Government Inspectors for the prevention of industrial dangers in all Germany, whereas in 1903 their number had risen to 382, and among these 382 were included fifty-two women assistants and six expert chemists. The number of visits of inspection registered by this staff was 167,000 in the year last mentioned—more than six times the number of the inspection visits paid in the year 1887. To a very large extent, however, the German Governments rely upon the assistance of the insurance corporations. Composed, as these are, largely of the very masters who have to pay compensation for accidents, it might be expected that if armed with proper power they would furnish the most efficient check on the use of dangerous machinery or on the recklessness of unskilful, ignorant, or drunken workmen. The managing committees of the industrial corporations are therefore authorised to employ inspectors to warn negligent employers whose factories or machinery may be dangerous, and, in the event of contumacy, to put pressure on such factory-owners by increasing their insurance rates or by the actual infliction of fines. To no small extent the insurance corporations have made use of these powers, and in the year 1904 they were employing no less than 235 inspectors. That these officials do something for their living is evident when we note that in the year 1903 they had visited and examined 110,000 "installations" and machinery. The result of all this, however, has been curious and somewhat disappointing. The following table, taken from the returns of the Imperial Office of Assurance, shows the number of accidents officially noted and compensated during last ten years:—

| Year. | Number of Accidents | |
|-------|---------------------|--------------|
| | Noted. | Compensated. |
| 1895 | 309,468 | 75,954 |
| 1897 | 381,865 | 92,521 |
| 1899 | 442,202 | 105,688 |
| 1901 | 476,446 | 117,136 |
| 1902 | 488,706 | 120,856 |
| 1903 | 530,421 | 130,661 |
| 1904 | 582,648 | 138,562 |

Now, even if we make due allowance for ten years' growth of industry in Germany, with a proportionate increase in accidents, and for a certain increase of vigilance in the official inspection, the table just quoted remains very discouraging. The explanations furnished are the following: First, more than half the workmen and industries concerned come under the head of agricultural labour. The agricultural insurance corporations are still notoriously lax in the use of their powers of prevention and regulation. Next, we were told that the promptitude with which the workmen seize every occasion to report minor mishaps and make claims for them as accidents increases year by year. This is not unlikely. Thirdly, Dr. Krische furnished some very interesting figures intended to prove that only between 15 and 16 per cent. of officially reported accidents could fairly be attributed to defective machinery or neglect on the part of employers. Of the remainder, from 42 to 49 per cent. are due, in the German official estimation, to "inevitable professional danger"; while the very large remainder are set down to various degrees of ignorance, clumsiness, and carelessness on the part of workmen.

I should like, however, to add that the impressions left on my mind are, first, that employers are in many cases loth to press at all hardly upon each other, even where it would seem to be to their direct interest to do so. Therefore it is not safe for a Government to leave the prevention of accidents largely to an insurance corporation of employers, even though workmen also are represented on the management of the corporation. Secondly, if State Factory Inspectors are to inspect at all they had better take the entire responsibility for the work and leave nothing to others. If corporations of masters or workmen desire to second the efforts of the official Inspectors, by all means let them do so; but it is dangerous for a Government to rely on such co-operation.

Weak Points of the German Insurance System.

It would be strange if a social organization so gigantic and—until our day—so entirely novel as the German State system of triple insurance had not brought upon itself incessant and sweeping criticism. And it would be strange, likewise, if it did not deserve some of this. The triple system is compulsory; it is complicated; it exacts in the sum total an enormous contribution yearly from persons many of whom are unwilling contributors; finally, the returns it makes to the workpeople whom it insures are, though not unreasonable, by no means lavish. The wonder is not that it has been criticized, but that it has managed to survive for twenty years and to conquer something like general acquiescence and cold approval. A New-Zealander, accustomed as he is to social experiments in his own country, can guess easily enough the nature of the wilder and angrier sort of complaints made in Germany against State insurance. He will not be surprised to be told that there are critics who call it an immense forcing-house for fraud and imposture; who declare that no sooner do dull times set in, or the ordinary slack winter season begin, than thousands of workmen at once place themselves on the sick-list; that a new kind of disease known as “pension sickness” has become epidemic in Germany; that physical injuries are carefully cherished as valuable assets; and that bodily hurts are attributed to industrial accidents although in truth they result from other causes. On the other hand, workmen complain that in the matter of the payment of their contributions—by affixing stamps to official cards—they are swindled right and left both by employers and employers’ servants. As a matter of course, too, workmen grumble that they pay too much and get too little in return. Generally, both employers and workmen think that the other side has too large a say in the management of the various autonomous insurance societies. Both unite in alleging that the triple system is much too complex; that it is over-officered; and that in consequence it is far more expensive than it should be.

