

TEN YEARS THAT BROUGHT SECURITY

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Ten Years That Brought Security
Otto von Bismarck

and the Development of Social Security

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Hat der Bauer Geld
hat's die ganze Welt
-Old German adage

Few issues in public policy become such an important part of our lives that we would deem them indispensable. Almost every nation that creates its own public policy also creates institutions that are the natural outcome of public endeavors. Every nation also borrows from the others to create the national flavor, and to fit policy to its particular needs.

In the United States of America, policy often not only pertains to the nation, but to the world. Obviously foreign policy has global implications, domestic policy also plays a role in shaping the world order. Take for example the current debt problem. The 1985 Balanced Budget and Emergency Deficit Control Act, known as the Gramm-Rudman-Hollings bill, is trying to solve a domestic problem with global implications. In 1986 the United States federal deficit exceeded \$220 billion dollars.¹ If the richest nation on the face of the earth succumbs to financial ruin, the fate of the globe would be cast to economic ruin. The world can little manage another global depression of the type that we faced in the 1930s. Given the enormous problem with which this nation is faced, the importance of this problem is seen by all. What this bill tries to accomplish is the reduction of the deficit by the

beginning of the next decade. To reach this goal, deep cuts will have to be made in government spending.

Almost no government program will not feel the budget cutting knife. One program will, however, escape the knife's edge. Social Security. The Social Security System in the United States has become unalienable, it is considered as a natural right. Any thought of a Senator voting for a bill that would destroy a natural right, would be committing political suicide. People will not stand for such a action.

The issues of social policy are not American ideas at all. They are the ideas imported from Europe, installed almost fifty years before the first Social Insurance plans of the United States. In fact most of the free worlds Social Insurance plans owe a debt to one nation and one man. In 1881, the first plans for a comprehensive Social Policy to viate the plight of the worker were introduced to the German Palliate. In the next ten years the solid foundation was laid for the creation of Social Insurance, state denoted, that would save the common man from abject poverty, if his means of support become unavailable due to sickness, injury, old age, or for the dependent family in case of death of the main wage earner. The working men of the world owe a debt to one man with a mission, to create a powerful state, the German nation.

I thought it more
politic to pave the
way for peace.
-Bismarck

Otto von Bismarck, the Chancellor of "Blood and Iron," was a physically dominating person with a high-pitched voice, ill-suited to his commanding presence. A man of loyalties and hatred, compassion and ruthlessness, a man who single-handedly transformed a loosely held system of nation-states into a powerful world power. The second Reich, named after the Holy Roman Empire, would become the premier industrial power in Europe. His style of leadership and ruthless determination tempered with compassion, enabled him to become the premier statesman of the day.

The age old question of historical figures is the concept of the individual in his historical context, or, did the individual make history or did history make him? In Bismarck's case, the answer is that history did indeed follow his lead. Lincoln, Napoleon, Lenin, all leaders that had the precise moment in time, with the precise instrument to change the world. Bismarck should be placed in the ranks with these men. His leadership was remarkable: he controlled the European political scene, and created the European system.

As a opportunist he sometimes lost support in the short term, only to receive laudation after his prophetic calculations came into being. His

contradictions of political loyalty, and his political reality, stifle the attempts to successfully analyze his motivation. Many biographers, including Lothar Gall, conclude that Bismarck's main motivation was simple, "self-interest."² Everything that he accomplished stemmed from this basic motivation. He used the ideas around him in a calculated way, without the passions that cloud men's minds.

Being driven by self-interest, Bismarck could address the issues of the day in a impervious position, an aloof perch, where his ideas could filter to the masses. His influence in the German Reich stems from his dominance of it. Germany for a time was his alone, to shape the policy for the people in his own way. His self-interest was not power hunger, but a noble cause. It was he who unified German peoples. His personal desires were to make the nation great and the people happy and content. Guided not only by desires, but in his mind the desires of God.

Religion guided his [later] life, not a outward observance, but a inner faith that guided him. In fact he was condoned for not standing behind a bill to make Sunday church observance mandatory, that was not his way. he was concerned with personal strength, brought forth in his belief in God. On January 9, 1881, he stated to the Prussian United Diet, "...I, the Minister of the State, am a Christian, and as such, I am

determined to act as I believe I am justified before God."³

Religion was a facet of his personality brought about by the circumstances of his upbringing. Otto von Bismarck was born on April 1st, 1815, into the landed nobility of Prussia. His childhood, by his own admission, was the genesis of his later character. Solitary and adrift in the world he lived in, he had to search for his own identity in a social context where he was expected to play out a role according to a pre-planned set of rules.

His mother pushed him into a feeling of responsibility and achievement on a superficial level. She, in his mind, "lacked a certain feeling of compassion and heart."⁴ As a child he saw his mother less often than a child should. He was sent to boarding schools and his mother was frequently away on holidays, playing the role of a urban socialite.

His father on the other hand was a man of good humor, a man bread in the old traditions of the aristocracy. He knew how to enjoy the finer points of life, not on a surface but in their deeper meaning. Otto was the son of two highly distinct individuals, with differing points of view and thought, one urban, and one rural, one concerned with the materialistic and brutal world, and one concerned with the beauty of nature and the gentle way of life.

What the outcome of this dichotomy of influences was a man able to adapt and change to any social environment and any political situation. The natural assimilation of urban and rural upbringing and influence meshed in Bismarck, creating the perfect personality for the man who would become Germanies, and perhaps the worlds greatest statesman.

Bismarck rose through the ranks in the Prussian Diet gaining influence, successes, and failures. He was a professional bureaucrat serving as a civil servant, and a deputy to the Frankfurt Parliament during the crisis of 1848. In 1862 he was appointed to the ambassador's post in Paris. While there he would learn much about the relationship of the people and their rulers. He also learned how radical political ideas can tear down tradition. His political nemesis, came when he was appointed to the post of First Minister of Prussia by King William I. From the position of the head of the most important and capable German state, he became the most important man in Europe. He would establish a new political order in world politics, and most importantly create a system of social welfare and insurance that was the first real attempt to alleviate the sorry state of the working class, not only in his beloved Germany, but in nations all over the globe.

During this time Bismarck also became the master politician. His urban and rural dichotomy was ever

present in the man, who, thought highly conservative was willing to jeopardize his right-wing backing to help the common man. His loyalty was not to one political group, but to himself, his nation, his king and most importantly, his God.

His aims are social, not political, his self interest came from a higher law. He achieved social ends by masterfully dominating the political scene.

