



# The Compulsory Payment of Family Allowances in Belgium, France, and Italy

by

Claire HOFFNER  
*International Labour Office*

*During the years immediately after the war the system of family allowances came to be applied on a very large scale in several countries.<sup>1</sup> In most cases, in a period of economic instability, when there was always some lag in adapting wages to the rapid rise of prices, the aim in view was to help family breadwinners by contributing towards the cost of their children's keep. Later on, with the gradual return of economic stability, the system lost much of its importance in certain countries. In other countries, however, where the system had special aims in view, it continued to spread, and the family allowance became a normal item in the income of the working-class family. Such was the case notably in France and Belgium. Until fairly recently the system retained its optional character in these countries and was left entirely to the initiative of the employers. But at the moment when the economic pressure of the slump threatened the system with disaster, the State intervened in response to the wishes of the parties directly concerned, and gave the system of family allowances a legal basis which rendered it compulsory. In somewhat different circumstances Italy too has*

<sup>1</sup> In 1924 the International Labour Office published a first general study on the question under the title *Family Allowances: The Remuneration of Labour according to Need* (Studies and Reports, Series D (Wages and Hours of Work), No. 13). This study was summarised in *International Labour Review*, Vol. X, No. 3, Sept. 1924, pp. 470-485. Some other articles dealing with particular aspects of the problem appeared in the *Review* about the same period (cf. in particular Vol. IX, No. 2, Feb. 1924: "Family Allowances in French Industry", by Roger PICARD; Vol. XI, No. 3, March 1925: "Some Precedents for the Family Wage System", by Paul DOUGLAS). More recently, in 1930, an article was published in the *Review* giving a survey of developments in this field since the publication of the 1924 study (Vol. XXI, No. 3, March 1930, pp. 395-416: "The Family Allowance System: A Survey of Recent Developments"). Information on the scope and extent of family allowance systems in various countries will be found in the volume *International Survey of Social Services* (Studies and Reports, Series M (Social Insurance), No. 11; Geneva, 1933).

*recently introduced a system of family allowances in connection with the application of the forty-hour week.*

*The study of the recent developments in the history of family allowances in Belgium, France, and Italy, and the attitude to them of the various parties concerned, form the subject of the following article.*

**D**URING these years of depression few social welfare schemes have had a development to compare with that of family allowances. In the space of a few years the practice of granting family allowances has been recognised and made general by legislation, first in Belgium and then in France, while quite recently an agreement was concluded between the Fascist Confederation of Employers and the Fascist Confederation of Workers to introduce, under somewhat special conditions, a general system of family allowances on behalf of industrial workers in Italy. In this domain the depression, far from retarding progress, seems to have accelerated it.

It might have been expected that the movement would take the opposite course. At the outset of the depression, the system of family allowances, which had grown freely and steadily throughout the previous decade, slackened its rate of growth, then came to a standstill, and ultimately even began to lose ground. There seemed to be a danger that, under the growing stress of competition, an ever-increasing number of undertakings operating family allowance schemes would be driven to suspend them, thus jeopardising an institution the usefulness of which was widely recognised. What actually took place, however, was a sudden change of front on the part of the undertakings granting family allowances, and the equalisation funds through which they worked, which reversed their former attitude of hostility to legal compulsion in the matter, because they wanted the charges which they themselves had voluntarily assumed on behalf of their workers to be extended to their competitors. The new legislation was welcomed all the more warmly in that, generally speaking, though to a greater extent in France than in Belgium, it confined itself to confirming the existing state of affairs without placing any further burdens on the undertakings in which family allowances were already granted.

The public authorities were also favourable to the introduction of a generally binding family allowance system. In

public administrative departments these allowances had been granted for some time, and the Acts of 19 December 1922 in France and 14 April 1928 in Belgium had made it compulsory for all contractors carrying out work for the Government to provide family allowances for their staff.

In Italy, too, it was the depression that was mainly responsible for the general application of family allowances. The decline in industrial activity having necessitated a reduction of working hours, accompanied by proportionate cuts in wages, family allowances were introduced to provide some slight mitigation of the hardship involved in the case of family breadwinners.

In all three countries, the essential effect of the measures introduced was to apply the three principles of the compulsory payment of family allowances, the distribution of the resultant charges among the undertakings concerned, and State supervision.

The plan of the present article is as follows. A summary of the main provisions of the new laws and regulations in Belgium, France, and Italy respectively is followed by an account of the first effects of their application in each country. Their reception by the various parties concerned is then described, and the article concludes with a discussion of certain aspects of the problem of family allowances on which the extension of the system has conferred fresh interest.

## THE NATURE OF THE REGULATIONS

### Belgium

The Act of 4 August 1930<sup>1</sup> to establish a general system of family allowances in Belgium was the fruit of the efforts of all those who had voluntarily contributed to the development of family allowances during the previous years. It extended the statutory obligation to grant these allowances, imposed by the 1928 Act on contractors for works carried out or subsidised by the State, to every "industrial, commercial, agricultural or other undertaking", to all professions, and also (section 4) to the State itself, the provinces, and the communes "both

---

<sup>1</sup> MINISTÈRE DE L'INDUSTRIE, DU TRAVAIL ET DE LA PRÉVOYANCE SOCIALE : *Allocations familiales*. Loi du 4 août 1930. Arrêtés des 29 septembre, 8, 9, 10 et 31 octobre, 10 novembre, 3, 10, 12 et 18 décembre 1930. (Extraits du *Moniteur belge*.) 2nd edition. For the text of the Act, cf. also INTERNATIONAL LABOUR OFFICE: *Legislative Series*, 1930, Bel. 9.

in respect of the services for which they are responsible as public authorities and in respect of undertakings carried on directly by them." In contrast to the later French Act of 1932, which made ample allowance for the varying conditions existing in different regions and occupations, the Belgian Act introduced for the country as a whole a single minimum scale of allowances, uniform rates of contribution, and a secondary equalisation system organised among the primary funds to ensure the equal distribution of their charges on a national basis.

### *Statutory Liability*

The Act required every employer covered by its provisions (i.e. every employer employing one or more persons, whether with or without dependants), and in particular employers in industry, commerce, agriculture, and the liberal professions, to join an equalisation fund, the choice of which was usually left to himself, within a specified time limit. The fund selected might be either an equalisation fund set up on the employers' initiative and approved by the Government, or, in the case of employers in certain trades with special characteristics (home work, inland water transport, restaurants, etc.), a special equalisation fund, or again the State Auxiliary Equalisation Fund, to which the employer was automatically affiliated if he failed to register with some other fund within the prescribed time. These three kinds of funds are all affiliated to a central institution, the National Equalisation Fund for Family Allowances. The Act provides that the administrative departments of the State, provinces, and communes need not join an equalisation fund, but may, if they wish, pay family allowances directly to their employees; the same applies to the National Belgian Railway Company, the National Light Railway Company, and other public utility undertakings. Lastly, some employers are entirely exempted from the obligation to join an equalisation fund and pay contributions although their staff actually receive family allowances; they include in particular those employing only persons residing with them, fishermen who do not own their boats, and various classes of handicraftsmen working at home, including those working to order and employing not more than four workers. As will be seen below, both the provision making membership optional for administrative departments and other public bodies and that exempting certain classes of employers have given rise to certain difficulties in practice.

