



REPORTS AND ENQUIRIES

Family Allowances in Belgium

by

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In Belgium, there have been several well-marked stages in the history of intervention by the public authorities in regard to family allowances. The principal aim was to give official recognition to and increase the number of the schemes which had already been introduced on a very wide scale by industrial employers.¹ The present article is mainly concerned with the Act passed in 1930, which extended the benefit of such allowances to all persons in wage-earning or salaried employment, the Royal Order (which has the force of law) dated 30 March 1936, and the Act of 28 July 1936.

EMPLOYERS' SCHEMES PRIOR TO THE ACT

The first Belgian fund for family allowances was set up in 1921 by the Verviers employers. It was based on the principle of equalisation which was first introduced in France and had given good results there. By 1922, quite a number of these equalisation funds had been instituted in Belgium by the various employers' organisations; some were regional and others occupational. A Research Committee on Family Allowances was then set up on the proposal of the late Mr. Henri Lechat, first Chairman and founder of the Equalisation Fund for Family Allowances of the Liège district. This Committee, which subsequently became the Belgian Association of Family Allowances Funds, supported the work of the funds by keeping them in touch

¹ For information concerning the economic and social aims pursued by Belgian employers when setting up schemes for family allowances, the reader is referred to existing literature and in particular to a work by Mr. Georges DE LEENER of the University of Brussels: *Les caisses de compensation des allocations familiales en Belgique* (Brussels, Maurice Lamertin, 1929). Cf. also: Claire HOFFNER: "The Compulsory Payment of Family Allowances in Belgium, France, and Italy", in *International Labour Review*, Vol. XXXII, No. 4, Oct. 1935. For the text of the Act, cf. INTERNATIONAL LABOUR OFFICE: *Legislative Series*, 1930, Bel. 9.

viding credit facilities for handicraftsmen might be reorganised, and their scope extended to the co-operative organisation of the purchase of raw materials, production, and marketing. Vocational education, well organised so far as the Native arts are concerned, might be supplemented, in the field of the "utility" trades, by credit facilities and technical help for ex-pupils, and by the training of handymen in the interior. Unemployment is still acute among handicraftsmen. And existing labour legislation, which is already applicable to handicraftsmen who employ paid workmen and apprentices other than members of their families, might be completed and rendered more effective in such matters as hours of work, the employment of young children, apprenticeship, nutrition, wages, and hygiene.

If a solution is to be found for all these problems, and for many others mentioned in the preceding pages, the following fundamental conditions seem to the writer to be essential: a definition of handicrafts accepted by the different services concerned; a census, kept up to date, of the persons engaged in the principal handicrafts, and a catalogue of their needs; and a clear perception of the possibilities of modern handicrafts in the country's economic equipment, and of the vital and delicate problem, for a large section of the population, of gradually adapting old trades to the new conditions of life.

The writer's own conviction is that the measures to be taken on behalf of handicrafts should be centralised in a permanent administrative organ, which would, under a forceful and inspiring head, carry out a continuous and detailed study of the principal elements of the problem¹, and co-ordinate and stimulate the activities of the authorities concerned and of the organisations representing European and Tunisian handicrafts. In view of the character of Tunisia, where the population still consists of strongly diversified groups, and protective guidance by the State and psychological insight on the part of all those in authority are of such great importance; in view also of the varied conditions of handicrafts, requiring in turn the application of highly flexible and varied methods of treatment, such centralisation under adequate leadership would seem to be a primordial condition of success.

¹ "The real remedy . . . lies in the application of a programme drawn up with extreme care by an administrative organ under other advisers and with different equipment." (Lecture given by Mr. Hassan KADDOUR at the *Cercle des amitiés tunisiennes* at Tunis in February 1936 on the problem of unemployment and Tunisian industries.)

with one another, and helping to develop the movement still further.¹

While the methods adopted by the funds varied, their objects were essentially as follows :

(1) to pay family allowances in respect of the children dependent on the staff of affiliated undertakings ;

(2) to collect contributions for this purpose from the undertakings or to supervise the payment of such allowances directly by them to their staff ;

(3) to equalise the cost of allowances among the employers so as to make them individually independent of the family responsibilities of their staff.