Bismarck stepped into the position that fate handed him and took his destiny by the horns. He was the leader in the rising conflicts of a new industrial state. Conflicts between the aristocracy and the middle class, the middle class against the worker, between the rising industrialism and the old agrarian traditions. Between a loose confederation of states and a unified nation.

Under the guidance of Bismarck the Germans rose in a relatively short period of time to a world power and a major force in world politics. In this time Germany accomplished what took other nations three times as long to do. England took 100 years to accomplish what Germany did in 30.⁵ The change from an agrarian state to a highly industrial nation. German industrialization came at a perfect time to capitalize on the British, French and American experiences. Germany had the potential to become a great industrial power, all the

nation needed was proper leadership. This leadership was provided by the Iron Chancellor.

With the rise of the industrial state at such a rapid pace, came the dramatic change of the whole structure of society. The ancient tradition of tenant farming was starting to crumble. The farmers were leaving the land to seek fortune in the new industrial centers such as Berlin, Braslau and Cologne. In the brief period of social reform, the growth of these industrial centers become the main issue, as new demands on the government challenged it's traditional role.

From this chart the population growth is clearly seen:⁶

POPULATION GROWTH IN THE EIGHT LARGEST GERMAN CITIES

<u>City</u>	<u>1820</u>	<u>1870</u>	<u>1900</u>
Berlin	199,510	744,498	1,888,313
Breslau	78,930	207,997	428,313
Cologne	54,937	200,313	464,272
Essen	4,715	99,887	290,208
Frankfurt	41,458	126,095	314,026
Hamburg	127,985	308,446	721,744
Leipzig	37,357	177,818	519,726
Munich	62,290	440,886	659,392

A simple society was changing at a rate that was uncharacteristic of other developing nations. This trend also brought with it all of the trappings of a industrial state; slums, extreme poverty, oppression of the working man, even death due to harsh conditions. As simple farmers left the farm to seek their fortunes, they became wage dependent. An overcrowded urban

environment also was the perfect medium for the spread of revolutionary ideas.

In 1861 the rural population was still about 63% of population and by 1910, the demographic trend has completely reversed. In this chart by Pinson we can see the rapid change as a per-cent of the population.⁷

CHANGES FROM RURAL TO URBAN POPULATION

<u>Year</u>	<u>Total Population</u>	<u>%Rural</u>	<u>%Urban</u>
1871	41,059,000	63.9%	36.1
1880	45,234,000	58.6	41.4
1890	49,428,000	57.5	52.5
1900	56,367,000	45.6	54.4
1910	64,926,000	40.0	60.1

Of course every nation had rapid growth in the urban centers as the nation developed, but Germany was the first to see that the rise in the urban population was a national issue. If the urban problems were to be left unchecked revolutions such as 1848 would become a real threat. Bismarck thought it was the State's natural duty "to see that the social organism is preserved in a healthy condition."⁸ Not only for the working classes, but also for the nation as a whole. Bismarck's social principals concerning the new problems that Germany faced were deftly brought out by W.H. Dawson, who said this about the Bismarck's 'healthy condition,'⁹

"This can only be possible when all classes of society act upon the principals of mutual obligation, mutual dependence, and mutual help. So long as these principals lie at the foundation of the State, all will go well. If...they are disregarded...the position of Bismarck shortly stated is thus - Upon the citizens of the state are imposed social duties, and it is the States business to see that they are faithfully discharged."

Bismarck knew that it was the State to which the nation would look to solve the social ills of the day. So he set the new nation on a course destined to change the way the German State and many other nations viewed the working class.

For the people who had to live and work for wages that would barely support them, a new order would have to be developed. The conditions of the work environment were appalling; long hours of work, with tremendous risk to life and limb, and little to show for people's labor. The working classes did not earn much, and if a poor soul lost his job from injury, age, or sickness, his family might well starve. Something had to be done about the worker's plight. Bismarck was the man who would triumph, and champion the worker's cause. He was motivated by a number of factors, religious, compassionate, and political. He desired that the nation be well, that prosperity would come to all people of the Reich. Being the master politician he also said that he could help the State, the people, and destroy his enemies.

The man that controlled the nation for the King saw a potential threat to the nation with the prospect of revolution from below, from the discontented masses. The Chancellor was sensitive to the ferment of revolution, he had seen it in 1848 and would not let it happen again in his nation. New political thoughts had appeared on the scene. Marx and Engels wrote about the conditions of the working classes, and felt that the world would someday be in revolution, and that revolution would start in Germany. New political parties had been formed that in Bismarck's view would become the enemies of the State. They would also become the personal enemy of the Chancellor, who vowed to destroy them.

The most influential of the new parties was the Social Democratic Party, or SDP. The Social Democrats felt the way to social reform must be taken at any cost. They had the answers to problems of the industrial state, and a growing constituency, enough to make Bismarck worry.

The SDP traces its theoretical roots to the teaching of Marx. Marxist theory was brought to the German industrial proletariat by one of the great political agitators of the day, Ferdinand Lassalle.

A man of extraordinary will, Lassalle was a great threat to the existence of the conservative German State. He believed in himself¹⁰ and was secure in his

power and in his belief that he, above all others, could make things in Germany the way they should be. He was eager for power, and knew his goals. He, on religion was an able advisory to the Chancellor. In 1863 he turned the Leipzig Workmen's Association into the General German Worker's Association, and the German Socialist Movement had become a viable political force. In 1869 another party was founded, The Social Democratic Labor Party. This party was also Marxist in nature, but took more of a Marxist dogmatic line than Lassalle's group. It's leaders were August Bebel and Wilhelm Liebknecht who were also capable leaders. They joined together with Lassalle's party in 1875 to create the SDP, so that along with the many smaller parties the whole of the Socialist Movement was now joined under one roof.

The Socialist Party created a threat to Bismarck. Although he could understand its fundamental goals, its methods to him remained harmful to the State. After Lassalle's untimely death (he died in a duel), Bebel and Liebknecht took a harder Marxist line, advocating revolution and the destruction of the monarchy.

The basic program of the Socialist Movement were the same that any enlightened government might consider. Universal suffrage, direct elections, education for all and free medical care.