### *Equalisation*

As already noted, the law prescribes a uniform rate throughout the country both for the allowances and for the employers' contributions.

The monthly rate of the allowances is as follows<sup>1</sup>: 15 francs for the first child, 20 francs for the second, 40 francs for the third, 70 francs for the fourth, and 100 francs for each child after the fourth.

The employer's contribution is at the rate of 65 centimes per day worked for each male employee and 35 centimes for each female employee, irrespective of the size of the workers' families; and since this varies as between different undertakings, industries, and regions, the primary funds may find themselves with either a surplus or a deficit after paying out the prescribed allowances. In the former case, they are required to pay half the surplus to the National Equalisation Fund, which uses these amounts to make up the deficits of the other funds as far as possible. If the National Fund is unable to cover the whole of the deficit of the primary funds with the sums available, the Government steps in with a subsidy of 30 million francs, which is, however, earmarked for the payment of allowances for the third and subsequent children. Lastly, funds which continue to show a deficit in spite of the subsidies from the National Equalisation Fund and the Government are allowed to make a proportionate reduction in the allowances paid.

The share of their surplus which the primary equalisation funds are allowed to keep for themselves goes in the first place to build up a reserve fund, and may afterwards be used either to increase the allowances or to provide extra benefits such as maternity or nursing bonuses, etc. Any fund may provide extra benefits of this kind provided the employers affiliated to it pay supplementary contributions which are not compulsory under the Act.

Although a uniform scale has thus been fixed for family allowances, it will be seen that in practice the allowances and supplementary benefits provided for the beneficiaries may vary.

### *Beneficiaries*

Family allowances are payable to all workers in industry, commerce, agriculture, the liberal professions, and public

---

<sup>1</sup> These rates have since been modified. See below, p. 478.

administrative departments, and in general to all persons bound by a contract of employment or the like, or in receipt of a pension under the legislation governing insurance against old age and premature invalidity. The right to allowances is nevertheless subject to several conditions. The employment out of which it arises must be regular and sufficient. Any person who is not regularly employed for at least twelve days in the month by one or more employers subject to the Act and who does not work for at least four hours per working day is ineligible for a family allowance. The worker must be employed in Belgium and must be of Belgian nationality, but the equalisation funds may place foreign workers on the same footing as Belgian nationals and grant them the same benefits in respect of children brought up in Belgium.

The worker is entitled to an allowance for every dependent child up to 14 years of age, or up to 18 years in the case of children who are following a course of study and are not in paid employment, or who are bound by a contract of apprenticeship. There is no age limit in respect of children who are mentally or physically incapable of engaging in an occupation. Allowances are also payable in respect of a worker's young brothers and sisters who are not already covered by allowances in respect of the employment of their father or mother.

### *Supervision*

The Act provides for supervision over the employers, the beneficiaries, and the primary equalisation funds. The rules of the funds, which are required to lay down the penalties for fraud, must also provide for "the supervision which the management of the fund concerned will be bound to exercise in respect both of the affiliated employers and of the persons to whom allowances are due or must be paid." The primary funds must also submit a monthly report on the supervision of their members to the Minister of Industry, Labour, and Social Welfare, while the National Equalisation Fund reports twice a year to the same Minister on its supervision of the primary funds.

Direct Government supervision is also effected by officials appointed by the Crown to "supervise the administration of the Act, without prejudice to the duties incumbent on the officers of the judicial police." These officials have free access to all the undertakings, and the employers are bound to furnish

them with any information and documents they may request for purposes of supervision. Penalties are provided in case of fraud, false declaration, or refusal to supply the information requested. Further, the Government may withdraw its approval from any equalisation fund which is guilty of irregularities, or serious breach of the rules or regulations, or of refusal to submit to supervision, and in general if "the interests of the workers covered by the fund or those of the heads of affiliated undertakings are seriously prejudiced".

### France

The family allowance scheme introduced in France by the Act of 11 March 1932<sup>1</sup> is much more flexible and more liberal than that established in Belgium two years earlier. The chief effect of the French Act is to give general application to current practice in regard to the payment of family allowances.

Since 1918, when the first equalisation funds for family allowances were set up in France, at Lorient and Grenoble, the practice of paying these allowances had spread at a rate "almost unprecedented in the history of social institutions", and in 1930 the total number of equalisation funds had risen to 232.

Side by side with this spontaneous development of the family allowance system, there also grew up a movement of opinion in favour of making it compulsory. The earliest symptoms of this movement, such as the Bokanowski Bill of 1920, date back nearly as far as the system itself. As early as 1922 an Act was passed making it obligatory for public works contractors to pay family allowances to their workers, and to join an equalisation fund approved by the Minister of Labour. During the nine years of its operation no difficulties were met with in the application of this Act, which thus furnished valuable, if not decisive, experience.

When, therefore, under the influence of the depression, the development of the family allowance system gradually slowed down, and a movement of regression even set in (the number of equalisation funds, which had increased by only 11 from 1928 to 1929, and by 3 from 1929 to 1930, fell by 2 in 1931), and there

---

<sup>1</sup> COMITÉ CENTRAL DES ALLOCATIONS FAMILIALES: *Manuel pratique des allocations familiales*. 2nd edition. Paris, 1934. For the text of the Act, cf. *Legislative Series*, 1932, Fr. 3.

was reason to fear that the employers would tend more and more to throw off a burden which they had voluntarily assumed, and which placed them at a disadvantage in regard to their less generous competitors, the public authorities, in agreement with the sponsors of the system, decided that "it was time for the law to intervene and restore an equal distribution of charges among employers by compelling them all to join an equalisation fund".<sup>1</sup> On 25 July 1929 the Government introduced a Bill which in fact did little more than provide for the general application of the Act of 19 December 1922 respecting public works contractors; this was passed by the Chamber in March 1931 and by the Senate in January 1932, and was finally promulgated on 12 March 1932.

### *Statutory Liability*

The Act lays down the principle that "every employer who as a rule employs wage-earning or salaried employees, irrespective of age or sex", in industry, commerce, agriculture, or the liberal professions, must become a member of an approved equalisation fund. This is, in fact, the only obligation which the Act lays on employers. Exceptions may be allowed only in the case of certain large undertakings which have set up for their staff a family allowance scheme approved by the Minister of Labour. In principle the Act also applies to the State, departments, communes, and public institutions, except when the persons employed by them are already covered by a special family allowance scheme set up by law.

A special scheme is, however, provided for agriculture. This is due to the fact that, prior to the coming into force of the Act, family allowances were not as widespread in the country as in the towns. Equalisation funds were rare, had few members, and existed mainly in districts of large-scale cultivation, in which the conditions of agricultural workers tend to approximate to those of town workers. Hence the Act provided that special public administrative regulations should be issued laying down the conditions under which the scheme should apply to agricultural undertakings. These regulations have been drafted and are at present under consideration by the Chambers of Agriculture.