The legal status of the funds was usually that of an " association not pursuing gainful objects ", as defined by the Act of 27 June 1921 concerning such associations. Their resources were derived exclusively from the contributions of affiliated undertakings. They received no subsidy from the public authorities, and were subject to no control by them. Workers were not required to pay any contribution. The bodies prescribed by the Act (governing body and general meeting) were solely responsible for the management of the funds.

Apart from equalising the burden of family allowances, many of the funds took on other functions, such as paying maternity and layette allowances, sending delicate children to settlements or sanatoria, providing attendance by visiting nurses, organising the prevention of children's diseases, keeping in touch with child welfare institutions, etc.

During a Congress held under the auspices of the Association of Family Allowances Funds in November 1930, before the Act passed in that year had come into force, statistics were published showing the extent to which the movement had spread by the end of 1929, or a year before the general payment of family allowances became compulsory.

At 31 December 1929, there were 44 occupational or regional equalisation funds with an aggregate membership of 3,852 industrial firms, employing 581,605 persons in all. The number of families in receipt of allowances was 192,700, having a total of 331,220 children under 14 years of age. A total amount of 92,630,511 francs was distributed in 1929. Since the movement started, 430 million francs had been paid by private industry in respect of family allowances.

If to these figures are added those of the similar schemes organised by public departments and services for their staff, it will be found that the total number of manual and non-manual workers in receipt of allowances in 1929 amounted to 800,000, and the total amount distributed in the year to 220 million francs.

The resulting increase in the income of workers' families varied from case to case. Increases of 21.5, 23, 31.5, 53, 57, and 78 per cent. have been mentioned for families with 3, 4, 5, 6, 7, and 10 children respectively.

¹ The present Chairman of the Association is Mr. Maurice van der Rest.

THE BASES OF THE COMPULSORY SCHEME

The first step taken by the public authorities was to insert in specifications for work carried out on behalf of local authorities (provincial and communal) a provision that contractors must pay their staff family allowances. Under an Act of 14 April 1929, which was due to the initiative of Count Henri Carton de Wiart, the same clause was inserted in State contracts for public works, and, above a certain amount, for supplies.

Under the Act of 4 August 1930, which was introduced in both Chambers by Mr. Henri Heyman, then Minister of Industry, Labour, and Social Welfare, the scheme was made compulsory for all employers. The Act was amended by a Royal Order of 30 March 1936, for which Mr. Achille Delattre, Minister of Labour and Social Welfare, was responsible.¹ This Order, which was issued in virtue of the special powers conferred on Mr. van Zeeland's Government, has the force of law. Finally, the rates of both allowances and contributions have been raised by an Act dated 28 July 1936.

In the following pages the *technical* and *legal* aspects of the Act will be examined in turn.

Technical Basis

Types of Funds.

The Act gives official recognition to the equalisation funds *voluntarily set up* and exclusively financed by the employers. The management of the funds is entrusted to boards of employers appointed by members from among their own number, and at their own discretion. The funds must be approved by the Government.

The Act also provides for three new types of funds :

(a) A limited number of special funds for persons whose work is performed under special conditions : home workers, dock workers, persons who work for several employers, persons engaged by the day, workers in the diamond industry, etc. The funds are set up by Royal Order and administered by a board appointed by the competent Minister. When such a fund is constituted all the employers in the occupation concerned are *ipso facto* members of it.

(b) An Auxiliary Fund set up and administered under the same conditions as the special funds. Employers subject to the Act who have not chosen to join an approved equalisation fund and are not obliged to join one of the special funds are *ipso facto* affiliated to the Auxiliary Fund.

(c) Special funds set up for the staff of public authorities and undertakings carried on by them.