The SDP could not attain any of these goals without the power to influence legislation. The first year that the Social Democrats had any power was 1877, when the first Socialist Deputies were elected into the Reichstag. The triumph was short lived however, as Bismarck sought ways to short change the whole movement. After two assassination attempts on the Kaiser's life, Bismarck had the ammunition needed to stop the socialist momentum. In 1878 he forced through Parliament a 'law against the aims of the social democracy which are a menace to the public.' This law effectively stopped the publication of Socialist papers, deported over 900 people, forced many others to emigrate, and sentenced around 1,500 people to detention.¹¹

Although a very reactionary move, the Socialist laws were not an end in themselves, but part of another calculated risk. Years of statecraft and prowess gave Bismarck the means to combat the labor movement along with labor problems. Bismarck knew all too well that the reactionary policy making process would never fully work. He believed the often overlooked fact that repression never can fully solve a governmental problem, and in fact the Socialist laws never did,¹² since the leaders of the banned party simply went underground. The point was that Bismarck wanted to throw the labor movement off guard, effectively relieving the pressure to the State. By doing this and by, as he said,

"meeting the demands of the State and society., "13
Bismarck thought that he could destroy the Socialist Movement by direct legislation as in the Socialist laws and by implementing a broad social program designed to alleviate the hardships of the working class.

While Bismarck had been ambassador to Paris, he first came upon the idea that the State was solely responsible for making people loyal. He said, "I have lived in France long enough to know that the faithfulness of the French to their government is largely connected with the fact that most of French receive a pension."14

Faith to the government was not Bismarck's only goal. As with everything the Iron Chancellor did there were other motives. In a speech to the Reichstag in 1878 he said about workers cooperatives:15

"...but it seemed to me that by creating producers' associations,...There was a chance of improving the workers lot, of, [by] channeling a considerable proportion of business profits in their direction."

Bismarck's motives are still hotly debated, but in the case of social legislation a number of factors can lead to a direct conclusion. He wanted to fight the Social Democrats, and create a working class loyal to the State. He also had, deep in his upbringing and his social standing, a desire to help the people who needed

help to survive. His motivation for this aspect of his social legislation came from long standing German traditions of the charity and belief in God.

I believe that political
parties and political
programs have outlived
their usefulness.
-Bismarck

Destroying the Socialist Movement did not mean the destruction of social principles. Bismarck felt it was the duty of the State to help those in distress. The Chancellor made it his personal duty to see that the State provided for the new urban poor.

The sweeping Social Legislation embarked upon by the State in the 1880s was the natural extension of some deeply rooted German traditions. As German culture developed, a tradition of compassion developed along with it. Religious institutions had helped the poor, the sick and old and the lame, long before laws had existed. Monasteries and convents set up and ran hospitals, homes for the poor, and the needy. The poor always had a charitable public to turn to when they were in need.¹⁶ Not every needy person could be helped, but people were often helped without question or obligation and the ground work for future social care certainly was there. In the pre-industrial age the majority of the needy came from the peasants working on small farms who had suffered a bad harvest.

In the middle ages the town gradually took over the role of caring for the poor. In 1520 the 'poor laws' were passed, for the first time institutionalizing

welfare. Other laws required that the community sustain their poor.

Concepts of helping the poor also trace their root to the patriarchal traditions of the landlord, guilds and seafaring organizations. The aristocracy had always felt that the care for the people under their dominion was the responsibility of the Master. Bismarck's upbringing had taught him this, he remarked to an aide about a conversation with the German Emperor, William I. "I instructed the King in the proper way a Prussian treats his beloved farmers, he was overjoyed and looked forward showing the common man his due respect."¹⁷

Miners in Germany banded together under the rule of Frederick the Great. In these associations the miners worked under the principle of a partnership. The miners would contribute funds into a 'Kaiser,' from which grants were made to needy members in time of sickness, accidents or infirmity, as well as to their widows and husbands.¹⁸ These institutions existed in Prussia, encouraged by Frederick the Great, and also many other parts of the German States. In the 19th century this tradition carried over when workers started small groups that were based on the mining 'knapschaftskasse.'

Seafaring guilds were another early rallying point for future legislation. Built on the same structure as the miners funds, also termed 'Provident Fund' the seamen faced many of the cruel hardships as their

brothers in the mines. The seafaring guilds were also encouraged by the Crown under Frederick, setting the stage for later state support.

With the rise of the industrial age, the growth in population, caused a need for new jobs and the protection of the jobs that existed. The new class of industrial owners and operators were more concerned with turning a profit than with looking after the well-being of the common man. An injured or sick worker could be easily replaced by someone healthy, the widow or the family of a sick worker would have to fend for themselves in a cruel world. The dependents of a workman usually had little or no education, and possessed a poor chance of making a living.

In the 1830s and 40s workers were slowly developing into a political force, basing themselves on the experiences of the miners. During that time education associations also were formed by the workers. The main goal of these early institutions was not political, but the lessons of organization that would be put to the test at a later time. After 1848 and the revolution in France with its impact in Germany, the workers' organizations became stronger.

By 1880 the problem of the industrial state became acutely clear. The need for social legislation became the main goal for the governments policy agenda. By this time the full impact of the Industrial Revolution

had taken effect and Bismarck was ready to deal with the problem.

Bismarck's course of social change was humanitarian as well as social. This change came in four distinct areas of policy making. The first was the Savings Legislation, then Sickness and Workers compensation then policy concerning Old Age Pensions. With his rational policy making plan, Bismarck helped his nation's course toward becoming a world power, [with the devotion of the King's subjects to the State.]

The first piece of Legislation Savings was the only policy with little or no political motivation. Anyone could see the intrinsic value of guarding for the future, by maintaining a savings account. This type of legislation gave incentives for people to open and maintain a savings account and to contribute to these savings on a regular basis. German literature also urged the German population to start saving.¹⁹ People who benefited from this legislation, of course, were the people who made enough money to put into a savings plan. The majority of the workers dealt with here however, did not make enough money to benefit from savings plans.

The first measure that attempted more far reaching social reform came in 1880-1881, when Otto von Bismarck put before the Reichstag a bill calling for a plan to provide accident insurance.

This bill faced determined opposition on the floor of the Reichstag from the Center Party and never came to a vote. Bismarck felt he had to withdraw the bill and submit it again at a latter date. The reason for the opposition is clear enough; too much governmental power. The bill, said the Center Party, would create a "excess bureaucratic administration."²⁰ Another problem also arose in the debates on the first Accident Bill. Most importantly was the realization that new institutions would have to be created far beyond the estimates of the first bill. It was intended that existing institutions such as; Miner's Provident Organization, Knapschaftskasse, and other institutions would provide for the benefits called for in the bill. This first attempt at legislation also did not deal with a major oversight in the life of a common workman. That problem was the fact that a large number of industrial accidents only involved a short incapacitation of the workman. No easy system was provided in these cases. The result of this oversight was indeed the prospect of huge administrative costs. The last stumbling block to the first legislation attempt was that of compulsion.