---

<sup>1</sup> Circular of the Minister of Labour of 25 June 1932.



### *Equalisation*

In France the system of equalisation is not organised on a national basis as in Belgium, but within each fund separately. The law does not fix a minimum rate for the employer's contribution, and leaves the several funds entirely free as to the methods they may adopt to meet the cost of the statutory allowances. Thus the funds are allowed to choose their own method of assessing the employers' contributions, which may be either fixed or variable, and in the latter case may be assessed in advance or *a posteriori*, and on the basis either of the number employed in the undertakings, the number of days worked, the amount of the wage bill, the area of land under cultivation, etc., provided, of course, that in no case may the contributions be based on the family responsibilities of the staff of the affiliated undertakings.

Similarly, the Act does not lay down a uniform scale for the family allowances payable by the funds, but merely prescribes the procedure for fixing the rates. It leaves the funds themselves to fix the allowances paid, subject, however, to the very important proviso that they shall not be lower than the minimum rate fixed by Decree for each department, either for the whole body of occupations or for each class of occupations. It also provides that these minimum rates shall be equal to those observed at the time of the promulgation of the Act by equalisation funds which are already approved. In practice, this means the funds set up under the Act of 19 December 1922 and the Decree of 13 July 1923 concerning public works contractors, under which the minimum rates for family allowances were to be fixed with reference to the rates customary in the various districts or occupations. Here again, therefore, the Act confined itself to confirming the existing state of affairs.

The Act does not provide for any benefits other than family allowances. In particular, it makes no provision for financing the various other social services which are often administered by equalisation funds, such as maternity and nursing bonuses, home nursing services, health services, pre-natal and post-natal consultations, dispensaries, preventive institutions, rest homes, courses in housewifery, holiday homes, social centres, educational publications, etc. These services are accordingly financed by increasing the rate of the contributions paid by the members of the funds. The contributions also necessarily vary from fund

to fund as a result of the system adopted, and in particular of the differences between the liabilities assumed by the funds in different regions and occupations, the method of assessing the employers' contributions, the amount of the contributions paid, etc.

### *Beneficiaries*

The Act providing for the payment of family allowances covers all employed persons, with the sole exception of officials covered by a special family allowance scheme and domestic servants. No distinction is made as to age, sex, nationality, duties, or remuneration, and the scheme therefore covers not only wage earners of all kinds, foremen, and lower-grade salaried employees, but also higher-grade salaried employees, engineers, managers, etc. In the event of an occupational accident, the allowances are payable throughout the period of temporary incapacity, and, if the accident results in death or permanent incapacity, until the children reach the age limit specified by the Act.

The allowances are based on the number of days' work performed, and are payable in respect of every legitimate, recognised, or adopted child, and every ward, residing in France, dependent on the worker, and below the age when compulsory school attendance ceases (at present 13 years), or, if the child continues his studies, is apprenticed, or is an invalid, up to the age of 16 years.

### *Supervision*

The labour inspectors, in conjunction with the police authorities, are responsible for supervising the administration of the Act, and an employer may be required at any time to prove that he is a member of an equalisation fund and that he has paid his contributions up to date. Penalties are provided for breaches of the provisions of the Act, over and above "damages to which the offender may be liable with respect to heads of families whom he has employed, for family allowances of which such persons have been deprived."

### *Italy*

The family allowance scheme introduced in Italy differs in several particulars from those in force in Belgium and France.

In the first place, it was not set up by law. In view of the legal status of trade associations in Italy, however, the agreement of 1 October 1934 between the Fascist Confederation of Industry and the Fascist Confederation of Industrial Workers, on which the family allowance scheme is based, has the same effects in practice. Secondly, the Italian system is less general, applying only to workers in industry.<sup>1</sup> Moreover, in contrast to the position in Belgium and France, where the employers alone bear the full cost of family allowances, the Italian scheme provides for the sharing of the expense equally between employers and workers. Lastly, the circumstances in which the scheme was introduced are peculiar, and the principle of equalisation is original. It was in fact established in connection with the reduction of the working week to forty hours, with a corresponding reduction in wages, with a view to tempering the effects of the resulting wage cuts for workers with families, and the funds to cover the payment of the allowances are formed by contributions which vary according as weekly hours of work are forty or more than forty.

### *Equalisation*

In pursuance of the agreement, a National Family Allowance Fund for Industrial Workers was set up under the National Fascist Social Welfare Institution. This Fund is administered by a Governing Body consisting of a chairman appointed jointly by the two contracting Confederations, or, failing their agreement, by the Minister of Corporations, three representatives each of the two Confederations, the Director-General of the Department of Labour, Social Welfare, and Assistance in the Ministry of Corporations, the Director-General of the National Fascist Social Welfare Institute, and one representative of the Executive Committee of the National Fascist Party.

The resources of the Fund are constituted as follows :  
 (1) a contribution from all industrial workers at the rate of 1 per cent. of the wages received for hours worked up to forty per week, and an equal contribution from the employers;  
 (2) a contribution from workers working more than forty hours, at the rate of 5 per cent. of the wages received for all hours worked in excess of forty per week, and an equal contribution from the employers.

---

<sup>1</sup> The scheme has since been extended to commercial workers.

The rate of the allowances varies. It is fixed for each year by the Governing Body of the National Family Allowance Fund according to the funds available. The rate of the weekly allowance for the first year, for instance, was fixed at 4 lire for each child.<sup>1</sup>

The scheme operates as follows. The employer deducts from wages the amount of the contributions due from his workers and pays them the prescribed allowances directly. If the contributions, including that of the employer, exceed the amount paid out in allowances, the employer forwards the surplus within five days to the provincial headquarters of the National Fascist Social Welfare Institute. If on the contrary the allowances paid exceed the contributions collected, the Institute refunds the difference to the employer within the same time limit.

### *Beneficiaries*

The allowances are payable to all industrial workers who are heads of families (usually the father or mother), and work for less than forty hours per week. They are due in respect of every child up to 14 years of age. At present the only workers excluded from the scheme are home workers.

### *Supervision*

Supervision is exercised both over the undertakings which pay family allowances and over the National Family Allowance Fund. In each province a special supervisory committee is set up at the provincial headquarters of the National Fascist Social Welfare Institute, with the duty of "seeing that the payment of contributions and allowances proceeds smoothly, investigating appeals concerning contributions and allowances, issuing reasoned opinions concerning these appeals, and maintaining contact with the trade associations and the inspection authorities of the corporations." The employers must keep accounts of the transactions involved, i.e. of contributions collected and allowances paid, and report on them to the provincial headquarters of the National Fascist Social Welfare Institute. The body responsible for supervising the management of the National Fund is a board comprising one representative each of the Ministry of Corporations, the Fascist Confederation of Industry,

---

<sup>1</sup> *Il Lavoro Fascista*, 22 Jan. 1935.

and the Fascist Confederation of Industrial Workers. The Governing Body of the Fund is also required to submit the general balance-sheet of the Fund and statistics of its activities to the Ministry of Corporations every year.