Minimum Rates of Allowances and Contributions.¹

Under the Act, the minimum rates shown in the following table apply throughout the country irrespective of demographic conditions

¹ The Order was drafted by a temporary Committee set up by Mr. Delattre, under the chairmanship of Mr. Hector Mavaut, Honorary General Secretary of the Ministry of Labour and Social Welfare.

in any given district or occupation. The rates came into force on 1 July 1936.¹

Allowances :

	Per day's work	Per month (lump sum)
	Frs.	Frs.
1st child	0.60	15.00
2nd „	1.00	25.00
3rd „	1.95	50.00
4th „	3.40	85.00
5th „	4.80	120.00
Each child after the 5th	4.80	120.00

Contributions :

For each male employee : 0.90 franc per day's actual work, or a lump sum of 22.50 francs per month.

For each female employee : 0.48 franc per day's actual work, or a lump sum of 12 francs per month.

There are also supplementary payments to cover the expenses of management and to form a reserve fund ; separate accounts are kept for these.

These rates are to apply as long as the index of retail prices published by the Ministry of Economic Affairs does not rise above 700. If the index rises above that level, the rates may be raised in accordance with an established scale, by a Royal Order after the competent authorities have been consulted. The same may be done when the index rises above 750 or above 800. When an industry is depressed, the rates of allowances and contributions may also be lowered by Royal Order by not more than 15 per cent.

Employers Covered by the Scheme ; Progressive Enforcement.

The scheme is compulsory for all employers in industry, commerce, and agriculture, and in respect of all persons employed by them, whatever their number. Special regulations apply in the case of persons residing with their employers and to certain categories of handicraftsmen. The scheme came into force progressively ; by 1 January it applied to all employers.

Secondary Equalisation.

Since the receipts and expenditure of a fund which distributes the minimum allowances are determined by the demographic charac-

¹ The rates established by the Act of 4 August 1930, which remained in force from 1931 to 1934, were as follows :

	Francs per month
1st child	15
2nd „	30
3rd „	40
4th „	70
5th „ and each child after the 5th	100

teristics of the staff employed by member undertakings, such funds will show a surplus or a deficit according as the working population they cover has few or many children. The Act provides for secondary equalisation between the funds themselves. It was felt, however, when the Act was being drafted, that funds instituted in favour of a population with relatively few children ought not to have too high a proportion of their resources taken from them, and accordingly it is provided that only half the surplus in each case is to be used for equalisation. The other half, up to 25 per cent. of the total allowances distributed, remains at the disposal of the fund, which may spend that half on family benefits or on increasing the rates of the allowance it pays.

Secondary equalisation is effected by a special institution, the National Equalisation Fund for Family Allowances, which was set up by a Royal Order and is administered by a board consisting of delegates from the funds and representatives of beneficiaries and of workers' organisations.

The National Fund also pays allowances to certain special classes of beneficiaries, such as pensioners, the victims of industrial accidents, domestic servants, charwomen, and persons called up for compulsory military service. It also pays the allowances due to large families with small means in respect of the work of an elder brother.

Auxiliary Benefits.

The various auxiliary benefits provided by the funds, and in particular those instituted before the funds were made compulsory (augmented allowances, maternity benefit, visiting nurses, etc.) are not explicitly covered by the Act, which authorises only such benefits as are intended to improve the conditions in which families live. These are financed either by special contributions or out of that part of the surplus which is not earmarked for secondary equalisation, as explained above.

Legal Bases

The worker to whom family allowances are due is defined in the Act by the contract establishing the relation between him and his employer, viz. his contract of wage-earning or salaried employment or other contract for the hiring of services, and by his family responsibilities.

Every person who employs one or more persons, irrespective of their age or sex, must join a family allowances fund. The employment must be regular. The State pays family allowances to its staff directly.

Approval of funds, implying approval of their rules, is granted or withdrawn by Royal Order on the advice of a Board established for the purpose.

Allowances and bonuses may not be deemed in any way to constitute an increase of wages or salaries. They are not liable to assignment

or attachment. They are paid directly to the persons entitled to draw them by the funds or, in exceptional cases, through the employers. Allowances due in respect of work performed by a married woman may be drawn by her independently of her husband.

The allowances are granted in proportion to the number of days actually worked during the month. Interruptions due to sickness or accident are, however, taken into account. When the allowance is due in respect of 23 days in any one month the monthly lump sum is paid.

