



Notes for the Study of Family Allowances.

In recent years there has been a growing realisation of the necessity that the needs of actual families should be provided for. At present, the great majority of the people receive their income in the form of weekly wages, which take no account of the size of the family. The same wage is paid whether the wage earner is married or unmarried, whether he has no children or ten children. And in nearly all trades an unmarried man will receive considerably more than a widow with children to support.

All women know how much it would improve family life and the well-being and health of every member of it—children and parents alike—if the family income increased with the size of the family.

Experience during and since the war has shown that it is perfectly possible to introduce this principle.

WAR EXPERIENCE.

In England the principle was fully carried out in the payment of the military and naval forces. The men had their keep and a small sum in cash, while the wife and children were provided for by allowances strictly proportioned to the size of the family. The effect of these allowances was remarkable. Notwithstanding the bad housing, the poor food, the mental strain and the fear of air-raids there was a marked improvement in health and physique of mothers and children, as is shown by the following statements, taken from a mass of similar evidence:—

From the reports of the Chief Medical Officer of the Board of Education—

“With few exceptions there is a clear statement on the part of School Medical Officers that war conditions resulted in substantial improvement in the physique of the children, e.g., in London, Birmingham, Bradford, Sheffield, Newcastle-on-Tyne.”

The report for 1916 notes that children, generally speaking, were better clothed than at any time since medical inspection was introduced.

From the report of the Medical Officer of London County Council—

“The story is one of continuous amelioration throughout the whole period of the war. Whether judged from the state of the children’s clothing, from their health as expressed by their nutritional well-being, or from the conditions found as regards cleanliness, the result is the same, practically steady improvement in each particular.”

From the reports of the Registrar-General for England and Wales—

The report for 1916 says: “The very considerable mortality of the first year of life has declined in an interesting manner since the outbreak of the war. The figures for the pre-war and war years show that the number of deaths of women from alcoholism and of infants from overlaying decreased steadily and rapidly throughout the war.”

As soon, however, as demobilisation brought the system of allowances for the family to an end, a return to former conditions began, although

there was considerable prosperity. The report of the Chief Medical Officer of the Board of Education notes that, "there are not lacking some signs of slight deterioration at all ages during 1919 and 1920, particularly among infants entering school life, and in London also amongst boys of eight and girls of twelve."

In most other European countries the principle of family allowances was adopted not only for military forces, but also for raising the wages of Government and Municipal employees to meet the cost of living, war-bonuses being to some extent allocated on this method. To a considerable extent, the same system was adopted for industrial workers in private employment.

AFTER THE WAR.

Very important developments have taken place since the war, especially: (a) continuance of the method of family allowances to Government employees; (b) the Living Wage Inquiry and proposals in Australia; (c) practical action in France and Belgium, as regards introducing the system for wages.

Government Employees.—Family allowances formed part of the wages or salaries of Government employees in 1923-24 in the following countries: Australia (Federal employees only), France, Germany, Belgium, Holland, Austria, Serbia, Czecho-Slovakia, Poland, Denmark, Sweden, Finland, Switzerland. Take France as an illustration: The French Parliament decided in 1917 that, in addition to cost of living bonuses, etc., family allowances should be paid to all Government employees receiving less than a certain wage. Subsequent laws removed the wages limit, and increased the allowances, which are paid for each child under 16. If the child is apprenticed, the allowance is continued till 19, and if he is continuing his education, till 21. It is impossible to give exact equivalents of the allowances in English money, as the franc buys more in France than it would in England. Roughly speaking, the allowances are equal to about 2s. 6d. to 3s. for each of the two first children and 4s. to 5s. for each additional child beyond two. Similar allowances are paid to municipal employees in a considerable number of towns and districts.

The Living Wage Inquiry in Australia.—Although the system of family allowances has not yet been adopted for industrial workers in Australia, this inquiry and the proposals resulting from it bring out the most important points particularly clearly. In Australia, for about 30 years, wages have been fixed legally by Wage Boards, with the result that the idea of fixing wages to be sufficient for the support of a family has come to the front. But for a long time the actual size of the family was not taken into account. An imaginary "average" family was invented, sometimes consisting of father, mother and two dependent children, more often the same size as the "average" family taken by English enquirers like Seebohm Rowntree, namely father, mother, and three dependent children. The minimum wage for an industry was supposed to provide for the needs of such a family, and apart from additional payments for skilled work, was paid to all male workers, whether they were unmarried, or had a wife and ten children. Therefore, while people with few or no children were reasonably comfortable, a fourth child meant pinching and five or six

children meant severe privation. The great evil of this is realised when it is remembered that more than one-third (40 per cent.) come from these larger families.*