## THE APPLICATION OF THE REGULATIONS

### Belgium

The growth of the family allowance system in Belgium under the Act of 4 August 1930 is shown by the following table. From 1929 to 1932 the number of undertakings affiliated to the equalisation funds increased by 2,079 per cent., the number of workers employed in these undertakings by 125 per cent., the number of children for whom allowances were paid by 167 per cent., and the total sum paid out in allowances by 147 per cent.

These percentages, and in particular the disparity between the increase in the number of affiliated undertakings and in the other data, suggest that, while the possible effects of unemployment should not be forgotten, the principal result of the Act has been to extend the system to a great many small undertakings employing few workers, and that the average allowance per child has diminished.

THE GROWTH OF THE FAMILY ALLOWANCE SYSTEM IN BELGIUM

Year	Number of equalisation funds	Number of affiliated undertakings	Number of workers employed by the undertakings	Number of children receiving allowances	Total cost of allowances
					Frs.
1929 <sup>1</sup>	44	3,852	581,600	331,000	92,630,000
1931	87 <sup>2</sup>	28,620 <sup>3</sup>	1,257,891 <sup>3</sup>	805,567 <sup>3</sup>	168,241,920 <sup>3</sup>
1932	—	83,931 <sup>3</sup>	1,307,323 <sup>3</sup>	884,846 <sup>3</sup>	229,262,430 <sup>3</sup>
1933 <sup>4</sup>	88	96,497	1,277,673	885,030	249,369,071

<sup>1</sup> *Bulletin des Allocations familiales*, Brussels, Jan. 1934.

<sup>2</sup> Georges HEYMAN: *Les allocations familiales en Belgique*, p. 11. Brussels, 1931.

<sup>3</sup> CAISSE NATIONALE DE COMPENSATION POUR ALLOCATIONS FAMILIALES: *Rapport au Conseil d'administration*, Assemblée du 20 septembre 1933, p. 43.

<sup>4</sup> Figures supplied by the Belgian Government.

The Act was applied by stages. On 1 January 1931 it came into force for all employers who employed at least 250 persons on 1 November 1930; on 1 April of the same year for those who employed more than 100 workers at the same date; on 1 July

for those who employed more than 10 workers, on 1 October for those who employed more than 5 workers, and finally, on 1 January 1932 for those who employed 5 workers or less.

At this last date, however, the application of the Act was still far from general, for the National Equalisation Fund noted in its report for the financial year 1933 that out of an estimated total of 124,000 employers who should normally be covered by the scheme there were still 40,000 who had failed to affiliate. Moreover, the financial position of the scheme was by no means satisfactory, the National Equalisation Fund having recorded a deficit of 10,031,706 francs in 1932 and 5,214,026 francs in 1933.

This unsatisfactory state of affairs was doubtless due partly to the prevailing economic depression, which may also be regarded as responsible for the delay in the payment of contributions by many affiliated employers and for the Government's failure to pay its annual subsidy of 30 million francs. At the same time, however, the financial equilibrium of the scheme may also have been affected by some of the provisions of the Act itself.

Both the competent authorities and the interested parties have had various criticisms to make in regard to the abuses to which the application of a number of the provisions of the Act has given rise. Thus, as a result of section 41 of the Act, which leaves public administrative departments and institutions treated as such the option of joining or not joining an equalisation fund, only those drawing a larger sum in allowances than they pay in contributions have joined the funds, a fact which has placed a very heavy burden on the scheme, amounting, for instance, to 1,500,000 francs per quarter for the National Belgian Railway Company alone.<sup>1</sup>

Again, sections 43 and 49 of the Act, providing that no contributions shall be due on account of workers residing with their employers and that these workers shall nevertheless be entitled to family allowances, were bound to lead to abuses, not only because of the extra burdens they lay on the scheme, but also because classes of employers other than those specified by the Act (e.g. employers in respect of their domestic servants) have claimed its benefits in agriculture, the hotel industry, the catering and clothing industries, etc.

---

<sup>1</sup> JOS. BONDAS: "La revision de la loi sur les allocations familiales", in *Le Mouvement syndical belge*, 20 Dec. 1933.

The provision authorising the primary funds to retain half the surplus remaining after they have paid out the statutory allowances has also given rise to criticism. In particular, it is considered in some quarters "that it would have been more logical and also sounder from the technical standpoint not to have limited these payments to 50 per cent. of the surplus".<sup>1</sup> Section 22, which grants workers the right to allowances for their young brothers and sisters, without clearly specifying the conditions in which this right may be exercised, has also proved a source of abuses.

The various criticisms to which the application of the Act has given rise are far too numerous to be recorded in detail here; but those mentioned above are the most important, applying as they do to points that called for prompt action owing to the nature of the difficulties they created. Most of the provisions to which objections had been raised were in fact amended by the Royal Orders of 14 August 1933 and 16 January 1935.

The first of these Orders, the object of which was "primarily to safeguard the financial equilibrium of the scheme and at the same time to avoid any increase of the burdens on industry by putting a stop to wrongful interpretations of certain provisions of the Act", defines the term "workers residing with their employer", so as to make it impossible "for large groups of heads of undertakings to take advantage of the provision excluding workers residing with their employer from the scope of the Act in order to evade the law and yet claim family allowances for their staff, without any sacrifice on their own part, thus placing the full burden of these allowances on the other employers covered by the Act by the operation of section 49."<sup>2</sup>

The same Order further specifies, in regard to sections 18 and 22 of the Act, that allowances are due only in respect of children actually dependent on the workers, a condition applying especially in the case of young brothers and sisters. It also lays down penalties for employers who have joined an equalisation fund, but pay their contributions irregularly or not at all.

The part of their surplus income which the primary funds are entitled to keep has not been changed, but the Order of 16 January 1935 stipulates that "in no case may it exceed 25 per

<sup>1</sup> Georges HEYMAN : *op. cit.*, p. 100.

<sup>2</sup> Report to the Crown on the Royal Order to amend the Act of 4 August 1930 to establish a system of family allowances.

cent. of the total amount of the statutory minimum allowances distributed by the fund."

The difficulties encountered in applying the Act, coupled with the wish to reduce the charges on employers during a period of specially severe depression, have led the Government to reduce both the amount of the employers' contributions and the rate of the allowances paid by the funds. Accordingly the Order of 16 January 1935 also provides for the reduction of the rate of the employer's contribution for each worker employed from 65 to 50 centimes for males and from 35 to 25 centimes for females, and for the reduction of the rate of the allowances from 15 to 9 francs for the first child, from 20 to 12 francs for the second, from 40 to 32 francs for the third, from 70 to 65 francs for the fourth, and from 100 to 95 francs for the fifth and subsequent children.