Bismarck's main goal in social legislation was to free the worker from the hardships of the new working environment. By this he meant that the State should foot the bill for the worker, by a complete State subsidy. This was according to Bismarck's ideas of

charity and the belief that the worker should not have to share responsibility in an already repressive situation.

The last major debate was on the concept of compulsion. The Reichstag agreed to this concept, but not the concept of government subsidy, thus the Reich withdrew the bill.

On March 8, 1881, Bismarck made another attempt at accident insurance. With it he sent this message:²¹

"That the state should interest itself to a greater degree than hitherto in those of its members who need assistance, it not only a duty of humanity and Christianity-by which the State institutions should be permeated-but a duty of State-preserving policy, whose aim should be to cultivate the conception-and that too amongst the non-propertied classes, which form at once the most numerous and the least instructive part of the population-that the State is not merely a necessity but a beneficent institution. These classes must, by the evident and direct advantages which are secured upon them by legislative measures, be led to regard the state, not as a institution contrived for their protection of the better classes of society, but one serving their own needs and interests. The apprehension that a socialistic element might be introduced into legislation if this end should check us. So far as that may be the case it will not be an innovation but the further development of the modern state idea, the result of Christian ethics, according to which the state should discharge, besides the defensive duty of promoting existing rights, the positive duty of promoting the welfare of all its members, and especially those who are weak and need help, by means of judicious institutions and the employment of those resources of the community which are at its disposal."

With the problems of the first bill ironed out the Accident Insurance bill had new life. In reviewing the

policy the government looked deeper into the problem. The civil service experts who had written the first bill with hesitation and regret, found a new motivation to do a better job on the second draft, they say themselves as the Champion of the Working Class.²²

One more factor was needed for Bismarck to be successful, the full support of the Kaiser. With a recently elected Reichstag, the stage was set that would ultimately change the way the wage earner would be treated by the government. On 17 November the Kaiser gave a speech to the opening of the 5th Session of the Legislative Body.

In this speech he expressed much of the same ideas that Bismarck had shown in his March 8th statement. Emperor William I said:²³

"We hold it as our imperial duty to urge upon the Reichstag anew the promotion of the welfare of the worker, and we should have so much the greater satisfaction in the achievement, with which God has certainly blessed our reign, to look back, if it should be attained in the future, with the conscience that we had left the Fatherland a new and growing assurance of its inner peace and greater certainty then productiveness of assistance to those needing help, to which they are entitled. In our carefully considered plan we are certain of the assent of all cooperating governments and rely upon the aid of the Reichstag without distinction of party alignment. Pursuant thereto the draft of law concerning the insurance of the worker against industrial accidents has been prepared first. Supplementary to it a proposal accompanies it which puts forward the task of uniform organization of the industrial sickness affairs. But those of the working population who become incapable of work because of age or invalidity, or on the other hand, have an established claim upon a higher measure of state care, when it can had for them. To find the

right means and method for its care is difficult, but also one of the highest, tasks of every community, which stands upon the common basis of Christian public life."

With the Kaiser indisputably on Bismarck's side the first prospect of real comprehensive State aid was soon to become a reality. The Kaiser asked the Reichstag to "revise"²⁴ the failed accident bill of the summer, "in light of the debates which have taken place in the Reichstag."²⁵ With this support, Bismarck could try again with a rewritten bill that dealt with the problems that had arose during the debates over the 1881 legislation. With this insurance measure Bismarck had two other goals; the Sickness Insurance Legislation that the Kaiser mentioned in his speech and the concept of compulsory trade associations.

Bismarck's goal for trade associations was to have them gradually be introduced to all levels of public productivity so to acquire a basis for future representation on all levels of society. This new sector of the public would then pay a role in the creation of public policy, along with or superimposing, the Reichstag. This might then assure more loyalty to the State from the working classes.

The other concept that the Chancellor wanted to deal with was that of compulsion. Compulsory insurance and welfare was a central issue in all of the social legislation of the Chancellor. He felt the workers

would little mind if the government were to force them to have a secure future after their employment ended due to accident, age or injury. Although most employers were not happy with the idea of compulsion, there were some companies that already instituted their own programs such as the Solingen Cutlery factories who instituted insurance for their employees in 1854. Other companies also subscribed to such near Socialist points of view and actively complied to insurance legislation even if it meant a loss in profit.

On March 6, 1884 Bismarck submitted to the Reichstag, the second Accident Insurance bill. This was a revised version of the first bill with the provisions for compulsion, but not for Bismarck's concept of total State support. The Chancellor had wanted the employer to pay 100% of the contributions that would be necessary to create a welfare fund. He believed that the employee should not have to pay since he would then, "gain nothing from the scheme."²⁶, but this idea never got past the Chancellor's immediate staff.

The Accident Insurance Bill actually owes something to another bill along the same lines. That was the Sickness Insurance Bill which had come before the Reichstag almost five months before the Accident Bill and paved the way for it's passage.

With the Sickness Insurance Bill, Germany became a social welfare state. Bismarck had once said, "I will

not be the cause for this nation to become Socialist."²⁷
In this he meant from a revolution from below, but now
there had come revolution from above, from the State.

The Sickness Insurance Bill became a law on 31 May
1883, passing the Reichstag by a vote of 216 in favor,
and 66 against.²⁸ The votes against the bill came from
the old enemy, the Social Democrats and from the
Progressive Party. They knew that this bill was a
master stroke in the war against them, but they had no
recourse but to vote no. The public was made aware who
had voted against this law to end their suffering. To
some, it seemed to show that the leftist parties were
the true enemy, just as Bismarck had said.

The features of the Sickness Law were far reaching.
The worker now could remain secure in his life if he
became ill. A large compromise was also met concerning
contributions. Two thirds of the payments to the
program would be made by the worker, and the remaining
one-third would be paid by the employer. Contributions
for this and all of the subsequent laws were based on
the wages that the worker earned. These 'classes' were
divided into eight categories of wages. Each category,
or wage class received different benefits under the
laws. The wage classes broke down as follows:²⁹

WAGE CLASSES

<u>Class</u>	<u>Reichmarks per week</u>	<u>U.S. Dollar</u>
I.	10 and under	2.38 and under
II.	10.01 to 14.00	2.39 to 3.33
III.	14.01 to 18.00	3.34 to 4.28
IV.	18.01 to 24.00	4.29 to 5.71
V.	24.01 to 30.00	5.72 to 7.14
VI.	30.01 to 36.00	7.15 to 8.57
VII.	36.01 to 42.00	8.58 to 10.00
IX.	42.01 to 48.00	10.01 to 11.42
X.	48.01 to 54.00	11.42 to 12.58
XI.	54.01 to 60.00	12.86 to 14.28
VIII.	over 60.00	over 14.28