Sundry Provisions

The Act contains special provisions for the following: grandchildren, children (other than his or her own, or stepchildren) whose maintenance has been undertaken by the worker; recognised illegitimate children; the children of foreign workers; children brought up abroad; workers having young brothers and sisters dependent on them; persons in receipt of an old-age or invalidity pension; cases in which a husband and wife are both entitled to allowances in respect of their employment, etc.

In certain circumstances, a fund may apply a different scale of allowances from that laid down in the Act, provided the aggregate expenditure involved is not less.

Special provision is made for cases in which the receipts of a fund, including any grant it receives from the National Equalisation Fund, are insufficient to cover the payment of allowances at the legal minimum rate.

The State pays an annual subsidy to the National Equalisation Fund, which distributes the amount as provided in the Act.

The Act also deals with the competence of the various courts in regard to disputes arising out of the application of the scheme, the time limit for the submission of claims, supervision, penalties, penal procedure, etc.

ESTIMATED AND ACTUAL RESULTS

In the course of the preparatory work connected with the drafting of the Act, the ministerial department concerned drew up various demographic and financial estimates. For different reasons, and in particular owing to the unemployment caused by the depression, these estimates were not entirely borne out by events. This was also due to the fact that the Act was not fully applied. The extent of the divergence may be seen by comparing the estimates with the actual results during the first five years of application, with the reminder that during the first year the Act was only partly enforced.

Estimates

In 1929, the Ministry of Industry, Labour, and Social Welfare drew up separate estimates for industry, commerce, agriculture, and the liberal occupations.

It was assumed in the estimates that employers would contribute 0.60 franc for male and 0.40 franc for female employees, the figures provisionally adopted while the Act was being drafted.

The calculations were based on the Belgian census of 31 December 1920; a margin of safety of 10 per cent. was allowed in respect of certain classes of workers, and "frontier workers" (Belgian workers employed abroad) were deducted from the totals. The following results were obtained:

Branch	Probable number of persons employed			Employers' yearly contributions
	Males	Females	Total	
				Frs.
I. Industry	1,027,500	304,700	1,332,200	269,508,700
II. Commerce	337,700	42,900	380,600	80,219,700
III. Agriculture	171,000	20,000	191,000	40,369,000
IV. Liberal professions	60,000	35,000	95,000	18,250,000
Totals	1,596,200	402,600	1,998,800	408,347,400

In the estimates a State subsidy of 30 million francs, which has not been paid, was added to the above total of 408,347,400 francs. Allowing for this, and for the fact that the basic contributions as finally fixed in the Act were not 0.60 franc for males and 0.40 franc for females, but 0.65 and 0.35 franc respectively, the total charge on the employers would have been about 480 million.

The calculations did not include the cost of administration or of constituting reserve funds.

No estimates were made of the number of employers subject to the Act, of the families that would draw allowances, or of the children who would benefit by them, nor of the probable distribution of families according to the number of children in them.

Statistical Results of the Application of the Act

The figures given below were calculated by the National Equalisation Fund for Family Allowances. They show the operating results of the approved equalisation funds, the special funds, the Auxiliary Fund, and the National Fund itself. Since the membership of many of these funds includes employers in industry, commerce, agriculture, and liberal professions, it is not possible to give figures for each of these groups separately, and the table shows only the results for all four groups together.

STATISTICS OF THE OPERATION OF THE FAMILY ALLOWANCES SCHEME¹

Year	Number of funds				Affiliated undertakings	Number of persons employed		
	Approved	Special	Auxiliary Fund	National Equalisation Fund		Males	Females	Total
1931 ...	79	6	1	1	28,620	988,542	244,145	1,257,891
1932 ...	79	6	1	1	83,931	1,026,216	248,971	1,309,312
1933 ...	79	7	1	1	96,222	997,173	246,560	1,277,674
1934 ...	79	7	1	1	101,887	964,670	240,571	1,234,484
1935 ...	80	7	1	1	109,091	1,049,694	268,221	1,358,119