That the German system is cumbrous and too complicated is admitted by some of its best friends. To begin with, it is divided into three independent branches—sickness, accidents, and invalidity—the fusion of which is admitted on all hands to be desirable. On the 20th April, 1903, the Reichstag of the Empire unanimously adopted the following resolution: “The Federal Governments are requested to consider and ascertain the possibility of simplifying the workmen’s assurance laws and reducing their cost, also of unifying the three kinds of assurance—that is to say, sickness, invalidity, and accident insurance—and of codifying them in a single enactment.” The resolution summarises the aims of the more friendly reformers. That they have much to do cannot be doubted. German insurance has been expanded tentatively. It is admitted on all hands that, if it were possible to wipe the slate and start afresh, a simple and uniform system would certainly be adopted. The degree of complexity which the present systems entail may be indicated by a mere list of the societies administering the various forms of insurance. The work of sickness insurance, for instance, occupies the energies of 8,528 communal sick-fund associations, 4,699 local sick-clubs, 7,626 factory sick-clubs, 1,445 miners’ sick-clubs, 52 building sick-clubs, 639 sick-clubs of trade guilds, 225 sick-clubs of other kinds—or a total of 23,214 organizations.

Accident insurance is administered by sixty-six great industrial corporations and forty-eight rural corporations. These bodies, however, are subdivided into 932 sections. To them must be added 198 official bodies of State control and inspection, and a large number of provincial and local administrative offices. In all, accident insurance is responsible for the existence of 1,547 bodies and authorities, employing no less than 26,000 confidential agents, and, needless to say, numbers of other paid servants.

By the side of these figures the administration of the invalidity and old-age pensions branch seems but a simple machine, for it does its work by means of forty offices and establishments. This is because it is territorially centralised.

The size of the sick-fund societies is very unequal; those of Berlin, which comprise six hundred thousand members, are only two more in number than those of the little Duchy of Schwarzburg-Rudolstadt, which comprise only twenty thousand members. Moreover, the expenses of administration differ in the local sick-clubs in an extraordinary degree. For instance, there are 55 local sick-fund clubs in Berlin: in 10 of these the cost of administration ranges from 1s. to 1s. 9d. per member, in 26 others from 2s. to 2s. 9d., in 11 others from 3s. to 3s. 9d., in the remainder it is more expensive still, and in one society it rises to about 17s. 3d. per member. It would seem, therefore, that uniformity and centralisation ought to make for a lower average of cost.

Space does not permit me to give even the briefest sketch of the bewildering complication of transfers, clearances, balances, and set-offs amongst these thousands of insurance offices and societies, and of the innumerable disputes which arise over the question of whether this or that case rightly belongs to this or that office. I doubt whether any nation less patient and less methodical could tolerate such a system or carry it out with any efficiency. German public servants, however, are among the best in the world.

Among the loudest complaints are those directed at the system of the payment of subscriptions by stamps in the invalidity and old-age departments. The duty of affixing the stamps which are the chief evidence of payment is laid by law in the first place on the employers; it is admitted that em-

ployers are often careless and sometimes dishonest, and that where they themselves are not their clerks are. Workmen are debited with the cost of stamps which are either never affixed to the cards, or are afterwards removed. An amendment of the law now gives the workmen the right to do the fixing of the stamps themselves. But numbers of them, especially amongst the younger men, are said to be too indolent or indifferent to attend to this. It must be remembered that two years' failure to keep up subscriptions or affix stamps brings upon an assured person the forfeiture of all right to pension. In some cases the officials and societies go out of their way to remind and encourage subscribers to fill up their cards. Still, the balance of opinion seems to be against the stamping system, and we were informed at Vienna that the Grand Duchy of Luxembourg had decided to try the experiment of abolishing the stamped cards. The objections to the stamp-affixing system apply chiefly to compulsory insurance. Where persons insure themselves voluntarily they may as a rule be trusted to attend pretty regularly to the stamping of their cards. Moreover, they do not stand in the same danger of fraud by employers or agents.