For people on a fixed salary the rate of pay was determined as monthly income. The wage classes are roughly the same as weekly wage earners:³⁰

INCOME CLASSES OF SALARIED EMPLOYEES (with expected monthly contribution)

<u>Class</u>	<u>Range of Reichmarks made per month</u>	<u>average monthly contribution</u>
A	0-50 RM	2
B	50-100	4
C	100-200	8
D	200-300	12
E	300-400	16
F	400-500	20
G	500-600	25
H	over 600	30

The average wages for the worker were compiled by Desai as being per week:³¹

Class I,	8 Reichmarks per week
Class II,	12 RM
Class III,	16 RM
Class IV,	21 RM
Class V,	27 RM
Class VI,	33 RM
Class VII,	39 RM
Class VIII,	45 RM
Class IX,	57 RM
Class X,	57 RM
Class XI,	63 RM

This represents the high and low wages for each wage class averaged into this figure. Miners for example could expect to make somewhere around 1.5 to 2 Reichmarks per week, while semi-skilled workers could make around 8 RMs per week.

What these figures meant to the worker can be realized by what they could buy with the wages. The price of the most basic commodity, bread, was generally steady from 1876 to 1891:³²

PRICE OF RYE BREAD IN BERLIN

<u>Year</u>	Price, pfenning per kilogram	Price of wheat pf/Kg
1876	25	
1877	22	
1878	23	
1879	24	
1880	24	
1881	24	47
1882	23	45
1883	23	45
1884	23	45
1885	22	45
1886	21	45
1887	21	45
1888	21	45
1889	25	50
1890	27	61
1891	32	63

Along with bread other measures of spending can be inferred from the travel guides by Karl Baedeker; In Berlin a glass of beer at a 'biergarten' could cost from 25 to 30 pfennings, and a large meal in a modest establishment could cost from 1 1/2 to 2 marks.³³ These prices were generally the same all over the nation, with only minor discrepancies. As can be seen, the worker was not in a position to lead a very rich life. The wage earned also had to cover clothing, shelter, and other living expenses. The small amount of wages sacrificed too the insurance plans could at least feed and shelter the workman in case of hardship, at a more modest rate, but at least not a destitute one. The Sickness Law provided for the defense of the worker in

case of sickness, in a comprehensive way unprecedented in the history of the Western World.

The direct benefits of the law, which were directed at the first eleven wage classes, provided for these areas:³⁴

1. Free medical attendance (including free medicine, spectacles, trusses) during sickness.
2. In case of the inability to earn a livelihood, sick pay [starting] from the fourth day of sickness in the form of a daily payment (Sundays and holidays excluded) equal to one-half of the local wages of common day labor and payable for a maximum period of 13 weeks. [In 1904 this provision was changed to 26 weeks] Medical assistance might also be given to the members of the families of the insured person in consideration of additional voluntary contributions.
3. Instead of medical attendance [at the home of the worker] and sickness pay treatment might be given at a hospital. If a person thus treated had relatives for whose support he or she, was responsible, an allowance equal to one-half of the amount ordinarily payable to the patient was made to them.

Later other benefits were added such as maternity benefits, payment to the survivors in case of death, extensions in the length of time for receiving benefits, convalescent's pay (for maintenance in a home) and funeral arrangements.

As can be seen, the Sickness Insurance Law was grand in its scope. The Reich was not the source of many workers' good will. The passage of this bill directly influenced the passage of the second accident bill proposed by Bismarck in March of the same year...

This bill provided for the same benefits that the Sickness Bill provided. The coverage was for the people who were injured or maimed on the job. [The chart shows persons covered].³⁵ In cases of negligence the injured worker would be paid. But in cases of spiteful self injury no coverage would be extended. Other provisions of the bill established special coverage for workers under 21 years of age, disabilities of less than two weeks, and coverage for persons who had not held the same job during the preceding twelve months. One of the major concepts of this bill was that the coverage for the first thirteen weeks of injury were the exact same as sickness funds, in fact they were administered by the health organizations. After the first thirteen weeks the provisions and benefits distinct to the Accident Insurance took effect.

The second Accident Insurance law was promulgated on July 6, 1884 and came into effect on 1 October 1885. One other issue needed to be solved for the groundwork of insurance to be completed.

Although the imperial message of 14 April 1884 promised pensions for the aged and the infirm, this only came about in 1888. This bill had become "dearest to Bismarck sympathies"³⁶ and it's enforcement would fall on his successor. In this bill providing for old age and invalidity pensions, Bismarck again tried to relieve the working man of all monetary responsibility. Again,

Bismark's efforts would not become a reality. The bill's financing was divided equally between the employer and the employed, with the Imperial Treasury making a fixed payment to the fund. On June 22, 1889 the bill became law and took effect on the first of the next year.

We have come to the
realization that
individual freedom
cannot exist without
economic security
and independence.
-Franklin Roosevelt,
-January 1944

Self administration became the main feature of German Social Legislation. In many respects this aspect of the social laws was more of a controversial issue than the issue of compulsory insurance. The long standing traditions of German self-help and communal self-administration did find a natural extension in the new insurance laws. The existing relief funds were always run by their members, and they would continue to do so under the new laws. There was no way to fight the tradition of self-administration, and it seemed that there would be no reason to at this juncture. At first the insurance laws were linked to the existing relief funds for the sake of expediency. The advantage to this system was that the basic infrastructure for administration of the new laws were already in place and with a little expansion could form the basis of the whole policy administration.

Under the new laws the common occurrence is that new institutions are inevitably created. Along with the need for a new private industry, the insurance trade, new government institutions were also created. The

Imperial Insurance was the overseer of the entire insurance trade, including all aspects of its operation.

This institution controlled eight State insurance offices. These regional offices controlled 66 Trade Associations along with 48 Agricultural Associations, and under this, the real workings of the insurance laws. Claims by workers were first sent to 209 Imperial and State offices or to one of the 545 communal executive offices.³⁷

If an insured person became ill or injured on the job he would file a claim at one of the smaller offices who would determine the validity of the case, and then forward the case to the institution which was responsible for each particular case. After that, the worker would receive his compensation.