Year	Employers' contributions	Allowances paid	Number of families drawing allowances	Number of children covered
	Frs.	Frs.		
1931 ..	213,351,463.47	168,241,920.13	459,458	802,677
1932 ..	242,869,112.92	292,262,430.61	491,245	884,846
1933 ..	270,868,902.05	246,857,378.80	488,410	881,097
1934 ..	257,000,621.52	232,685,712.59	473,428	858,970
1935 ..	197,419,994.63	170,005,331.10	501,524	891,653

Year	Distribution of families by number of children					
	1 child	2 children	3 children	4 children	5 children	6 children
1931 ..	256,983	121,308	46,487	19,592	8,882	3,845
1932 ..	268,354	130,701	51,293	23,198	11,105	5,137
1933 ..	267,237	127,260	51,065	22,999	10,866	5,185
1934 ..	258,757	122,552	49,893	22,311	10,752	5,141
1935 ..	275,149	130,641	51,544	23,654	11,000	5,396

Year	Distribution of families by number of children (cont.)							
	7 children	8 children	9 children	10 ch.	11 ch.	12 ch.	13 ch.	14 ch.
1931 ..	1,550	522	194	46	18	6	1	—
1932 ..	2,258	861	315	83	22	7	—	—
1933 ..	2,356	944	355	110	28	3	2	—
1934 ..	2,385	1,077	387	127	38	6	2	—
1935 ..	2,520	998	441	139	42	7	2	1

¹ For 1935, provisional figures are given.

These figures call for the following remarks :

(1) from 1931 to 1934 the scale applied was that laid down in the Act of 4 August 1930, and involuntary unemployment was not taken into account. From 1 January 1935, involuntary unemployment was taken into account when calculating the number of days for which benefit was payable ; and the rates were lowered. As from 1 July 1936 they have been raised to the amounts already indicated ; as stated above, the allowances will from now onward be calculated in proportion to the number of days actually worked during the month.

These changes are partly reflected in the figures for contributions and allowances, both of which fell considerably in 1935. The working of the scheme established by the Act of 4 August 1930 is well illustrated by the figures for the years 1931-1934.

(2) The difference between the total amount of employers' contributions and of allowances paid is due to the fact that secondary equalisation applies only to half the surplus of the funds having a balance, the other half being kept by the fund concerned.

(3) The figures showing demographic data, such as the number of persons employed, the number of families in receipt of allowances, etc., are only approximately accurate, since they refer to a particular date, namely, the end of the financial year, and the number of persons employed at that date may be reduced by short time or other circumstances. Further, some funds do not give separate figures for male and female employees, so that the figure in the last column is not equal to the sum of the other two.

This does not apply to the figures for contributions received and allowances paid, which are exact totals for the year in question.

(4) The statistics of the National Equalisation Fund, from which the figures given here are taken, do not include the results of the scheme for persons employed by the State, nor of that for persons employed by public authorities and establishments which are not affiliated to equalisation funds. Further, they do not include contributions collected by the funds for the constitution of reserves, to cover the expenses of management, etc.

(5) In theory, the Act was fully enforced only as from the first quarter of 1932. It was applied progressively, and, for undertakings employing five persons or less, it only became compulsory on 1 January 1932.

The application of the scheme was extended at the beginning of each quarter of 1931.

(6) From the end of 1931 to the end of 1935, the number of affiliated employers increased from 28,260 to 108,954 ; the total number of persons employed, which at the end of 1931 was 1,257,891, subsequently rose to 1,309,312, then fell to 1,234,484, and finally, at the end of 1935, rose again to 1,358,119. These fluctuations are due to various causes, the most important of which is clearly unemployment.

(7) If the figures for the number of families in receipt of allowances and the number of children concerned are carefully compared, it will

be observed that while the former may temporarily contract, the latter tend to remain stable, or even to increase, especially in the case of families with a large number of children. No doubt the tendency observed corresponds to the facts and may easily be explained. During a depression, employers keep on men with family responsibilities, rather than bachelors, when both are of equal value, and among heads of families they prefer to keep on the men with the largest families, who would be hardest hit by unemployment. This very humane practice tends to upset equalisation estimates.