In connection with wage regulation, a Government Commission of three employers and three Trade Union representatives with a neutral chairman, Mr. Piddington, was appointed to inquire into "the actual cost of living for a man, wife, and three children under 14, according to reasonable standards of comfort." This Commission reported unanimously that the cost was £5 16s. a week. The basic wage at the time the Commission was appointed was £3 17s. a week. The Government refused to accept this rise of more than 50 per cent. in wages on the plea that wages would then exceed the whole value of production in Australia, and asked the chairman of the Commission whether he could suggest any other way of improving the standard of living. He then made the following proposals in a personal memorandum, pointing out that the cost of living inquiry showed that a living wage required £4 a week for man and wife and 12s. a week in addition for each child. The census figures showed that if every adult worker was paid at the rate of £5 16s. a week, 3,000,000 children would be provided for, but that there were actually only 900,000 children. He therefore proposed:—

- (1) That a basic rate of £4 a week should be paid to all adult workers, whether married or unmarried. This wage would be paid direct to the worker by the employer.
- (2) That in addition 12s. a week should be paid to the worker for each child. Whether the family was large or small it would thus receive an income in accordance with its needs.
- (3) That the children's allowances should be paid out of a national pool formed by contributions from employers, each employer paying £27 18s. annually for each worker he employed.

The arguments for this scheme are:—

- (1) That the cost of living for an unmarried man is not so very much less than for man and wife, and that it is very important that he should be able to save for equipping a home.
- (2) The children's allowance provides that whether a family is large or small, its income increases with its size.
- (3) The arrangement of a pool for the children's allowances is most important. Without it, employers would try to save wages by employing unmarried men or men with few children. The father of a large family would be the first to be dismissed. But if every employer pays the same for every employee, it makes no difference to any employer whether his particular

* It should be remembered that two ideas underlie wages. One is that they are *payment for work done*. This idea belongs to the capitalist system, and is approved by employers. It is also accepted by Trade Unions because the earlier craft Trade Unions formed of skilled workers could use it as a plea for higher wages. The other is that wages should *provide for the needs of the family*. The organisation of less skilled and unskilled workers has begun to make this idea more prominent, but it has never been thoroughly accepted by employers nor have Trade Unionists seen that, to carry it out, wages must be much more closely in accordance with the size of the family than at present. It is the principle that underlies the whole ideal of a juster distribution of wealth when the people control all wealth, the principle of "from each according to his powers, to each according to his needs."

employees have many children or not. The pool could also be used (as we shall see later) to give Trade Unions a direct share in controlling the system.

So far this scheme has not been put into practice in private industry in Australia.

Practical Experiments in France and Belgium.—These are of great importance because they show that it is practicable to modify the wage system to meet family needs.

In France a number of schemes have been put into operation in different localities or in different industries. Though they vary very much in detail the principle of all the schemes is as follows:—

- (1) All employers in (a) the same town or district or (b) a particular industry pay into a "pool" a certain sum monthly for each of their employees. This is calculated either (a) as a percentage on the total wages paid. This is the usual method, or (b) as so much per head for each worker employed, or (c) as so much per hour for each hour worked.
- (2) Each employer pays the recognised wage to his employees in the usual way.
- (3) The pool is distributed in monthly allowances for the children either (a) by each employer paying the allowances to his workers with their wage, or (b) by direct distribution to the wives of the employees, often by post.

All these schemes were started by the employers, probably partly owing to the general desire in France due to the declining population, to meet the needs of larger families, and are entirely managed by the employers, and are purely voluntary. The schemes have spread so rapidly that in 1923 it was estimated that about 2,000,000 wage earners, *i.e.*, about half the industrial workers came under them. In some cases welfare schemes for children and maternity are connected with them. The amounts paid in allowances are not merely sufficient for the support of a child, varying from about 1s. 4d. a week for the first child to 2s. 6d. a week for the sixth child, though they vary considerably in different places and industries.

In Belgium, the system is much the same, again started by the employers and managed by them. But here the desire for a larger population does not come in. Since 1922, it has spread very rapidly.

Germany.—In Germany, on the other hand, arrangements for family allowances are governed by collective agreements between the Trade Unions and employers. No equalisation funds or pools have been formed mainly, no doubt, because the currency variations made such arrangements unworkable, and therefore little guidance is given for more normal conditions.

Austria.—Family allowances have here been legalised, and equalisation funds or pools made compulsory in industrial employment.

THE PRINCIPLE OF PAYMENT ACCORDING TO NEEDS.

One of the great objects of working for the socialisation of industry is to bring about a better distribution of wealth, so that every one should have sufficient for his needs.

