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Interim Report
of the
Family Endowment
Enquiry Committee

set up by
The Women's National
Liberal Federation

Pamphlet

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Family Endowment.

THE Committee on Family Endowment was set up by the Women's National Liberal Federation in the summer of 1925 to enquire into the whole question of Family Allowances. It held 7 Meetings and heard evidence from a number of people (complete list appended) representing different sections of the community, and varying shades of opinion, and studied the literature on the subject given below. It begs to present the following interim report to the W.L. Council.

CONCLUSIONS may be arranged under two heads—

(a) GENERAL—on the principle of Children's Allowances.

(This new title is used throughout the report, as it expresses more accurately what is under discussion.)

(b) PARTICULAR—with reference to their application here and now.

Let us take GENERAL CONCLUSIONS first. It is essential in the interests of national well-being and of humanity, that the minimum needs of the children of every class should be assured.

It is clear that under our present system of wage and salary payments there is no such assurance.

Also on the one hand, women whose work it is to rear the children, are dependent on the market value of their husband's work and on his goodwill, for the minimum requirements necessary to do this work. And on the other hand, women workers, professional or otherwise, are restricted in their fields of work, and in their just demand for equal pay for equal work, by the argument often quite untrue, that they have no dependents to support.

In practice, witnesses were almost all of opinion that it was the capacity of the industry to pay and the natural

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forces of supply and demand, as modified by the machinery of collective bargaining, that ultimately fixed wages, not the needs or even supposed needs of the workers; at best these needs or 'supposed needs' are from time to time brought into prominence in the process of determining the collective bargain. Trades Boards are merely one means of partially preventing the wages of unskilled workers from being depressed below this minimum standard. Undoubtedly lack of information as to the real conditions of any particular industry has the same effect as weakness of collective organisation, in preventing a normal adjustment on the basis of the industry's capacity to pay.

We are convinced that even under the most optimistic estimate as to the possibilities of a permanent redistribution of wealth, our present national income as analysed by Professor Bowley and Sir Josiah Stamp, is not large enough to enable us to pay a minimum wage to every wage-earner, on the assumption that he has the largest existent family, or even a family of three to maintain. The following table shows roughly the proportion of wage-earners who actually have children under school leaving age to support, and how many are bachelors, or men whose children can earn for themselves:

38.5	{	14.5% have one dependent child.
		10.6% have two dependent children.
		6.4% have three dependent children.
		7.0% have more than 3 dependent children.
		i.e., 3.9% have 4 children.
		2.9% have 5 children.
		.8 have 6 children.
		.3 have several.
61.5	{	29.0 are bachelors or widowers without dependent children.
		32.5 are married couples without children or with no dependent child under 14.

A comparison of these two sets of figures shows clearly the advantage of Children's Allowances for the 38.5% and in order to ensure the minimum needs of the children there is a strong case for bringing into our social economy some form of such allowances. This would eliminate from the bargaining

process the consideration of all supposed needs of male as compared with female wage earners, married as compared with unmarried workers, and would clear the ground for an equitable settlement of wages as between workers and employers and different sections of workers. Figures showing the real financial position of each industry must be made available to representatives of the workers concerned, in order to make this possible.

The Committee was of opinion that the allowance would be more beneficial if paid direct to the mother and quite separate from wages or salaries, rather than direct to the children in kind,—in the form of School Meals, School Uniform, etc., though this would be preferable to leaving things as they are to-day.

Such payments would relieve the housing problem by making it possible for people to pay a higher rent as their family increased, instead of forcing them to take in lodgers and crowd into fewer rooms. They would enable women to stay at home and look after their children, or pay someone else to do so, instead of forcing them to go out to work in order to buy their food.

PARTICULAR SCHEMES. The Committee found it more difficult to formulate definite proposals with regard to the carrying out of these principles.

The three different methods under consideration were:

- (1) General National Endowment, financed by taxation.
- (2) Contributory Insurance.
- (3) Industrial and Professional pools on the one hand, and Direct Payment of C.A. to State and Municipal Employees on the other.