There is also reason to fear that improper payments of allowances, which will be referred to later, are chiefly made to families with a large number of children.

(8) Owing to the circumstance mentioned in the preceding paragraph, the cost of the scheme steadily increased from 1931 to 1934, while the receipts, on the other hand, were falling. Although the total contributions received were always in excess of the allowances paid, from 1934 onward the margin has been insufficient to ensure the equilibrium of the scheme, allowing for the part of their surplus which the funds have at their own disposal. This point will be examined later.

(9) Although the number of affiliated undertakings steadily increased, it was in 1935 still considerably below what it would be if the Act were fully enforced. Reference will also be made to this later. In the absence of adequate statistics, experts give different explanations of the shortage. It seems, however, reasonable to place the total number of undertakings which might be affiliated in present circumstances at 140,000 to 160,000. This shortage in the number of employers largely explains the shortage in the number of persons employed.

DIFFICULTIES AND CRITICISMS

During the five years under review various difficulties have been encountered in applying the Act and also a certain amount of criticism, either from beneficiaries, employers subject to the Act, family allowances funds, economists, sociologists, or mere onlookers.

These difficulties and criticisms will be summarised here and an indication given of the changes they have tended to bring about in the application of the Act.

Affiliation of Employers subject to the Act

The criticism that a large proportion of the employers to whom the Act applies succeed in evading it is confirmed by the statistics reproduced above.

Generally speaking, it may be said that large and medium-sized undertakings and a substantial proportion of the small undertakings fulfil their obligations. This, however, does not apply to the great majority of the very small employers, handicraftsmen, shopkeepers, and especially agriculturists, who have often been able to evade the Act because they are very scattered and because supervision was for a long time inadequate. It is noticeable that a number of the

employers in this rather heterogeneous mass only join a fund when they stand to benefit by equalisation, i.e. when the amount of the allowances payable to their employees is larger than that of the contribution they would have to pay. When the contrary is true, they do not join a fund. This means that in neither the primary nor the secondary equalisation funds do the receipts come up to expectation.

Other Abuses

Abuses are rare in connection with the staff of organised undertakings, since in these the accounts show the exact amounts paid to the employees.

The same is not always true of very small employers. When these join a fund, the inadequate accounts they keep makes it possible for them either to declare only some of the persons they employ, or to have allowances paid to persons who have no right to them because they are employed irregularly or even not at all. In cases of this kind, the employer and the person drawing the allowance are usually both guilty of the abuse. Cases also arise in which one person fraudulently obtains allowances for others by pretending to be an employer. Such frauds are rendered possible by the insufficient supervision exercised by certain funds, which rely on the grants from the National Equalisation Fund and are somewhat slipshod in applying the Act.

Other irregularities are due to beneficiaries making fraudulent statements as to their family responsibilities.

Deficit on Secondary Equalisation

When the Act was first applied, the accounts of the National Equalisation Fund showed a surplus of receipts over expenditure.

By 1933, however, as has already been stated, the equilibrium of the National Equalisation Fund broke down. This was due partly to the shortage of receipts resulting from the non-affiliation or incomplete returns of a proportion of the large mass of very small employers, partly to the number of fraudulent claims for allowances, and partly to unemployment. Nevertheless, at least partial equilibrium might have been secured had the State maintained its subsidy.

Under the special powers conferred on the Government, various measures were taken to overcome the difficulties arising out of this lack of equilibrium. They were subsequently revoked as the National Equalisation Fund has continually shown a deficit since the rates adopted for 1935 came into force.