The actual benefits actually were quite generous. Under the law a system was worked out where a worker who was less skilled would receive a relatively larger share of his wages if he became injured. An unskilled worker making say 8 Reichmarks a week would receive 75% of his weekly wage, or 6RM. A more skilled worker making the upper limits of allowable wages, 63RM, would receive 35%, or 22Rm per week.³⁸ It was assumed that the unskilled worker was living at the subsistence level, and an illness would destroy his minimal standard of living. This was not always the case; as operation of the law developed it was found that with the loss of

such a substantial portion of the wages the skilled worker was actually facing a drastic cut in the accustomed standard of living. The unskilled worker was provided an opportunity to malingering. He could receive more money by not working than he would for working three out of six days. The skilled worker would have to find part time work while the unskilled worker did not have to seek other income because he was making roughly the same amount that he did while on the work-force. This chart shows the maximum benefits the wage class provided for, with the average pay for each group:³⁹

BASIC WEEKLY WAGES AND BENEFIT RATES

Wage Class	Basic Wage Reichmarks/ Dollars	Percent of Basic Wage	Amount Reichmarks/ Dollars
I	8.00/1.91	75.00%	6.00/1.43
II	12.00/2.68	65.00	7.80/1.86
III	16.00/3.31	55.00	8.80/2.10
IV	21.00/5.00	47.00	9.87/2.85
V	27.00/6.43	40.00	10.80/2.57
VI	33.00/7.89	40.00	13.20/3.14
VII	39.00/9.29	37.50	14.60/3.48
VIII	45.00/10.72	35.00	15.75/3.75
IX	51.00/12.15	35.00	17.85/4.25
X	57.00/13.58	35.00	19.95/4.75
XI	63.00/15.01	35.00	22.05/5.25

The maximum amount that could be paid for all wage

could not exceed the following percentages of the basic wage:⁴⁰

Wage Class	Percentage
I and II	80.00
III	75.00
IV	72.00
IV and VI	65.00
VII	62.50
VIII-XI	60.00

What is meant by this second chart is that sometimes costs overrun the expected value, where medicine and care could outstrip the available fund in case of accident and illness.

Sickness insurance plans were divided into five different groups of insurance funds; parochial, local, factory, building, and guild. They all operated the same under the law the only difference between them is who was running them, be it at the factory level, or in the guild.

The number of persons making claims, along with number of total days they were sick, and total amount spent are shown in this chart:⁴¹

SICKNESS INSURANCE IN OPERATION

Year	Cases of Sickness	Number of Days	Marks
1885	1,956,635	27,864,226	52,758,686
1886	1,874,302	28,962,927	59,004,876
1887	1,895,040	29,590,454	61,217,448
1888	1,923,554	32,116,110	67,917,540
1889	2,211,617	36,155,685	77,609,952
1890	2,627,124	42,002,835	91,733,381
1891	2,161,433	43,958,953	97,938,723
1892	2,699,091	46,504,474	103,983,379
1893	3,037,372	50,120,082	112,115,146
1894	2,719,175	51,461,851	109,263,982
1895	2,943,159	55,577,087	115,034,824
1905	4,848,610	94,715,218	255,802,589
1909	5,561,006	112,190,311	337,644,505

As can be seen only slight raises in the numbers can be determined, but the increase in persons covered and in payments rise steadily. The next chart shows the operation of the Worker's Accident Insurance.

Persons covered for in Accident Insurance made an immediate jump of over 39 times after the first full year of operation:⁴²

OPERATIONS UNDER THE LAW

Year	Insured Persons	Injured Persons Covered
1885		268
1886	3,473,400	10,540
1887	3,861,600	17,102
1888	4,320,700	21,236
1889	4,742,600	31,449
1890	4,926,700	42,038
1891	5,093,400	51,209
1892	5,013,400	55,654
1893	5,169,000	62,729
1894	5,244,000	69,619
1895	5,409,200	75,527
1905	8,195,700	141,141
1909	9,003,900	139,070

The number of insured persons is taken from the 27 major types of industries. They are: mining, building, stone quarries, iron and steel, other metals, machines, glass, pottery, bricks, linen textiles, cotton and wool, silk, paper, paper goods, leather, milling, sugar, brewing, tobacco, clothing and laundering, tramways, warehouses, conveyance, inland shipping, overseas shipping chemicals, and printing. This represents the main 'lower class' types of professions. The breakdown of the numbers of persons insured in each profession can be found in REAL WAGES IN GERMANY, by Desai.⁴³

And aside was that the insured person could pay for insurance in a higher bracket if he wished and of course receive higher benefits if he/she was injured.

Financing the three programs took differing forms. In the Sickness Insurance Law the cost of maintaining the insurance was divided between the worker and the

employer. The insured person would pay for two-thirds of the cost of the program and the employer the remaining one-third. Joint contributions to the fund could not exceed 4 1/2% of the weekly wage. If the contributions should become insufficient to meet the needs of the insurance plans, the Imperial Insurance Office had the right to raise the contributions, however, to 6%. Then, if that was still not enough, contributions would have to be paid by the local authority, the employer or the guild. As an example of the weekly contributions for the savings fund; I took the average weekly wage of the worker, in pfennings. The I multiplied that by 4 1/2 to get the total weekly contribution of the worker. Then I multiplied that by 2/3 to obtain the exact contribution by the worker.

WEEKLY SICKNESS CONTRIBUTION

Weekly wage	Total contribution	Cost to the worker
8.00RM	36. pfennings	24. pfennings
12.00RM	54. pf	36. pf
16.00RM	72. pf	48. pf
21.00RM	94. pf	63. pf
27.00RM	1.24 RM	81. pf
33.00RM	1.48 RM	99. pf
39.00RM	1.75 RM	1.17 RM
45.00RM	2.02 RM	1.35 RM
51.00RM	2.29 RM	1.53 RM
57.00RM	2.56 RM	1.71 RM
63.00RM	2.83 RM	1.89 RM

Relief funds fell under the administration of the sickness funds. They were paid for entirely by the

person insured. Contributions could range anywhere from 1.6 to 6% of the insured's weekly wage.

The provisions for the Accident Insurance Laws called for mandatory contributions by the employer. A tiered allocation system was used based on the worker's weekly wage. The premiums paid by the employers were fixed yearly by the amount of money that the employer paid in wages, and by the nature and degree of risk incidental to the industry or trade. The whole concept of the Accident Laws lent itself to being very burdensome on the employer. This burden was partly compensated by the cooperative nature of the law. Trade associations were formed to deal with these programs. In fact employers were almost bound by the need for Trade Associations. Business found that the state-suggested associations worked to their benefit. Another aspect in the law was that in Accident Insurance and no others, private insurance corporations were kept completely out of all aspects of this insurance scheme. The Imperial Insurance Office was responsible for hearing the petitions of new trade organizations, and for their governance in general.

Finance for the pensions came equally from the employer and the insured. The State also provided a subsidy of 50 Reichmarks annually for each annuity paid. Contributions were only paid while the insured was actively in the work force.