THE POSITION IN ENGLAND.

The workmen's compensation law of England was, as you know, the basis of our own, and is still—minus some extensions and improvements made by us—very much the same as ours. In administration, however, the New Zealand law has taken two important departures—(1) the reference of disputes over compensation to the Industrial Arbitration Court; (2) the establishment of a Government Accident Insurance Office. In the opinion of not a few English observers both these changes would greatly improve the English law, which suffers from the frightful costliness of litigation in this country, and also from the methods adopted by private life-insurance companies in self-defence. In the first year or two after the passing of the English Act it was alleged that these companies charged exorbitant rates. On the other hand, the more recent complaints have chiefly come from the side of the companies. It is asserted that on the whole they have made very little out of insuring employers under the Act.

It is generally admitted that, so far as the larger and more substantial class of employers, go the Act now works fairly well both as regards masters and men. This is particularly the case where skilled and organized labour is employed. The trade-unions take up the cases for their members, and obtain a more or less reasonable settlement, avoiding litigation. The bigger masters either act as their own insurers or insure themselves on favourable terms. Sir Benjamin Browne, a representative employer of the larger class, estimates that the cost of the Act to employers of his class is equal to an annual charge of about $\frac{1}{4}$ per cent. on their capital. I think it may be somewhat less than this on the average; in any case, it is not ruinous. Part, though not the whole, of the cost is probably thrown on to the consumer. So, in a rough sort of way, the cost of compensating accidents in the organized trades of Great Britain may be said to be borne partly by the trade and partly by the community.

When, however, we come to deal with smaller employers, smaller trades, and sweated or casual labour, the picture is by no means so comfortable. Sometimes, though not often, a small employer is hit cruelly hard. Often workers who ought to be compensated are compensated insufficiently or not at all. Money is wasted in litigation. Employers hesitate to employ elderly, feeble, or unknown men.

Finally, there is the very important question, Has the Act greatly reduced the number of accidents in the dangerous and normal trades? I fear that the reduction has not been large. Obviously the ideal law has not yet been attained.

No old-age pensions system even of the most limited kind has yet been adopted in the United Kingdom. Nor, so far as one can judge, is there any immediate likelihood that this great experiment will be tried in the Mother-country. The enormous addition to the national debt and interest-charges caused by the South African War has made the financial difficulties of such a step look much larger than they did six years ago. The best that can be said is that old-age pensions are still "kept steadily in view."

Inquiries continue to be made by parliamentary committees and otherwise, and schemes are from time to time laid before the public. The present position and progress—if it can be called progress—of the movement in Great Britain was summarised by Mr. Schloss of the English Board of Trade in a paper laid before the Vienna Congress. The discussion of old-age-pensions schemes in this country is of great interest to us in New Zealand, because, however slow Englishmen may be in carrying reforms, they show no want of ability in analysing and criticizing proposals. If their constructive energy were equal to their critical acuteness they would easily be the most vigorous and successful social legislators in the world. As you are aware, the old-age-pensions schemes laid before the British public have followed three distinct lines. First came the proposal made nearly forty years ago by Mr. Blackley for compulsory thrift in the shape of universal insurance by the young for the purpose of providing a pension of about 5s. a week at the age of seventy or seventy-five. Though Mr. Blackley has lived to see something like his scheme adopted in Germany, it has met with little or no favour in his own country. So far as I can judge, it was never less in favour than it is now. The poorer classes naturally object to compulsory contributions; the middle-class critics dread the complexity of the scheme; philanthropists object that many years must pass before any annuities under it would become payable. Next, we had Mr. Chamberlain's well-known proposal for State subsidies in aid of voluntary contributions by thrifty persons, either members of friendly societies or contributors to Government funds. The objections to Mr. Chamberlain's scheme were chiefly that its voluntary character would confine it to a few of the more comfortable and prudent of the working and lower middle classes; secondly, that no practical good would come of it for many years; thirdly, that it would involve Government interference with friendly societies. All these objections have weight: I must say that I have never seen that they are insuperable. While such a scheme as Mr. Chamberlain's, standing by itself, would not be likely

to do much immediate good, it might be of great value if made supplementary to a free system of State pensions for the destitute and deserving poor—such pensions as are paid in New Zealand. I have never been able to see why the two systems—the one of paying a small free pension to needy and reputable aged, the other of encouraging thrifty people to make a more liberal provision for old age—should not be established and managed concurrently by the Government.