Whenever we arrange income for families apart from wages, we always propose that it should be arranged to some extent according to

the size of the family. The Unemployment Benefit is graded in this way, though the family allowances are far too small. The proposals which the Guild has studied for family endowment and State bonus all increased the allowance as the family increased. Widows' Pensions are being put forward on the same principle. Would it not therefore be most desirable to extend this principle to wages, and so secure a provision according to needs for a far larger number of the people than seems possible in any other way?

WHAT COULD BE DONE?

Let us first see what kind of a scheme might be put forward by the workers in England.

There are no agreed figures for England as there are in Australia as to the amount necessary for a living wage. The only calculation recently made was by Seebohm Rowntree in 1918, who worked out figures showing that, at present prices, £3 a week was necessary for a family of man, wife and three children. But women will question this, and will undoubtedly agree that it should not be less than £4 a week. When it is remembered that Labourers are only earning 40s. a week;

Coal Miners from 45s. to 59s. ;
Railway Porters, grade 2, 47s. ;
Machinists (Engineers) 49s. ;
Bleaching Workers, 51s. 10d. ;
One Horse Drivers, 53s. ;
Riveters, 53s. ;
Building Labourers, 56s. ;
Fitters and Turners, 57s. ;
Flour Milling Labourers, 57s., it will be

realised how far the great mass of the workers are below this standard.

Very little better off are
Boot Clicking men, 60s. ;
Moulders, 60s. 10d. ;
Brass Moulders, 63s. 6d. ;
Dock Labourers (Liverpool), 66s. ;
Bricklayers, 67s. 10d. ;
Tailors, highest grade, 68s. ;

while even highly skilled men such as
Vehicle Builders, 72s. ;
Hand Compositors, grade 2 (towns) 74s. 6d.
Painters, 76s. 10d., do not reach the necessary minimum.

These figures show how little hope there is under present circumstances of getting £4 as a basic wage for all workers.

But a rise in wages to meet family needs is by no means so impossible. The method adopted might be, as was proposed in Australia, to keep the present wage rates as the wage for all adult men whether married or unmarried, and to demand the organisation of a pool by the employers from which allowances at the rate of 10s. to 12s. 6d. a week for each child should be distributed to the mother. The cost of such a demand on the employers would be far less than any demand which would raise *all* wages to a level adequate to the needs of even a family of two children. Thus it would undermine their argument that industry could

not afford it, while the definite appeal for provision for actual children would appeal to public opinion.

The allowance should be paid for all children up to the school leaving age, and continued for those children who go on to secondary schools and universities.

It would be essential that the worker's organisations should have a preponderant share in the control and administration of the equalisation fund or pool, and that the allowances should be paid directly to the mother by the administration of the pool or by Trade Unions; never as part of wages by the employer.

It should also be the Trade Unions who collect and supply the information about the families of the workers so as to provide against interference in family life by the employers.

OBJECTIONS TO THE SCHEME.

Effect on Basic Wage.—By far the most serious objection is the fear that if the workers make this claim for a wage appropriate to the needs of the family, the employers will retort that they are quite willing to accept the principle, but will propose to apply it by reducing the wages of the men without children in order to provide the allowances for children. This fear no doubt explains largely the coldness and actual opposition to the introduction of family allowances in France and Belgium by Trade Union officials.

But this very fear is an argument for Trade Unions to take up the proposal and shape it to their own ends. If the industrial situation is such that the employers have power to reduce wages, they will do so whether on the excuse of family allowances or not. The actual share of the produce of industry which can be obtained by either side is not affected by the form of wages, but depends (a) on the general industrial situation; (b) on the strength of the organisation on each side; (c) on the standard of life of the workers. The real power of Trade Unions is based on the power of their organisation and the insistence of their members on maintaining their standard of life. More than half their members have no dependent children, and it is the standard of these that really sets the pace. Family allowances by preventing the lowering of the standard now occurring as the family increases may actually increase the stability of this great Trade Union force.

Effect on Bargaining Power.—Trade Unionists also object that there would be a division of interest between men with children and men without. But there seems very little basis for that. Young men want to marry and have children and would appreciate the fact that family allowances allow them to do this without reducing their standard of living. At the same time any reduction in the basic wage is felt by a man with children and he knows that when the children cease to be dependent he will have to live on the basic wage, and will, therefore, have strong motives to prevent its reduction. It is doubtful if there would be any real division of interest, certainly nothing like as much as exists now between different grades and classes of workers in such unions as the miners and railwaymen, without in any way weakening their bargaining power.