### France

The first measure towards the application of the French Act was to set up, in the Ministry of Labour and Social Welfare, a Superior Family Allowance Board. This was done by a Decree of 2 October 1932. The Board was required to give its opinion with respect to the various necessary administrative regulations and decrees, since the Act could not be put into operation until after the issue of public administrative regulations fixing the conditions for its application, ministerial Orders fixing the minimum rates for each department, and Decrees prescribing the time limits within which the Act was to come into force in the various regions and occupations. As a Family Allowance Board had, in fact, existed since 1929, all that had to be done was to adjust it to the new requirements.

The public administrative regulations were issued on 14 March 1933, a year after the promulgation of the Act. Among other provisions they defined the conditions for the approval of equalisation funds, the procedure for fixing the rates of allowances and for the publication of the Decrees fixing the date of coming into force of the Act, and the proofs to be furnished in respect of children over school-leaving age, and also set up a local family allowance board in each department. Here again it was not a question of setting up new bodies, but only of completing and enlarging the former local family allowance boards set up under the Act of 19 December 1922, so as to adapt them to the new conditions created by the Act providing for the general application of the family allowance system.



With the completion of the network of equalisation funds to cover all the departments, all the machinery necessary for the operation of the Act was in existence. There still remained, however, the task of fixing the rates of the allowances. By a series of Orders issued between 23 August and 3 September 1933 the Minister of Labour, after consulting the local boards and the Superior Family Allowance Board, fixed the minimum rates of allowances payable in each department. In most cases (81 departments) the rates so fixed were the same as those observed under the Orders issued in pursuance of the Decree of 13 July 1923 and in force when the new Act was promulgated, but in 9 departments they were higher.<sup>1</sup>

The rates of the allowances vary widely from one department to another, as the table on the following page shows. They range from 15 to 30 francs a month (most usual figure 20 francs) for the first child and from 45 to 200 francs (most usual figure 90 or 100 francs) for three children. Although these are only minimum rates they have seldom been exceeded in practice, the exceptions being generally for office staff, and in particular bank employees.

In accordance with the intentions of the legislature the Act was enforced by successive stages, with a view to avoiding the sudden imposition during a time of depression of burdens which, for some at least of the undertakings concerned, were entirely new. It was applied first, throughout the whole country, to industries in which the practice of paying family allowances was already widespread, since "it was important that in these occupations the employers who already provided family allowances should again be placed on an equal footing with the others as soon as possible".<sup>2</sup> The first Decree was issued on 12 August 1933 and fixed 1 October of the same year as the date at which the Act was to come into force in a number of occupations, and most other occupations were gradually brought within the operation of the Act by subsequent decrees.

The following table shows the growth of the family allowance scheme in France from 1929, i.e. before the promulgation of the Act, to May 1934. In France, as in Belgium, the chief effect of the Act seems to have been to bring in small undertakings employing fewer workers than those which were originally affiliated to the funds. From 1929 to 1933 the number of

---

<sup>1</sup> *Bulletin du ministère du Travail*, July-Aug.-Sept. 1934, p. 220 : "L'application de la loi sur les allocations familiales au 1<sup>er</sup> juin 1934."

<sup>2</sup> *Idem*, April-May-June 1934.

affiliated undertakings rose by 168 per cent., while the increase in the number of workers employed by these undertakings was only 39 per cent. On the other hand, there was a slight increase in the average amount of allowances paid per worker.

FAMILY ALLOWANCES IN FRANCE : COMPULSORY MINIMUM RATES SINCE  
1 OCTOBER 1933

Scale				Number of departments or regions affected
1 child	2 children	3 children	Each subsequent child	
Frs.	Frs.	Frs.	Frs.	
15	30	45	+ 20	1 (a)
15	30	70	+ 40	3 (b)
15	45	85	+ 50	1 (c)
17.50	40	67.50	+ 27.50	10 (d)
17.50	40	70	+ 40	1 (e)
20	45	75	+ 35 + 40	3 (f)
20	50	90	+ 40	16 (g)
20	50	90	+ 50 + 60	20 (h)
20	50	100	+ 50	11 (i)
20	50	100	+ 70 + 40	1 (j)
20	60	105	+ 50 + 50 + 60	1 (k)
25	45	75	+ 35 + 40	1 (l)
25	50	100	+ 50	1 (m)
25	55	105	+ 50 + 60 + 70	1 (n)
25	60	105	+ 45 + 50	1 (o)
25	60	110	+ 80	12 (p)
25	62.50	112.50	+ 50 + 62.50 + 75 + 100	1 (q)
25	85	200	+ 120	1 (r)
30	70	120	+ 80	4 (s)

Source : COMITÉ CENTRAL DES ALLOCATIONS FAMILIALES : *Manuel pratique des allocations familiales*, p. XXV. Paris, 1934.

- (a) Corsica.
- (b) Cantal, Haute-Loire, Lozère.
- (c) Yonne.
- (d) Calvados, Finistère, Loire-Inférieure, Maine-et-Loire, Mayenne, Morbihan, Orne, Sarthe, Vendée, and Ille-et-Vilaine, but in the last-named department the rates for children after the third are + 27.50, + 45, + 60.
- (e) Manche.
- (f) Doubs, Jura, Haute-Saône.
- (g) Ariège, Aude, Aveyron, Côtes-du-Nord, Dordogne, Haute-Garonne, Gers, Landes, Lot, Lot-et-Garonne, Basse-Pyrénées, Hautes-Pyrénées, Pyrénées orientales, Deux-Sèvres, Tarn, Tarn-et-Garonne.
- (h) Allier, Charente, Charente-Inférieure, Cher, Corrèze, Creuze, Eure, Eure-et-Loir, Indre, Loir-et-Cher, Loire, Loiret, Nièvre, Oise, Pas-de-Calais, Puy-de-Dôme, Seine-Inférieure, Somme, Vienne, Haute-Vienne.
- (i) Basses-Alpes, Hautes-Alpes, Alpes-Maritimes, Ardèche, Drôme, Gard, Hérault, Savoie, Haute-Savoie, Var, Vaucluse.
- (j) Vosges.
- (k) Haute-Marne.
- (l) Territory of Belfort.
- (m) Bouches-du-Rhône.
- (n) Indre-et-Loire.
- (o) Bas-Rhin.
- (p) Ain, Aisne, Ardennes, Côte d'Or, Isère, Marne, Meurthe-et-Moselle, Meuse, Moselle, Nord, Rhône, Saône-et-Loire.
- (q) Haut-Rhin.
- (r) Aube.
- (s) Seine, Seine-et-Marne, Seine-et-Oise, Canton of Creil.

## THE GROWTH OF THE FAMILY ALLOWANCE SYSTEM IN FRANCE

Year	Number of equalisation funds	Number of affiliated undertakings	Number of workers employed by the undertakings	Total cost of allowances
				Frs.
1929 <sup>1</sup>	229	25,000	1,740,000	292,000,000
1932 <sup>2</sup>	255	30,000	1,850,000	380,000,000
1933 <sup>3</sup>	—	67,000	2,425,000	435,000,000
1934 (May) <sup>4</sup>	—	100,000	3,400,000	565,000,000

<sup>1</sup> *International Labour Review*, Vol. XXI, No. 3, March 1930, p. 396.