No such idea, however, seems to have occurred to any one in this country. At present the tendency of the friends of old-age pensions seems to support some modified version of the free-pension schemes in existence in New Zealand, New South Wales, Victoria, and Denmark. Last year a Committee of the House of Commons reported in favour of granting a pension of from 5s. to 7s. a week to all deserving persons of sixty-five years old and upwards whose income does not exceed 10s. a week. The Committee advised that crime or chronic pauperism should disqualify for this pension, and also desired to insert a stipulation that any applicant for a pension would have to show that he has endeavoured to the best of his ability, by his industry or by the exercise of reasonable providence, to make provision for himself and those immediately dependent on him. The Committee were of opinion that the funds for these pensions should be contributed partly by local bodies and partly by the Imperial Treasury, and that the administration should be a local committee partly nominated by local poor-law authorities and partly by the Imperial Government. In reference to this recommendation of the parliamentary Committee, it is of interest to note that the official computation of the initial cost of such a pension scheme is about eleven millions a year. It is estimated that in fifteen years the sum required would have risen to between fifteen and sixteen millions a year.

THE POSITION IN THE UNITED STATES.

A very interesting contribution to the proceedings of the Conference was made by the delegate of the United States, Professor Charles Richard Henderson. But though his statement of the condition of workmen's insurance in the United States was valuable, this was not because America shows any example worthy of imitation by other countries. Precisely the contrary is the case. The United States are behind almost every civilised country in affording legal protection to workmen against the consequences of accident or sickness. As regards compensation for accidents, not only is there no system of State insurance, either compulsory or voluntary, but even the tortuous and expensive methods of litigation hold out less hope to the workmen than elsewhere. Professor Henderson frankly admitted that it is almost impossible for a working-man under American laws to secure adequate compensation for injuries in industry. True, while his case is before a Court of first instance a jury will generally decide against a rich employer or corporation and award a heavy sum for damages—often an unreasonable amount. But the case is usually carried up to a higher Court, and subjects the workman to a tedious and costly process which he rarely has means to prosecute. At every point the law requires the workman to bear the burden of proof, and to show beyond reasonable doubt that the employer has been criminally negligent, a fact which is seldom possible to prove. Generally the agent or lawyer of the corporation will hasten to the injured man and offer to pay him a paltry sum in cash to induce him to sign a paper releasing the employer from all legal liability for further payments and promising not to bring suit.

It is only fair to add that Professor Henderson pointed out that many American employers are not as heartless as the law permits them to be. Many of them as a matter of charity will extend a certain amount of help to workmen crippled or injured in their service. But such help is irregular, uncertain, and apt to be insufficient. A more common practice among large American employers is to insure themselves in some accident insurance company which undertakes to hold them harmless against all claims or actions at law by employees injured in their service. In the case of an accident the insurance company is notified, and it then either settles with the workman by offering him a small sum in satisfaction or provides the means of fighting him should he take his case into a law-court. This system seems to be as unsatisfactory to the employers as it is to the workmen. Professor Henderson mentioned that in five years (1894–98) ten companies received nearly four millions sterling in premiums, while they only paid out in losses something less than two millions. The result, therefore, of the process was to extract two millions sterling from the pockets of the employers which was not paid over in compensation to their workmen. This is very interesting, because it shows that whatever objections may be made to the burden imposed on employers by the workmen's compensation law in other countries, nothing could well be more burdensome than their position in America where the law notoriously favours the employer.

