

## **FAMILY ALLOWANCES IN PRACTICE**

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**AN EXAMINATION OF THE DEVELOPMENT OF THE  
FAMILY WAGE SYSTEM AND OF THE COMPENSATION  
FUND PRINCIPALLY IN BELGIUM, FRANCE, GERMANY  
AND HOLLAND**

**BY**

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**TO MY MOTHER**

## PREFACE

**THE** pages which follow constitute an attempt to describe the short but remarkable history of the Family Wage System in Europe and in some measure to examine the re-actions and the problems to which its rapid development has given rise. In its original form the book was approved as a thesis for the B.Litt. degree at Oxford.

The subject is to the forefront on the Continent of Europe, but in England relatively little attention has been given to it. It may therefore be worth while to have some record of what has been achieved in other countries. It has been my intention to examine the question impartially and to endeavour to obtain a true view of the actual facts, whereon may be based an estimate of what is the possible contribution of the subject towards a solution of some of the difficulties with which industry is faced to-day.

The book is throughout based chiefly on an examination of first hand sources of information, such as the Statutes and Regulations of Compensation Funds, their accounts and proceedings, as well as a number of special memoranda. I am very greatly indebted to the large number of correspondents abroad, belonging to Employers' Federations, Trade Unions, Compensation Funds, Government Offices and Academic bodies, for their assistance in supplying this voluminous material. Where so much help has been received from so many, it would be invidious to mention any by name.

## PREFACE .

I particularly desire however to pay a tribute of gratitude to the late Mr. James Munro, M.A., sometime Beit Lecturer in Colonial History at Oxford and later of the Overseas Intelligence Department of the Ministry of Labour. He not only gave me encouragement in the initial stages, but afterwards, although at the time very ill indeed, spent much labour in reading through the draft manuscript and making various suggestions. At a later stage Sir William Beveridge, K.C.B., very kindly read through the typescript and gave me the very great benefit of his advice and criticism. I should also like to record my appreciation of the great help I have received from my mother, in the compilation of the index, in proof-reading and in connection with the necessarily extensive correspondence referred to above.

H. V.

London, January, 1926.

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## APPENDICES

Owing to considerations of expense, it has been found necessary to omit the greater part of the tabular matter. Arrangements have however been made for a typescript copy of the Appendices to be deposited in the Library of the London School of Economics, where, by permission of Sir William Beveridge, K.C.B., etc., they can be consulted by anyone interested. The tables omitted are marked with an asterisk.

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# FAMILY ALLOWANCES

## CHAPTER I

### THE FAMILY WAGE

#### INTRODUCTION

" I VENTURE to think that the nation must choose either difficulty or disaster."<sup>1</sup>

It is an unquestionable fact that under the existing economic system a large number of the children of each generation are brought up under conditions of life, admittedly in the highest degree undesirable. It is not the purpose of these pages to discuss or describe these conditions but only to examine one of the remedies which have been proposed and actually put in practice and tested in several European countries. The urgency of the need for some remedy may be put forward as sufficient justification for the examination of the capabilities and possibilities of the family wage system.

There are those who feel the existing wage system to be if not satisfactory at least "good enough" or "as good as can be expected" or "rather better than it used to be": there are also some who hold that it is so evil as to be beyond hope of reform and to call only for destruction: there are yet others who, whilst vividly realising the great vices of the present system, still believe that improvement can be hoped for only by gradual evolution and by the preservation of historical continuity, the present being inevitably a part of the future. To both of the latter classes the family wage system should be of the deepest interest.

The family has frequently been lauded as the basic cell

<sup>1</sup> Seebohm Rowntree.