<sup>2</sup> VI<sup>e</sup> Congrès international pour la vie et la famille, tenu à Paris les 21 et 22 avril 1933 : Rapport de M. G. BONVOISIN, p. 99, and COMITÉ CENTRAL DES ALLOCATIONS FAMILIALES : *Compte rendu du XIV<sup>e</sup> Congrès national des allocations familiales*, Nice, 23-27 mai 1934, p. 159.

<sup>3</sup> COMITÉ CENTRAL DES ALLOCATIONS FAMILIALES : *Compte rendu du XIV<sup>e</sup> Congrès des allocations familiales*, p. 159.

<sup>4</sup> *Journée industrielle*, 27-28 May 1934.

According to Mr. Picquenard, Director of the Labour Section of the Ministry of Labour<sup>1</sup>, by May 1934, eight months after coming into force, the Family Allowance Act, which was capable of being applied to a total of 7,173,000 workers, had been made applicable to nearly 5,912,000 workers, or 82 per cent. of the possible total. For the liberal professions, the proportion was 11 per cent., or 35,000 workers out of 305,000; for commerce 37 per cent., or 458,000 out of 1,238,000; and for industry over 96 per cent., or 5,418,000 out of 5,605,000. <sup>2</sup>

But although the Act was theoretically applicable to all these workers, only 71 per cent. of the total number thus covered, or 4,200,000, were actually enjoying the benefits it conferred, 3,200,000 of these through the equalisation funds and the rest <sup>3</sup> through special schemes. By 1 January 1935 the only groups which remained to be brought under the provisions of the Act were certain branches of retail trade and of the food and drink industry, maritime and river transport, the woodworking industry, etc., and agriculture, for which, as already noted, a special scheme is to be set up.<sup>4</sup> The conditions in which the Act will be applied to agriculture will probably differ considerably from those obtaining in industry, one reason for this being the

<sup>1</sup> *Compte rendu du XIV<sup>e</sup> Congrès des allocations familiales*, p. 108.

<sup>2</sup> *Ibid.*, pp. 88-89.

<sup>3</sup> 400,000 railway workers, 400,000 miners, 200,000 workers in public utility undertakings, banking institutions, etc.

<sup>4</sup> *Bulletin des allocations familiales*, Jan. 1935.

very wide differences between agricultural undertakings in different regions.

According to Mr. Picquenard, the total cost of all allowances paid by equalisation funds and public bodies (State, departments, communes, and public utility services paying family allowances directly to their staff) will amount to about 4,000 million francs per year.

The first results of the application of the Act were considered by the National Congress on Family Allowances at its Fourteenth Session, held at Nice from 23 to 27 May 1934, and also at a subsequent session of the Central Committee on Family Allowances.<sup>1</sup> The resolution adopted on the latter occasion, which summarises the views expressed at the meeting, runs as follows :

Whereas the Act of 11 March 1932, making the payment of family allowances compulsory, came into force on 1 October 1935 ;

Whereas during the fifteen months which have elapsed since that date the interested parties have had ample time to prepare for the application of a measure which had already been widely introduced on a voluntary basis ;

Whereas the equalisation funds responsible for applying the Act now operate in all parts of the country and for all the occupations covered by the Act ;

Whereas nevertheless the Decrees fixing the dates for the application of the Act to certain occupations have not yet been issued ;

Whereas the result of this has been to maintain a state of inequality to the disadvantage of some workers with families to support, to whom it is difficult to give any justification of the exception of which they are the victims ;

Whereas for the employers too these conditions result in an inequality of charges which current economic difficulties are making more and more perceptible ;

Whereas the object of the Act was precisely to put an end to this twofold injustice ;

The Central Committee on Family Allowances recommends :

(1) That the publication of the Decrees to bring under the Act occupations not yet covered by it should be speeded up, so that the full application of the reform to all workers in industry, commerce, and the liberal professions may be completed before the end of 1935 ;

(2) That decisions to notify the refusal of approval to irregularly constituted funds in regard to which the Superior Family Allowance Board has issued an unfavourable report be taken without delay ;

(3) That the last two obstacles to the full and general application of an Act which is unanimously regarded as representing one of the fairest and most beneficial reforms achieved by contemporary legislation be thus removed.

---

<sup>1</sup> *Ibid.*

In the course of its plenary session, the Central Committee on Family Allowances also took note of two amendments to the Act of 11 March 1932. The first of these provides for the extension of the Act to public administrative departments (prefectures, municipalities, public institutions, etc.), with the exception of those "in which special family allowance schemes have been introduced", while the other prohibits employers from trying to recover the cost of the allowances out of the wages of their staff, specifying that "the introduction of compulsory family allowances shall in no case be a determining factor in a reduction of wages."

### Italy

The Minister of Corporations having approved the rules of the National Family Allowance Fund, the Governing Body of the Fund met on 29 December 1934 to discuss the working of the Fund, the principles of the "integration" of wages, and other questions connected with the organisation and administration of the scheme. It fixed at 14 January 1935 the date from which family allowances should be paid, contributions being payable from 3 December 1934.

The Delta Agency<sup>1</sup> states that according to an authorised source the number of undertakings liable for affiliation to the National Family Allowance Fund is probably about 150,000, the number of workers contributing to the Fund about 1,700,000 males and 400,000 females, and the total amount of contributions between 180 and 200 million lire per year.

It is further estimated that the number of workers who will benefit by the allowances will probably vary between 360,000 and 540,000 and the number of children for whom allowances will be due between 500,000 and 740,000.<sup>2</sup> For the first financial period of the Fund (14 January to 31 March 1935), however, and for practically the whole country, the receipts of the Fund constituted by contributions from employers and from workers employed both over and under forty hours per week amounted only to 15,587,642 lire, and the total sum paid out in allowances only to 13,580,560 lire.<sup>3</sup> The allowance for each child, as already noted, has been fixed at 4 lire per week.<sup>4</sup>

<sup>1</sup> *Il Lavoro Fascista*, 25 Jan. 1935.

<sup>2</sup> *Le assicurazioni sociali*, Nov.-Dec. 1934.

<sup>3</sup> Figures supplied by the Italian Government.

<sup>4</sup> *Il Lavoro Fascista*, 22 Jan. 1935.

## PUBLIC OPINION

Within the recent past family allowances have been the subject of a great deal of controversy. They have had ardent champions and not less determined adversaries. During the last few years, however, as the system has spread in practice, the discussions have died down, and on the whole the regulations providing for the general application of family allowances seem to have been favourably received. It may be of interest to consider the opinion of the groups and authorities concerned in the development of this system, as regards both the institution itself and also the actual regulations adopted.