The pension laws created four wage classes, separate from the wage classes provided under the two other laws. The four wage classes broke down this way, with weekly contributions:⁴⁴

Wages	Contributions	
	Weekly	Yearly
1st class 300RM/year	14 pfenning	3.29 marks
2nd class 500RM/year	20 pfenning	4.70 marks
3rd class 720RM/year	24 pfenning	5.46 marks
4th class 960RM/year	30 pfenning	7.05 marks

The weekly contributions for the worker was half of the amount shown on this chart. Old age benefits could be claimed any time after the insured's seventy-first year, or at any time in case of permanent incapacity provided the beneficiary had been insured for five years. The minimum period of contribution to old age pensions was thirty years of forty-seven payments each year. Contributions to all of the insurance schemes were made in postage stamps affixed to yearly receipts cards supplied to the insured. Annuities were paid through the post office in monthly installments. In the case of accident insurance, the insured was paid in advance.

Bismarck had achieved a minor victory in relieving the insured from having to make payments. The Workman's Law was totally free from payment by the insured, and the pension plan had at least a State subsidy.

The effect of the three main insurance laws on German industry is not quite clear. The higher costs of maintaining the insurance plans could be passed on to the consumer, by higher prices. Most likely the consumer was in fact the person insured, resulting in the obvious conclusion that ultimately the insured could end up paying for more of the insurance costs in the market place. On major advantage to the employer was that Insurance Laws increased the efficiency of labor. In 1900 the Imperial Insurance Office said⁴⁵ "These (insurance) charges on industrial concerns have been bearable and can easily be gathered from the great improvement experienced by industry and commerce, the branches most burdened on account of the insurance since the eighties. What is more, in many instances the contributions for insurance were the very agents that produced the improvement in our national production. The employer did their best to get even with the higher working expenses by improving the working conditions, by making technical progress...If the employers improved at the same time as the technical conditions for the benefit of the workman, if they arranged for better safety against accidents and for suitable equipment for the workman...they were in the first line guarding their own interests and wish to have a healthy body of workmen about them who like to do their work and are capable of doing it."

The Office of Insurance also believed that, "In the recent decades the German national economy has experienced unexampled development."⁴⁶ and that "...the period of this growth synchronized with a radical improvement of the working class."⁴⁷ In almost every industry the advantages of the Insurance Laws were felt. The employers inevitably gained as productivity and efficiency rose as the worker was freed from "extreme want."⁴⁸ As the standard of living rose, so did the worker's ability to produce. Other benefits came to light as the Insurance Laws were evaluated. The laws helped to combat pulmonary tuberculosis, indirectly brought about housing reform and improved general dental care. These improvements came about because in the provisions for the insurance laws, mandatory medical check-ups were required of the insured workmen. The cost of the insurance was willingly borne by the employer as it gave them the same feeling of security that the laws gave to the worker. Reports of the major industries all say basically the same thing, that all the Insurance Laws had helped industry far more than hindered it. The insurance laws, by the turn of the century were considered an indispensable part of production.

Critics of the Insurance Legislation cite many of the same abuses of the system as are prevalent today. They suggested that there were many fraudulent claims

and that the institution was too big and unwieldy. Doctor Ferdinand Friedensburg, the former President of the Imperial Insurance Department was an outspoken critic of the system. He wrote of the short comings of the system, concluding that the insurance system was entirely too big and that the multitude of people involved with the system created too much paperwork. Another facet of the Insurance Institution was that the people were often unaware of the workings of the various laws and that low level bureaucrats were similarly unfamiliar with the details of the laws that they were supposed to enforce.

The level of institutionalization can be vied one of two ways, one was to agree with the Center Party, which believed that too much government power was specter that the Insurance Laws would and did bring about. Or one might argue that the government took a active and desirable step in controlling the Insurance Institutions and provided the administration that was required of it.

Bismarck had laid the ground work for Social Legislation. The Pension Insurance was the only one in which Bismarck had instituted, but was not in office when the law took effect. After Bismarck left office, no radical changes in insurance took place. Changes that did occur were basically refinement of the system that was created in the 80s.

Continued industrialization brought more people to the factories and of course more people needing Social Insurance. Some changes in who would be insured, by adding new industries to the Compulsory Insurance List occurred. The first major change came in 1903 in an amendment of the Sickness Law extending coverage from 13 weeks to 26 weeks. 1903 also brought the first ideas to consolidate all of the existing insurance laws.

A Reichstag resolution to consider the possibility of simplifying the three insurance laws. After four years of contemplation the idea was rejected. What was considered was codification of the laws. Two years after that, in 1910, bills were given for each type of insurance, codifying all of the existing laws in what was called the "Reichsversicherungsgesetzgebung." The law was promulgated in 1911 and took effect on 1 January 1912 for pensions; 1 January 1913 for accident and 1 January 1914 for sickness.

The Reichsuerischerungsordnung, extended agricultural workers compulsory insurance. Before this these workers where only insured occasionally under local status. Servants, casual laborers, and household workers were also included, adding almost 7 million people. The maximum salary for compulsory insurance was raised to 2,500M, but wages had almost doubled from 1883 to 1913. The Accident Insurance Compulsory Wage was also raised to 5,000M. Accident Insurance was also extended to include some occupational diseases.

The Reichsuerischerungsordnung also streamlined the system by closing the community insurance schemes. The people affected were transferred to 'local' institutions. The last major change was that this law brought uniformity to the laws on procedure. It made the insurance authorities uniformly structured. It cut out some of the waste in arbitration tribunals.

This law and another bill to extend the coverage to dependent survivors was the last tinkering in insurance laws to this day. They have passed the test of time. Germany now had the most comprehensive insurance plan in the industrial world.

Bismarck had tied the people to the State and completed his alternative motives.

That one who
tries to attain
too much attains
nothing at all
-Bismarck

Besides creating the most comprehensive and generous welfare plan, Bismarck also put his enemies at bay. Bismarck had a new enemy besides the; Social Democrats, the Catholics, or even the French, he was an enemy to be feared, for he was the man who controlled Bismarck's destiny.

The new Kaiser, King Wilhelm II disagreed with the Iron Chancellor on many topics, foreign and domestic. From ideas on colonies to the Socialist Laws. It was a debate over the Socialist Laws that brought Bismarck's downfall.

In 1890 time for the renewal of the Socialist Laws had come, and the Kaiser was sympathetic to the Social Democrats beyond Bismarck's comprehension, so he resigned. The Iron Chancellor, champion of the working class and the creator of the German nation, ceased to dominate the political life of Europe.