THE STATE SCHEME seems to be the most comprehensive and therefore the most logical and just. A first approach to it along the lines of extension of differential taxation (such as the rebates in the income tax in respect of a wife and children already in use) is worth trying, but a far reaching scheme of this kind seems at the moment outside the scope of practical politics.

CONTRIBUTORY INSURANCE. On the other hand the method that is most likely to command assent and be most readily understood in this country is perhaps that of the *Extension of Social Insurance* to C.A., on a limited scale, say 5s. for the first child, 3s. for each succeeding child under school leaving age. The approximate cost of this would amount to roughly £100 m. per annum. Dividing the cost equally between Workmen, Employers and State, women workers and juveniles under 18 paying half contributions, would mean in weekly payments about 1s. per male contributor and employer, leaving £30 m. or more to be raised annually by taxation. Any future considerable reduction in armaments or an increase of direct taxation through higher taxation of inheritance, might well be set aside for this purpose.

But the Committee is not prepared to say in this interim report if that is practicable, either from the point of view of the employer or that of the wage earner, and there are many possible variations of any contributory insurance scheme which must be taken into consideration. For example in all schemes abroad (though these are not contributory), the allowance is least for the first child, reaching its maximum at the fourth child. This naturally reduces the general cost. Or again it might at first be limited to children under school age, using the existent school machinery for the provision of school meals and uniform for the older children.

If any insurance scheme was devised it should be made easy for voluntary contributors, such as costers, small tradespeople, etc., who are not already legally insured persons, to participate in its benefits. Some members of the Committee felt that under C.I. the sense of parental responsibility is less likely to be weakened than under the alternative schemes of C.A.

- (a) INDUSTRIAL AND PROFESSIONAL POOLS.
- (b) DIRECT PAYMENT TO STATE AND MUNICIPAL EMPLOYEES.

THE THIRD METHOD OF INDUSTRIAL AND PROFESSIONAL POOLS on the one hand and direct pay-

ment of C. Allowances to State and Municipal Employees on the other, has been tried in varying degrees by a number of European countries, and by Australia and New Zealand.

As these are the only schemes that have been adopted in any country up to the present it is useful to study them in greater detail.

In France, before the war, certain Municipal Authorities, Railway Companies and Commercial Organisations had adopted the practice of paying special allowances to those of their employees who had families. During the war, cost-of-living bonuses were often paid by individual employers, and the size of the family was taken into account in doing this. After the war, with the constant fall in the value of the franc, causing great distress, and constant demands for an increase of money wages, groups of employers found it convenient to form pools, with a central office from which the allowances were paid, sometimes to the mother, and sometimes to the father, dividing the total cost among the employers in proportion to their wages bill, or to the total number of their employees.

In December 1919 there were six of these pools, involving 50,000 workers. By 1924 owing to the successful working of the existing pools, this number had increased to 158, involving 1½ million workers, and by 1925 to 180 'clearing funds' with a corresponding increase of workers involved. The allowances are very much lower than has ever been contemplated in this country, and it has been authoritatively stated that for trades generally the average monthly allowances for one, two, three, four, five and six children were 19, 48, 90, 140, 194, and 253 francs, and for State workers, 45, 60 and 90 francs for one, two and three children. But in many cases the rates are on a higher scale. For example, the Paris-Lyons-Mediterranean Railway makes monthly allowances of from 42 francs to 67 francs for each of the first two children under 18 years—and from 71 francs to 108 francs for each further child up to 21 if engaged upon an educational course or infirm. In a number of cases allowances are paid in respect of the wife as well as the children. The schemes are criticised by the workers on the ground that

they are entirely administered by the employers, and that all payments cease during a stoppage of work. But these are defects which can easily be met by a differently organised scheme. The industries adopting the system include the Metal, Mining, Engineering, Textiles, Glovemaking Building and others. Sometimes the pools are made between a number of employers in one industry and sometimes between a number of employers of different industries in one district. In nearly all cases the allowances are not paid by individual employers to the families of their own employees—thus eliminating the risk of any discrimination in favour of the single man.

This is not so, however, in Germany, Austria, Czechoslovakia, Poland and the Netherlands, where the allowances are definitely considered a part of wages; and the men claim that they make it more difficult for married men to get work. Hence though there is little criticism of the general idea of C.A. in Germany for example, they have fallen into disrepute, and firms are in some cases giving them up.