Underlying the objections of Trade Union officials there is no doubt much unconscious prejudice against a new method, strengthened very

naturally by the suggestions and experiments having come from the employers, or under pressure of conditions against which the workers rebel. But as experience of the system extends, the practical advantages begin to be appreciated, as will be seen from the most recent opinions collected in March, 1924, by the Family Endowment Council.

The Secretary of the French General Council of Trade Unions writes:—

“The allowances enable a fairer distribution of the produce of labour and a higher standard of life for the children. They have no real effect on the birth rate. We could not maintain that the allowances have not reacted on the bachelor's wage. But in actual practice, an organism which aims at equity and solidarity justifies certain sacrifices. Trade Union solidarity has not been impaired by the system. We in France regard the allowances as purely and simply a re-distribution on sounder and more humane lines of the Wage Bill.”

The Congress of French Postal Workers at their meeting in May, 1924, unanimously approved the principle of family allowances, but recommended they should be placed under collective control.

The Secretary of the Belgian Trade Union Congress writes that his body regard the system as a fulfilment of the principle “to each according to his needs,” but holds that it should be collective and completely independent of industry.

The Secretary of the Belgian Miners' Federation, after describing the development of the system in the industry and the gradual conversion of the workers to it, writes:—

“The allowances are everywhere accepted, and more important still, being paid direct to the mothers of the families, the latter find in them a valuable aid towards balancing their household budget; hence less anxiety for them and, as a result, a more joyous family life.”

This Federation has drawn up a set of rules they wish to get adopted by which the allowances would be secured to the workers as a right, to be continued during periods of involuntary unemployment, and under the control of a joint representative body.

The Effect on Population.—An objection from another point of view is that the system will unduly increase population and the size of families. The actual facts, however, do not seem to bear this out.

- (1) The largest families are always found where poverty is greatest. To improve the family income is the surest way to reduce the size of the family. Population statistics show this most markedly.
- (2) In France, where desire to increase the birth rate is strongest, and where family allowances have been in existence for several years, there is no evidence that it is stimulating the birth rate. This was less in 1923 than in 1922 in ten large towns where the system of family allowances was in force. And, as quoted already, the French Council of Trade Unions Secretary says that they have had no real effect upon the birth rate.

ADDITIONAL ADVANTAGES.

There are two very important advantages from the point of view of women in this alteration in the wages method.

1. *The Position of the Mother in the Home.*—The payment of the allowances to the mother recognises and raises her status in the home, and gives her a certain amount of economic independence.

2. *The Position of the Woman Wage-Earner.*—By making provision for the needs of the family, it removes the chief argument against paying women the same wage as men, namely, that men have a family to support and women usually have not. The needs of the unmarried woman ought to be fully as great as those of the unmarried man; that custom considers them smaller means that she is forced to a lower standard of living than the man. Equally with him she ought to be able to save in preparation for marriage, and she ought not to be called on to do her own housework after a long day's work for wages any more than a man. And a very large proportion of single women are contributing to the support of dependents. Therefore, she has a full claim to be paid the full basic wage.

WHAT THE SCHEME DOES NOT DO.

(1) The scheme of family allowances based on wages does not completely take the place of a national provision for family needs through State Bonus or Family Endowment because it leaves out large classes who are not wage-earners, such as self-employed persons, for many of whom (hawkers, etc.) family allowances are badly needed. But to be able to finance the system for the 14,000,000 adult wage-earners through the existing wages system would enormously ease the possibility of extending it by State provision to these other classes.

(2) In such a scheme of family allowances based on wages it does not seem possible to arrange for the allowance to be continued after the wages cease to be paid, for instance, during unemployment, sickness, or industrial disputes. But here again it should be possible to extend the scheme by State provision and to link it up with the existing schemes of Unemployment and Health Insurance, so that ultimately the allowances might be provided in all cases of involuntary unemployment.

(3) The wife as wife is not given the economic recognition of an allowance which is her due. This is a serious disadvantage, but the reasons for maintaining the same wage for unmarried workers seem too strong for any other method to be proposed at present. At the same time the whole scheme will raise the economic position of married women, and might well lead eventually to some legal recognition for her right to a portion of the wages corresponding to an allowance.

HOW THE SCHEME MIGHT BE OF USE AT ONCE.

At the present time in several of the most important industries—coal mining, engineering, shipbuilding, cotton—wages are down to or below pre-war wages, yet persistent efforts by the Trade Unions have failed to get any advance. In coal mining especially, some immediate advance for those with families is needed so urgently that it is possible that a proposal of this kind might be accepted by the employers. In all these trades it would be a much more effective method in removing distress than a small increase of the basic wage spread over all the workers.