Bismarck's social policy must be taken in light of two other major conflicts for Bismarck. While his domestic policy was for the plight of the workers, other domestic policies were trying to destroy the Catholics and the SDP.

He was against the Catholics, in a policy of "Kulturkampf," he tried to destroy the Church's

influence. In a fight over the infallibility of the Pope, the German liberals and the government turned against the Catholic Church. This conflict starting during the period of the Franco-Prussian War of 1870-71 was to Bismarck, a foreign policy issue. He thought he could destroy the German Catholic opposition and also gain support of Italy and Russia, thus leaving France in isolation.

In January 1873, the May Laws⁴⁹ were introduced. This anti-Catholic legislation took the disciplinary power of the church away from the Bishops. It also put into the States supervision of the education of Priests. Another law in 1874 made it mandatory for all marriages to be Civil. The domestic implications of this were that the Catholics banded together in the Center Party who followed Ideological Policies, and had their own program for Social Legislation. The Center's Social Party platform called for in 1877; Sunday rest for workers, regulation of relations between masters and apprentices and the encouragement of corporative associations, factory legislation, child labor laws, and regulation of women's labor.

In these areas, Bismarck was seemingly uncompassionate. He was inflexible in his views on labor by children and women, and work on holidays and Sundays. His staff tried to discard him from;

"Arguments which were so characteristic of the Manchester School of Thought."⁵⁰

Laws concerning children included provisions for; children under 12 could not be employed in factories, children from 12-14 could only be employed 6 hours a day - and young people could only be employed ten hours daily. These regulations were provided for in the Trade Laws. The government, however, tended to turn away from violations because the Reich did not want to make the manufacturer's financial position any more difficult, especially after the insurance laws had taken effect, draining capitol resources.

Hours of labor was another question at which Bismarck did not agree with the Catholics or the Social Democrats in 1892 he said that, "Every business has its ebb and flow,"⁵¹ and that, "In special businesses the hours of labor cannot be curtailed."⁵² The jest of this is that Bismarck used special cases where booms and busts occur to disregard the question of labor hours. On January 15, 1885, he stated:⁵³ "A maximum workday would be attended with the danger that every employer would feel justified in going the maximum, even those who had not formerly worked that long. If it were ordered that fourteen hours - which, by the way, I regard as a monstrous work-day and one which is intolerable - might not be exceeded...A normal work-day would be extremely desirable if it could be

attained...If the hours of work were to be reduced...Wages would fall...What would the working classes do then?" He felt with loss of working hours loss of production would be the logical conclusion of this idea.

Bismarck was in agreement with the Catholics and the Social Democrats in the idea of exclusion of women from the factories. In 1882 he said,⁵⁴ "I regard it as in the highest degree desirable if factory operatives could stand upon the same footing as nearly all rural laborers, that, as a rule, women should not go to work, but should remain at home..." He agreed with the Social Democrats on women's labor, maybe not for all the same reasons, but agreed none the less. In 1887 amendments to the Trade Law fixed children's labor to six hours a day, and not to interfere with education.

Bismarck believed that Sunday labor was a, "Working man's problem." If the work people wanted to lose a days wages he would not disagree. Sunday labor was a big issue in Germany as religious leaders and big business squared off. Some manufacturers felt it imperative to have Sunday labor while the Church viewed it as a sin. On May 8, 1885 Bismarck said this on the matter⁵⁵: "As soon as I am convinced that the working classes really desire to be protected from Sunday labor, and will be grateful to me if it is forbidden on the pain of punishment, I shall be glad to promote the

matter in the Federal Council. But I must have this insurance first."⁵⁶

It is Bismarck's personality that is so intriguing. In one venture he is totally committed to a religious calling to create a State who helps it's poor by enacting for reaching social legislation, then not fully supportive of a basic feature of religious observance, Sunday labor. Bismarck was a religious man always mindful of his earthy opponents.

Another opponent was the age old enemy to the State, the SDP. The SDP was in many ways like the Center Party in basic social programs and in being the enemy of Bismarck. Both parties were never crushed as Bismarck had hoped, only minor setbacks.

By instituting Social Insurance, Bismarck quelled the discontent of the workers and for a time quieted the Social Democrats but never fully suppressed them. He as Kaiser Wilhelm the First knew that repression was not the answer to all social problems. An we have found that there are now answers to a grass roots movement as ultimately what will happen is what the people wants to happen.

In a ten year period, Bismarck created the first legislated welfare state, he had said he would, "Resort to Socialism if it could give men work,"⁵⁷ but by Socialism from above, not revolution from below. His personality and religious beliefs led him to become one

of the greatest social legislators of all time. He was truly acting from a deep felt sense of duty and honor. He freed millions of workers from a life of misery with his devotion to create the German nation. A Christian nation that would prosper, and help the world. And 100 years later millions of people would be influenced by the insurance laws, and view them as a natural right, not as a gift from the State.

SICKNESS

(compulsory, regardless of age)

PERSONS INSURED

Persons making less than 2,000M/year. Workpeople, assistants, journeymen apprentices, servants, works officials, foremen, employees in leadership positions. Assistants in shops All members of theatrical/orchestral companies (regardless of artistic value) Teachers and tutors, out-workers. Crews of German sea-going vessels not protected by the Merchant Shipping Act.

BENEFITS

For sickness. Worker received 50% of his weekly wage, starting from the third day of incapacitation until the thirteenth week.

FINANCE

Two-thirds of the cost was born by the insured, one-third by the employer. In relief funds the insured bore the entire costs himself. Contributions could range from 1.5 - 6% of weekly wages.

ACCIDENT

Persons making up to 2,000M/year. Mines, salt workers, ore-dressing works, quarries, and pits. Factories shipyards, smelting plants, pharmacies breweries, and tanneries. Construction (industrial and non-industrial). Chimney-sweeps, window cleaning, butchering, and bathing establishments All Naval, Military, post, railway, telegraph services. All workings with inland waterways, lumbering.

For accidents caused by danger in place of work, excluding intentional accidents Injured would receive 2/3 of annual income in cases of total incapacity, Pro rated as determined by degree of incapacitation.

Payed through mandatory contrbutions of the employer. Financing through a tiered allocation procedure based on the workers weekly wage.

PENSION

Wage limit of 2,000M/year Workpeople, works officials, formen and other people in similar high positions. Theatrical co. Orchestra Teachers tutors, Crews of German seagoing vessels.

50M automatic support from from government. Price added from length of time paid in tax bracket,

Contributions payed 1/2 by person insured 1/2 by the employer, subsidiced by the state. Weekly contrabution, by insured in wage bracket.

WIDOW

20% of spouses annual income

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