It appears that in America some of the municipalities are taking steps to provide pensions for their aged or disabled servants. These and the well-known United States Army pensions seem to comprise all that is done by Government or public bodies in the matter of old-age pensions in the States. Nor as regards private co-operative effort is the position at all hopeful. The American trades-unions are notoriously behind those of England in their benefit funds. Many of the unions have no funds worth mentioning even for provision against sickness. Provision against accident and old age appears to be almost unknown. Some of the larger employing firms (including some of the great railroad companies) have sick and accident funds which are said to be financially sound and honestly managed. Yet even in these cases the workmen are apt to be at the risk of losing all the benefit of their contributions should they quit or be discharged by the particular firm or company controlling the fund—a manifest justice.

A large number of burial clubs and small benevolent associations exist, the condition of most of which is described as more or less unsound and fluctuating. Generally the condition of things in the United States is not creditable to a highly civilised country. It would probably be found quite intolerable were it not that the high wages paid in many industries enable the more prudent and far-sighted of the younger workmen to lay up something against a rainy day.

DENMARK.

Old-age Pensions, Sick-clubs, and Compensation for Accidents.

State workmen's insurance can scarcely be said to exist in Denmark. With one small exception there is no law binding either workers or employers to insure themselves against risks of any sort. Industrial providence is, however, encouraged and even subsidised by the State in various ways. Moreover, as you are aware, there is in Denmark a system of State pensions for invalidity and old age which has been in operation for fourteen years, and which is of special interest to New-Zealanders because it is the only system of free pensions to the deserving poor of any importance in the Old World. As you are aware, it anticipated our New Zealand law in several features, though in many respects the two differ very greatly. As in New Zealand, so in Denmark, pensions are granted to the very poor over a certain age without any contribution being demanded from the recipients. In Denmark, too, an applicant for pension must prove continued residence in the country for a long term, and must give proof of good character. But the pension age in Denmark is sixty, and not sixty-five, and in that respect the Danish law is more liberal than ours. In almost every other respect it is less so. The average rate of pension paid in Denmark works out at seven guineas a year to the head of each family. Even allowing for a difference in cost of living in Denmark's favour, this leaves their average rate of pension greatly below ours. In the year 1903 the amount of public money spent on pensions was about £312,000 sterling. The number of persons benefiting more or less by the expenditure was 60,806, but of these about 17,000 were not adults. The total included a large number of members of families dependent on the heads aforesaid. The Danish pension law is administered by the local bodies, who pay half the cost of it, receiving the other half from the National Exchequer. It is as though in New Zealand the pension law were administered by the Hospital and Charitable Aid Boards. The result of this is that each Danish local body (Commune) decides what it shall pay to each applicant, and the rates are fixed according to local caprice or belief in what is desirable. Mr. Cordt Trap, a member of the Workmen's Insurance Council in Denmark, informed the Conference at Vienna that the main objection in Denmark to the pensions system was based upon the irregular and often parsimonious methods of the communal authorities. The pensions law only contemplates the granting of the pension in cases where an applicant is unable to support himself and those dependent on him. The difficulty of laying down hard and fast rules as to what constitutes such a state of extreme poverty as to entitle an applicant to a pension is obvious. It is admitted that many of the communes take a narrow and somewhat harsh view of the claims of the poor to consideration. Some of them decline to give any help so long as old people are able to do any sort of work, or while they own any property, however meagre in amount. This parsimony acts as a powerful deterrent to industry and thrift. Why should a working-man strive to save, when every stroke of labour, and every shilling saved goes to reduce his chance of an old-age pension? It is true that under an amending law in Denmark an exemption has been allowed by which an applicant for pension may receive as much as £5 10s. from private sources without forfeiting all claim to a pension. This exemption is manifestly too small. Our own exemptions in New Zealand are not as large as some of us would like to see, especially on the property side; but they are not a mere mockery, as the Danish is. So strong is the feeling that the Danish law requires amending that proposals have been made to fix a sort of standard rate of subsistence in different districts. Any applicant whose means or earning-power did not enable him to reach this would be entitled to help. However, in March, 1903, a Government Commission was set up to examine into and report upon the system of old-age pensions and of workmen's insurance (including insurance against unemployment). Presumably any further reforms will depend on the result of this Commission's work.