Family allowances were originated by employers and developed on a voluntary basis with their benevolent support. The initiators of the system justified it on grounds both of principle and of expediency. It was argued that family allowances would, among other things, have the effect of replacing the principle of the remuneration of labour on the sole basis of the value of the services rendered by the principle of remuneration based at least in part on family needs; that they would lead to a fairer and socially more desirable distribution of the total income of the workers; and that they were also a method of raising the birth rate, and consequently promoting the growth of the population, and of ensuring more effective protection for children, while at the same time they served to forge a closer link between employers and workers.

These social considerations were reinforced by others of an economic order, which no doubt played at least an equally influential part. In times of sudden and violent fluctuations in the cost of living, as for instance in periods of inflation, employers found in family allowances a practical method of adjusting wages with the minimum burden to themselves, since it was sometimes possible for them to avoid a general increase in the wages of all their workers, including single men, by granting a rise in wages, corresponding more or less closely to the increase in the cost of living, only to the workers with family responsibilities. Some employers have indeed even regarded family allowances as a method of reducing the total amount of their wage bill; thus, the following phrase occurs in a circular issued to its members by the Belgian Federation of the Building and Public Works Industries: "The ultimate result of family allowances will be to reduce the total wage bill by securing its

better distribution, and thus to relieve the general costs of industry, while at the same time preventing the chronic rise in the cost of living which is partly due to the rise of wages.”<sup>1</sup>

For a long time employers in both France and Belgium remained hostile to State intervention in the field of family allowances, partly because they were afraid that the general application of the system would deprive them of the moral advantages they had gained from initiating it.<sup>2</sup> As the system spread, however, their opposition gradually weakened, and ultimately gave way to a desire to see the charges represented by family allowances extended to all employers. They were confirmed in this attitude, as already noted, by the depression, which greatly increased the difficulties of competition.

Among the workers, the family allowance system at first met with very definite opposition. Although they were actually in favour of the principle of payment according to need, the workers were uncompromisingly hostile to the employers' initiative in this field, which they accused of weakening working-class and trade union solidarity and crippling trade union action for securing higher wages. They also denounced what they regarded as the “pseudo-philanthropy” of the employers and contested the employers' right to intervene in the protection of the worker's family and the promotion of a rise in the birth rate, matters which they regarded as the business of the community as a whole.<sup>3</sup> Instead of family allowances, the workers' organisations demanded a living wage sufficient to support an average family, and extra family bonuses for family breadwinners with a specified number of children.<sup>4</sup>

But trade union opposition was powerless to stem the advance of the system. During the years following the war, the wide gap between the rise in the cost of living and the rise in wages made their task in this respect particularly difficult, because most of the workers were prepared to welcome any measure likely to improve their situation.

In the face of the remarkable development of the family

---

<sup>1</sup> *Bulletin des allocations familiales*, No. 9, 1935.

<sup>2</sup> Cf. in particular V. FALLON : *Les allocations familiales en Belgique et en France*, pp. 165 et seq. Brussels, 1926.

<sup>3</sup> For the workers' attitude to the question of family allowances cf. in particular the resolution submitted to the Congress of the French General Confederation of Labour in January 1923, published in *La Voix du Peuple*, Feb. 1923.

<sup>4</sup> Cf. in particular the reports to the Congress of the Belgian Christian Trade Unions cited by H. PAUWELS in *Les allocations familiales (Dossiers de l'Action catholique)*, April 1925).

allowance system, the trade unions gradually modified their hostility and adopted a more tolerant attitude, until ultimately the workers' organisations too came to demand legislation providing for the general application of family allowances under conditions which they specified. They declared themselves in favour of a system of family allowances financed or subsidised by the State, under State supervision, and administered jointly by the State, employers, and workers.

The regulations ultimately adopted gave satisfaction to the workers' demands on certain points. They had the effect of securing the general application of family allowances, removing some of the features regarded as undesirable, and introducing State supervision; and the workers' spokesmen expressed their satisfaction at a reform "which removes from this great service of social and human solidarity much of the element of the employers' generosity that formerly characterised it and reduces the arbitrary extra power it conferred on them.... Family allowances have now become a right, marking above all an advance in the direction of mutual aid and towards the concept of collective responsibility and duties."<sup>1</sup>

At the same time the legislation adopted did not satisfy all the workers' demands. This is clear from various statements which define the workers' attitude to the problem of family allowances in the new conditions established by the reform. In France the General Confederation of Labour, at its Congress in September 1933, adopted a resolution on the subject couched in the following terms:

An Act was recently passed and is now coming into force making the payment of family allowances compulsory through the general extension of equalisation funds to cover all employers.

Whereas the family bonus is not the effect of the employers' will, but is constituted out of levies on the work of all, we consider that the workers should have an effective right to participate in the management of the equalisation funds and we demand that the present Act be amended to this effect. . . .

The funds should be administered by joint bodies as affording the only guarantee of absolute neutrality in political and religious matters.

We also consider that these allowances should be paid even for days of unemployment and sickness, since otherwise the Act will lose its true character as a measure of family protection.

Whereas also family allowances afford some relief to the extreme poverty of many working-class homes, we call for the prompt application of the Act and its extension to all categories of wage earners.<sup>2</sup>

---

<sup>1</sup> Raoul LENOIR, in *Le Peuple*, Paris, 7 Oct. 1933.

<sup>2</sup> *Documents parlementaires*, 1933, p. 773.



As far as the present writer is aware, no similar resolution has been adopted in Belgium defining the attitude of the Trade Union Council to the Act of 4 August 1930. In an article published in the organ of the Council a few months after the Act came into force, Mr. J. Bondas pointed out that the Trade Union Council had never declared itself opposed to the principle of family allowances and had been the first to demand their general application by law.<sup>1</sup>

In a second article, published three years later in the same paper in connection with the work of the Committee responsible for drafting the amendments to the Act, Mr. Bondas expressed himself as follows :

We do not, of course, maintain that the 1930 Act is perfect either from the social or from the technical standpoint. Undoubtedly it would have been very different if we had drafted it ourselves ; but for the moment that is not the question, and we consider that the Act has been in force for too short a time and during too abnormal a period for it to be possible to justify certain extreme changes.<sup>2</sup>

Under the title " Why we are in favour of family allowances ", the organ of the Confederation of Christian Trade Unions<sup>3</sup> also published an article defining the Confederation's position, and in particular explaining its change of front in regard to the demand for a living wage, in which the following passage occurs :

Family allowances are the only really practical method of ensuring that families with children to support shall have an income sufficient to enable them to live decently. If we were to demand for the father of a large family a wage enabling him to bring up his four or five children properly, we should be placing a burden on industry which it would be unable to bear, for no exception can be made to the rule of " equal pay for equal work ", so that we should also have to demand the same wage for all his fellow workers, even those who are unmarried. Family allowances, on the contrary, enable wages to be calculated on the basis of the needs of a household without dependent children, always provided that the allowances are large enough to cover the cost of maintenance of each child for whom they are paid. It is true that in the past the Confederation demanded a family wage, calculated on the basis of a family of four, consisting of father, mother, and two dependent children, but experience has shown this basis to be impracticable in Belgium, because there are a large number of childless couples for whom it is impossible to claim an income adequate to support a family of four.