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of modern civilisation and as the home of nearly all the virtues; but a proposal that the size of the family should itself exercise an influence over the problem of remuneration is regarded as startling and revolutionary. To this it might well be objected that one of the most influential conceptions of wages to-day is that which demands "a family wage" and it is well that attention should at once be directed to the double interpretation to which that expression ("family wage") is open. It may be simply a statement of the opinion that *every* man should be paid a wage which is at least sufficient to enable him to bring up an *average* family at a reasonable minimum standard. There can be no doubt of the prominence of this conception, as (to quote only one example) in the Dockers Commission of 1920. The system to be examined in the following pages is a different matter. It is a system which, in determining the remuneration of a worker, takes into consideration the number of persons dependent on him for food, shelter, clothing, etc., that is to say it is a system of individual differentiation of wages according to family needs. For the sake of brevity and clearness it is convenient to adopt the continental nomenclature to distinguish these two conceptions: the former is known as the "absolute" family wage and the latter as the "relative" family wage. It is upon the Relative Family Wage, which involves the seemingly novel principle of increasing a man's income in relation to any expansion in the size of his family, that attention will be concentrated.

In this country the principle has in practice been only very haltingly recognised,<sup>3</sup> but in various European countries—notably in Belgium, France, Germany and Holland—considerable progress has been made in its application during the last few years. To attain greater precision, the enquiry is limited to these four countries except for the notices given in the Historical Summary (Chapter III).

<sup>3</sup> In the coalminers' Arbitration Decision, Autumn, 1922. See the *Times*, 16.10.23, and also in the draft proposals of the coalowners in July, 1925.

The payment to a manual or intellectual worker (for the system applies to both) of a larger wage or salary because of his family responsibilities suggests immediately an obvious danger—that, if family men<sup>3</sup> cost more to the employer than single men of the same grade of skill or capacity, then the former will find it difficult to get employment and the system intended for their benefit will turn to their disadvantage. To meet this difficulty, a new piece of economic machinery has been evolved, namely the Compensation Fund, which makes it possible to spread out the cost of the allowances over a number of employers. A brief account may here be given of the principle of this institution, but its various features will be examined in detail in the course of the following chapters.

All or some of the employers within a given area or industry agree to form a Compensation Fund. They undertake to subscribe to it in proportion as a rule either to the size of their wages-bill<sup>4</sup> or to the number of workers they employ, quite irrespective of whether such workers are married or single. The sum so raised is used to pay an agreed scale of allowances to the married men in proportion to the number of their children. Thus it ceases to be of any financial consequence to an employer what proportion of his employees are heads of families. His contribution remains unaltered by any change in that proportion. Under a device of this kind, the children of each generation become a sort of common charge either on industry as a whole within a locality or on a particular industry either throughout the country or within a given district.

Clearly there are few things more important than pre-occupation with the means of improving the conditions of life of wage and salary earners, the largest section of the people in most countries and especially in industrial countries like our own. At the same time the matter has various repercussions. It will be necessary to examine the possible influence of the system on the question of popula-

<sup>3</sup> i.e., married men with children.

<sup>4</sup> Exclusive of Family Allowances.

tion from a quantitative as well as from a qualitative point of view. Furthermore the possible reaction on the general level of wages caused by the introduction of the family principle is one of high significance, in particular the extent to which the system can be regarded as a solution of the problem of equal pay for men and women. Equal pay leads on to equal rights and duties and an equal economic and social position. How far does or will the family allowance system strengthen or weaken that position?

Nor must we forget that wages are only a part of the total product of industry. It will be of no value to give to Labour a larger share of the "cake" if that cake is itself reduced in size; and the dimensions of the "cake" obviously depend in great part on the efficiency or productivity of labour. Will this be increased or diminished by the adoption of a family wage?

It may be urged that even to consider the introduction of a new system of wages when industry stands in so critical a position is to add to its already great difficulties. Yet there are many cases to-day, where the employers in an industry (or the better part of them) are debarred by the stern economic necessities of world-wide competition from giving to their workers that standard which they (the employers) think fair and desirable. It maybe that the family allowance system will prove a factor in enabling industry to solve such difficulties. In some measure, indeed, it may have already so helped. Obviously any abrupt change is bound to cause dislocation and disturbance, but in the opinion of one well qualified to judge it is a choice not between difficulties and no difficulties but "between difficulties and disaster."