The Danish law dealing with industrial accidents bears some resemblance to that in force in England and New Zealand, but bears no likeness whatever to the German system of compulsory insurance. It simply gives factory and machine hands the right to recover compensation for accidents incurred in the course of their labour, provided that the accidents are not due to their own wilful default or gross neglect. With the exception of one class, the employers may please themselves about insuring against the risk of paying compensation. The exception is the case of shipowners. These are bound by law to insure themselves adequately in some mutual or limited-liability company. No compensation is paid for any accident unless the effects of it last for more than thirteen weeks. The maximum sum paid to the family of any workman who has been killed, or wholly incapacitated from labour, is the very moderate amount of about £270 sterling. As a rule, compensation takes the form of a small capital sum rather than a weekly allowance, though in the minor sort of accidents the latter form of payment is not uncommon. There is no State Insurance Office. In few respects does the Danish law offer any example for foreign countries to copy. It has, however, one excellent feature which will command the entire sympathy of New-Zealanders. Instead of referring employers and workmen to settle dispute cases before ordinary law-courts, it helps them to arrange their difficulties before a Council of Insurance. This body consists of seven members, three of whom are Government servants, who sit with two employers and two workmen. The employers are nominated by the Government, and the workmen's representatives are elected by the sick-fund societies of the country. Where disputes arise about the amount and nature of compensation, this Council of Insurance endeavours to bring about a friendly settlement, and where that is impossible it arbitrates between the parties, and has the power of delivering a final and binding decision. In this respect the Danish system of compensation closely resembles that in force in New Zealand.

Insurance against sickness is attended to in Denmark by a large number of voluntary societies and clubs. The State inspects these societies, audits their accounts, sees that they are actuarially sound, and promulgates rules which they obey. There were 1,271 sick-benefit clubs in 1903, and their muster-roll numbered 402,551 members. Their total revenue for the year came to about £217,000, of which the State subsidy represented about 27 per cent. The number of these sick-benefit societies,

already so large, is said to be still increasing in Denmark, and provided that the inspection and State control over their finances remains strict and effectual, the system seems to be an excellent one. The energy which the Danes have shown in taking it up and developing it is probably due to the strength and popularity of trade-unionism in the country. There is a common impression that trade-unionism does not flourish in a country where peasant farmers are a very influential class; but if this be the rule Denmark offers a very striking exception to it, for peasant farmers and trade-unionism are equally prominent there.

A parliamentary Commission has recently been inquiring in Denmark into the possibility of insurance against unemployment. This is an experiment which is being demanded by Socialists and labour-leaders in several European countries. The favourite method suggested is that Government should subsidise the out-of-work benefits paid by trade-unions.

INTERNATIONAL RECIPROCITY.

A branch of the insurance question in which the Conference was much interested was that of international reciprocity. By this I mean laws and treaties by which any country admits foreign workmen residing within their bounds to the same privileges as are enjoyed by native workmen, and extends benefits in a greater or less degree to the dependants of such workmen wherever domiciled. A cognate branch of the subject is the preservation of privileges by workmen who may leave their native country to labour abroad. In the latter case are comprised privileges relating to sick-funds and old-age funds to which a workman has been a subscriber before leaving his native country.

As regards accident-insurance laws, it may not be universally known that no less than fourteen European countries have now laws dealing with the payment of compensation to workmen who have suffered accidents during their daily work. These countries are Austria, Belgium, Denmark, Finland, France, Germany, England, Greece, Italy, Norway, Russia, Spain, Sweden, and Switzerland. In a comparative study of these laws, Dr. Magaldi, of Italy, divides them into three groups—(1) laws which make no special reference to foreign workmen sufferers from accident, and which, therefore, may be supposed to confer the same advantages on such victims as on native workers; (2) laws which either limit the rights of foreign workmen to compensation or deny them altogether, but which contain a reciprocity clause; (3) laws which resemble division 2, but which contain no reciprocity clause.

It is noteworthy that European countries where industrial life is most highly organized and active—namely, England, Belgium, France, and Germany—either extend the same treatment to foreign residents as they give to native workmen or else admit the principle of reciprocity.