---

<sup>1</sup> *Le mouvement syndical*, 20 Dec. 1930.

<sup>2</sup> *Idem*, 20 Sept. 1933.

<sup>3</sup> *C.S.C.*, May 1933.

## THE OBJECTS IN VIEW AND THE NEW REGULATIONS

The experiments now about to be carried out in Belgium, France, and Italy on a wide scale and with various special features in each case will doubtless lead to a revival of interest in the institution of family allowances itself. In the light of these experiments it will be possible to make fresh studies of its principles, objects, possibilities, and difficulties, and the most suitable conditions for its effective application, and also to compare the theoretical and as it were "potential" aspects of family allowances with the practical results achieved. There can be no question of entering into this subject in detail here, but a few short notes on some of the aims pursued and some of the problems met with are given below.

### *Family Allowances and a Higher Birth Rate*

It has been claimed that one of the main objects of family allowances is to encourage larger families and promote an increase in the population, and the statistics of the equalisation funds seem to show that this has indeed been one of the results of the system in France and Belgium. Is it to be concluded that family allowances are capable of producing the same effects in all cases? Some of the experts on the system are not of this opinion. According to Miss Rathbone<sup>1</sup>, the reply to this question "will obviously be affected by the form in which the provision is made—whether it is universal or subject to an income limit and if so what limit; whether it is at a flat rate for all classes entitled to it, or graded so as to represent approximately the same value to families with a differing standard of life; whether it is on a flat rate for all the children of a family or is on an ascending or descending scale; whether it is given unconditionally or subject to conditions, and if so what conditions." The fact that the lowest class of wage earners have the largest families "gives no warrant for supposing that it [direct provision] would cause them to have more children. All the facts show how little they are influenced by prudential considerations."<sup>2</sup> On the other hand, family endowment should certainly have the effect of increasing the birth rate among the classes which

---

<sup>1</sup> ELEANOR F. RATHBONE: *The Disinherited Family: A Plea for the Endowment of the Family*, p. 232. London, 1924.

<sup>2</sup> *Ibid.*, p. 242.

restrict their families on economic grounds, and in this connection Miss Rathbone discusses the "qualitative" aspect of the problem of increasing the population, asking whether it is not desirable that large families should be encouraged more particularly among the classes who can provide their children with the best conditions of security, health, and education. In his book *National Welfare and National Decay*<sup>1</sup> Professor William McDougall supports the same opinion, and produces ample evidence to show that the higher professions actually represent a selection of hereditary skill as well as a more favourable environment and wider opportunities. He suggests that the stimulus of family allowances should be confined to selected categories, who should have a guarantee that every extra child would automatically bring with it an increase of income sufficient to cover the normal cost of its maintenance.

### *Family Allowances and Wages*

Another object which the originators of the family allowance system had in view was to replace in some measure the system of remuneration based on the value of the services rendered by one based on the worker's family needs. This being so, great importance attaches to the determination on the one hand of what these family needs actually represent and on the other of the wages that will meet all these needs in normal conditions. It is difficult to conceive an ideal form for a practical system of family allowances without previous determination of standards of living and the fixing of minimum wages, since without a knowledge of these basic conditions it is impossible to tell whether the scheme will meet its purpose. If, for instance, the wage itself is not sufficient to meet the normal needs of two adults, the allowance will merely serve to cover some of the deficit. If, on the contrary, the wage is sufficient to meet the ordinary needs of a working-class family, the economic necessity of the allowances will be less urgent, though the system will not necessarily lose its importance as a means of encouraging a rise in the birth rate. What is essential, however, from the standpoint both of the objects in view and of the welfare of the working-class family, is not so much that family allowances should or should not be awarded as that the worker's total

---

<sup>1</sup> P. 197. Melbourne, 1921.

remuneration, including allowances, if any, should adequately meet his needs.

Another condition for the satisfactory application of family endowment schemes is the maintenance of the level of real wages. In order that the benefit of the allowances should be a real one, it is essential that it should not be neutralised by a rise in the cost of living or a fall in wages. Wherever these conditions accompany the application of family allowances the latter must fail in their objects and cannot be regarded as anything more than a method of partially adjusting wages to the general rise in the cost of living.

### *The Amount of the Allowances*

The originators of the family endowment system also claim that the allowances afford a means of repairing the injustice to fathers of families resulting from the inequality of their financial position in relation to unmarried men and childless couples, and that they not only encourage a higher birth rate but also secure the welfare of the child population.

In order to achieve the first of these objects the share of the total remuneration which goes to supply the wants of the father and mother should be clearly distinguished from that necessary to support the children. If there is confusion between the two and a wage intended to cover more than the needs of two adults is supplemented by allowances manifestly inadequate to provide for the children's maintenance, workers with families will continue to be penalised to some extent in comparison with those without the same responsibilities.

Further, to ensure a rise in the birth rate and the welfare of the child population, the allowances should in every case be sufficient to provide for all the children's ordinary needs; and how can these be ascertained without studying the needs of the family as a whole? Here again we come up against the problem of minimum wages and living wages complicated by that of the calculation of allowances. And above and beyond the narrow field of family allowances, there also arise both theoretical and practical problems regarding the establishment of satisfactory standard family budgets, the determination of adequate standards of living, the capacity of industry to pay, national productivity, etc. The experience of Australia and New Zealand in the matter of minimum wage fixing and

family allowances illustrates the number and scope of these problems.

Furthermore, if we consider the relief, however appreciable <sup>1</sup>, brought to the worker's family budget in the different countries by family allowance schemes, and if, in particular, we compare the allowance with the wage, the principal but not the only source of the worker's income, or (although precise data for comparison are lacking on this point) with the approximate cost of maintaining the children, it is reasonable to ask whether the ideal of the promoters of the system has yet been adequately realised in practice.

\* \* \*

In conclusion, therefore, it would seem that in order to establish the best conditions for the achievement of the objects in view, namely, an increase of the birth rate and the substitution of the principle of payment on the basis of need for payment on the basis of the services rendered, family allowances at an adequate rate should be added to a wage corresponding to the normal cost of maintaining at least two adults. It is accordingly desirable, if not necessary, that this basic wage and the cost of maintenance of the children should be ascertained in the first place.

---

<sup>1</sup> To give a single example, relating to a particular category of workers, in Belgium in 1932 the allowance for a worker in the printing industry (hand compositor) formed 1.3 per cent of wages for one child, 2.9 per cent. for two children, 6.3 per cent. for three children, 12.2 per cent. for four children, and 20.5 per cent. for five children. (The allowances have been somewhat reduced since January 1935.) In the same year, 1932, out of a total of 482,965 families in receipt of allowances, 81 per cent. had one or two children, 10.4 per cent. three children, 4.7 per cent. four children, and 2.2 per cent. five children.