*Other Criticisms*¹

Other measures had been proposed with a view to making good the deficit. It was suggested that secondary equalisation might be made complete by withdrawing the right of the funds to deal as they pleased with half of any surplus they might have. This proposal was

¹ Claims put forward by persons other than those bound by a contract of employment or engagement for the hiring of services do not come within the scope of the Act of 4 August 1930 and are therefore not considered here.

not adopted. It would have been to the advantage of families drawing allowances from funds which showed a deficit, usually those operating in rural or semi-rural districts where the birth rate is high and where it does not cost much to bring up children. On the other hand, the measure would have penalised families drawing allowances from funds which showed a surplus, in urban and industrial districts where the birth rate is low and the cost of living high. It may be remarked that this objection holds against any scheme for secondary equalisation. The Act of 1930, when it stipulated that the surplus should be halved, steered a middle course between two sets of arguments, either of which might have been upheld but which contradicted each other. It was by way of a compromise that the existing provision was accepted by the interested parties and included in the Act.

In general, the employers, who originally instituted family allowances, find fault with the Act for making the rates of contributions and allowances too uniform, and thereby destroying the elasticity which they themselves introduced at the outset and which allowed of adjustment to the different demographic conditions prevailing in different districts and occupations.

The employers also consider that the number of approved funds is too large and that the existence of many of these funds can only be explained by political considerations which are in fact irrational and likely to weaken the supervision required to prevent fraud.

Decisions of the Courts

Various sections in the Act have given rise to contradictory decisions which have led to some confusion on points of interpretation.

The competent Government department, the National Equalisation Fund, the Auxiliary State Fund, the approved funds, the Association of Family Allowances Funds, and the Supervisory and Legal Consultative Committee have all tried to secure uniform interpretation of the more important points. An Order of 30 March 1936 confirmed a certain number of decisions which had been given by the courts up to that date.

Development of Auxiliary Services

As in the days before the funds were made compulsory, one of their main objects is still to develop auxiliary services. The Act has not tended to limit the employers' initiative in this respect, since it only stipulates that the activities of the funds should be confined to promoting the welfare of the family.

The principal service provided by the funds is attendance by visiting nurses. A nurse calls as a matter of course whenever a beneficiary gives notice of the birth of a child. If necessary, the nurse arranges for the mother to be visited by a medical practitioner before confinement, pays over the maternity benefit, and brings the layette, if any; makes sure that the child is born and brought up under hygienic conditions. If any of the children fall ill, the nurse is called in again, sends for a doctor, and sees that his advice is followed. The nurse draws the attention of any specialised bodies for the prevention of

infectious diseases to cases which concern them, and arranges for children to go to a sanatorium, or, if they are simply in a poor state of health, to a holiday settlement.

Many of the family allowances funds consider that these auxiliary services are a most important feature of the scheme devised by the employers to promote the welfare of the workers' families.

Labour in Hong Kong in 1934

Government reports for Hong Kong contain the following information regarding the labour situation in that colony during 1934.¹

GENERAL FEATURES OF 1934

Local trade was very dull during the year under review and the improvement of business, of which there were faint signs at the end of 1933, did not materialise. The chief causes remained the same, viz. the world depression and the high tariffs imposed by the Chinese and other Governments, while a new factor hindering exports to foreign countries was the steadily maintained appreciation of the silver dollar in relation to gold and sterling. The hosiery and knitting trades were particularly hard hit. The heavy industries such as shipbuilding and engineering also suffered from lack of business, but on the other hand several smaller industries, such as those involving the manufacture of felt hats, sweets, electric torches and dry batteries, mosquito sticks, etc., appeared to be flourishing. The printing and book-making industries and the rubber shoe trade had a fair measure of prosperity, and although several factories closed down others were opened. In spite of the depression the total number of factories in the colony continued to increase, and at the end of the year there were 550 factories and workshops registered under the Factories and Workshops Ordinance. It should be noted, however, that the majority of these were quite small establishments.

UNEMPLOYMENT

Unemployment became more marked, but it cannot be said to have become acute as in Western countries. Many Chinese who were unable to find employment in the colony returned to their native districts in the neighbouring provinces of China.

EMIGRATION

Owing to its geographical situation Hong Kong is an important port of emigration for labour recruited in China for employment abroad.

¹ GREAT BRITAIN. COLONIAL OFFICE : *Annual Report on the Social and Economic Progress of the People of Hong Kong, 1934*. London, H.M. Stationery Office, 1935.

HONG KONG : *Report of the Secretary for Chinese Affairs for the Year 1934*.