Of all the European Governments perhaps none have greater reason to desire protection for its workmen in foreign countries than has the Government of Italy. Owing to the poverty of the Italian population, and partly also to its energy and intelligence, many thousands of Italian workmen go forth every year to labour in other countries, sometimes for a few months and sometimes for longer periods. Almost always these men look forward to returning to Italy with their savings. The Italian Government has for years past been anxious to make reciprocal arrangements with neighbouring nations whereby Italian workmen labouring in Germany, France, and Switzerland might be compensated in the event of accidents, or, in the event of fatality, have some provision made for their families. The German Government hesitated for some time to enter into an agreement of the kind with Italy on the ground that the advantages given to German workmen under the Italian law would not be anything like commensurate with the benefits granted to Italians in Germany should reciprocity be assented to. However, the Italian law has been in some degree liberalised of recent years, and in 1901 the Federal German Council decided to admit Italians and Austrians who might suffer from accidents while labouring in Germany. In return the Federal Council stipulated for reciprocal treatment to German workmen victims of accidents in Austria and Italy.

A more interesting step in the direction of an international arrangement was a Convention concluded on the 15th April, 1904, between France and Italy for the protection of workmen of both countries. I am under the impression that this is the first special labour treaty ever made between two great nations. It contains several provisions of a protective character dealing with savings, deposits, old-age pensions, aid to women and children (in particular the protection of children who cross the Alps to work in France), and, above all, the agreement relating to accident insurance. This last is to the following effect: "Workmen and employees of Italian nationality who may be the victims in France of accidents resulting from their labour shall have the right to the same compensation as French workmen, as also shall their legal representatives." The same provision reciprocally applies to French workmen in Italy. Italian sufferers in receipt of annuities and who may cease to reside in France are to be entitled to a capital sum in place of the annuity. This provision will also apply to the legal representatives of Italian workmen killed in France when the said representatives reside in Italy. The sum thus allotted is to be paid over to the Italian National Savings-Bank, which then undertakes to pay an annuity based upon it to those entitled thereto. A similar payment is guaranteed by Italy in the case of French workmen and their families.

As Signor Magaldi pointed out to the Vienna Conference, it is an extremely short-sighted policy for nations to deny to foreign workmen labouring in their midst the fullest advantages provided by their insurance laws. These laws impose upon the workmen's employers burdens and responsibilities more or less heavy; but if employers can escape these responsibilities by engaging foreign labourers they will be under a constant temptation to do so—a practice which will have application in other parts of the world as well as in Europe. Signor Magaldi on this and other grounds announced himself in favour of the abolition in industrial protective laws of all distinction between native and foreign workmen.

The question of reciprocal arrangements under accident-insurance laws is perhaps less urgent in New Zealand than in most civilised countries. Owing to our great distance from other countries

the proportion of our workmen who go out to seek occupation in other countries with the design of returning to New Zealand sooner or later is extremely small. As you know, however, the legal rights of the dependants of a workman the victim of an accident in New Zealand when those dependants live outside the colony have already been debated in our Court. And it will be noticed by those who have read the foregoing sketch that international arrangements in Europe are now being made, not only with regard to compensation for accidents, but in regard to insurance against old age. Reciprocity in the matter of old-age pensions must sooner or later become a question for discussion between New Zealand and the Australian States. No one who has thought over the subject for a few moments can deny the necessity for the clause in the New Zealand old-age-pension law stipulating that prolonged residence in the colony shall be one of the qualifications for a pension. Similar safeguards appear in the New South Wales and Victorian laws. But this does not make it in the least a hardship that respectable persons who in middle life may be compelled by circumstances to migrate from one colony to the other should thereby lose the chance of State provision in their old age. To take away safeguards altogether from the Pensions Act is plainly impossible. But where, as in New South Wales, a liberal old-age-pension law exists, there seems to be an opening for fair reciprocal arrangements. The European movement, therefore, in favour of reciprocity is of interest to New Zealand, and the arrangements now made by Germany with certain other countries should be worthy of study.

The AGENT-GENERAL to the Right Hon. the PREMIER.

SIR,— Westminster Chambers, 13 Victoria Street, London, S.W., 13th January, 1906.

In continuation of my despatch of the 4th instant, No. 154, relating to the Seventh International Congress on Workmen's Insurance, and covering a memorandum on the present position of workmen's insurance, compensation, and pension laws, I beg to send by book-post by to-day's mail a collection of addresses and papers read and presented at the Congress.

The Right Hon. the Premier, Wellington, New Zealand.

I have, &c.,
W. P. REEVES.

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