In France an additional $1\frac{1}{2}$ m. workers are paid A. direct by public bodies, railways, banks, etc.

In Belgium about 20% or more of the workers are involved, and the pools are almost always worked regionally. A permanent Central Committee has been formed, 'Comite d'Etude des Allocations Familiales' to serve as a connecting link between them and investigate any problems that may arise. The system is spreading as rapidly as in France. In other countries it is mostly the State and Municipal Employees whose families receive allowances. Although the system does not appear to have been adopted by any industry in this country, there are various other connections in which family needs are recognised, for example, in the payment of unemployment insurance benefit, and the grant of poor law relief, and as already mentioned, in the income tax regulations which accord certain allowances from taxable income in respect of children. It is hoped that the recommendation of the Coal Commissioners that a system of Children's Allowances should be instituted in the Coal Industry on the pool system will be carried out with all

speed, and on lines suitable to English Industrial conditions. This experiment, if successful, should encourage other industries to do the same. Children's Allowances might also very well be paid at once to post office and railway employees, and the Committee hopes that some professional bodies, such as the teachers, might work out a scheme for themselves.

GENERAL CONSIDERATION.

Effect on Birthrate.

The Committee realise that the effect on the birthrate can only be a matter of speculation. In France and Belgium the institution of the scheme referred to above appears to have been accompanied by a stationary if not a slightly lowered birthrate, but national differences in custom and economic and financial considerations make their experiences really no criterion on which to base opinion here.

There were marked differences of opinion among the witnesses on this question. Some held that with the improved standard of living the irresponsible would become more responsible and have smaller not larger, families. On the other hand those who now exercise forethought in order to do their best for their children would have their burdens lightened. If in consequence there was an increase of the birthrate among the responsible, this would be a highly desirable result. Others, however, viewed with misgiving the possibility that allowances might cause an increase of birthrate where it was least desirable. The danger, if any, is more likely in the early years of any scheme and particularly among the poorest paid workers. In this connection the development of public opinion with regard to birth control is a very relevant factor. For this, as well as financial reasons, it might be wise to start with comparatively small allowances in any scheme of a National or Industrial character, or even to limit the payment to four in a family.

Effect on Wages.

It would be wise to precede any scheme of allowances in industry by compulsory publicity of accounts, such as pertains in the Coal Industry, so that the existence of such

allowances may not be used to depress wages below the industry's capacity to pay. It would also seem advisable to enforce a legal minimum wage, possibly varying in different localities, sufficient to cover the minimum needs of two people.

With these two provisos there seems little reason to fear that family allowances would react harmfully on the wage-earners as a whole, though they might affect a certain redistribution amongst them as between married and unmarried workers.

Signed—E. DOROTHEA LAYTON (*Chairman*).
 VIOLET BONHAM CARTER.
 MARGARET WINTRINGHAM.
 GERTRUDE EMMOTT.
 ISABELLA HERBERT.
 MARGUERITE DIXEY.
 LUCY MAIR (*Hon. Sec.*).

April, 1926.

LIST OF WITNESSES.

Sir W. Beveridge. Director London School of Economics.
 Mr. J. L. Cohen. Camb. Univ.
 Secretary of Chemical Employers' Federation.
 Mrs. Fulford. A working woman from the Midlands.
 Mr. Gregory. London School of Economics.
 Mrs. Hubback. Parl. Sec. N.U.S.E.C.
 Prof. D. H. Macgregor. Prof. Economics, Oxford.
 Miss Cecile Matheson. School Manager.
 Mrs. H. Phillips. Director of Liberal S.S. Research Dept.
 Mr. D. H. Robertson. Camb. Univ.
 Mrs. Gordon Wilson. Association of Assistant Mistresses.

CHIEF BOOKS RECOMMENDED.

The Disinherited Family, by ELEANOR RATHBONE.
 Wages and the Family, by PAUL DOUGLAS.
 International Labour Office Report on Family Allowances,
 Series D. No. 13.
 Family Income Insurance, by JOSEPH L. COHEN.

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