## CHAPTER II

### GENERAL CAUSES OF THE RAPID DEVELOPMENT OF THE FAMILY ALLOWANCE SYSTEM

IN Europe seven or eight years ago, the principle of differentiating wages in accordance with family needs was confined to a few municipalities, railways and one or two exceptional industrial undertakings. To-day millions of workers are affected by the system and the question is one that appears on the agenda of nearly every Employers' Association and Trade Union and is discussed by professors and politicians in most countries of Europe.

No doubt the war has had a considerable accelerating influence. Perhaps hardly any economic change during the war made itself felt so widely and so deeply as the big rise of retail prices, due to the financial inflation used by the combatants to pay for the war. As a consequence in all wage controversies, the "cost-of-living" became the principal subject of discussion and (as is common knowledge) the practice grew up of giving cost-of-living bonuses to meet the upward movement of prices.

It was as a logical development of these bonuses that the family allowance gained such prominence. Each rise of prices as we know involved still further inflation, which in turn brought about yet further advances in prices and continual increases in the cost-of-living allowances were necessary.

Two circumstances brought it about that these allowances instead of being adjusted to class needs were adapted to individual requirements and a larger cost-of-living allowance was given to the father of a family than to a single man; after all, if needs were to be the motive

for the increase, then why not real needs rather than theoretical needs, so ran the argument. It was found that repeated uniform cost-of-living bonuses failed to improve the position of the family man, in fact rather tended to depress it.<sup>1</sup> Hence there arose a desire to use the cost-of-living allowances in such a way that help should be given to those most needing it. In the second place there was no doubt a desire on the part of employers to economise: the allowances appeared to be increasing with extreme rapidity and employers naturally desired to limit their commitments and to give the big advances demanded only to those whom they considered specially needed them.

It was in 1917 that the cost of living began to rise really rapidly and it will be found that in each of the countries under review that year marks the commencement of a new and more rapid development of the allowance system.

Apart altogether from this direct "bread and butter" aspect of the question, there has been especially in France another influential motive—the question of population. Serious as had been the fall of the birth-rate in France for many years before the war, the whole problem was accentuated by the huge losses in man-power in the European war. The grant of child allowances as a part of wages was and is regarded as a useful means of encouraging the creation of large families; one of a series of measures destined to that end, though at the same time it was recognised that the cause of the decrease in population was in large part moral and religious and not wholly economic. The dangers to be feared from the rapid decline have been painted as partly political and partly economic, though the two spheres cannot be rigidly divided. On the one hand there is the loss of military power and prestige, and on the other the decay of industry owing to the shortage

<sup>1</sup> Romanet. *Les Allocations familiales*, pp. 2-3, and Lemerrier *Famille Nombreuse*, pp. 11-12. Naturally whenever the cost-of-living rose, the family man was affected to a greater extent than the single man, and the larger the cost-of-living section of the total wage became the less advantageous did the family man's relative position tend to be.

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of labour. The possible future<sup>2</sup> shortage of labour has probably been in France a very influential factor in swaying the employers. In Belgium also there has been considerable anxiety in regard to the falling birthrate,<sup>3</sup> whilst in Holland there has been a widespread desire to encourage large families. In Germany also many voices have been raised urging the need from all points of view of ensuring that an adequate proportion of the next generation come to maturity.

Consideration of the moral aspect of the population question leads on to the third great thought-stream affecting the development of the family wage. Catholicism has been very determined in preaching the moral turpitude of birth control and the danger of regarding the average family as the normal family. Catholicism has also united with the 20th Century trend in the direction of social amelioration and the improvement of the level of family life. It has been urged that the family and in particular the large family is a desirable asset to any state and that any measure which increased the proportion of such families was performing a valuable service to the nation.

Thus, the general humanising tendency of the Century, and the social tenets of Catholicism have acted and reacted on one another, and have combined with fear of the consequences of a declining birthrate and the difficulties of inflated prices to form a body of opinion strong enough to bear the family allowance very rapidly forward during the last six years.

<sup>2</sup> And present. See Chapter XIII. Note on influx of Foreign labour into French agricultural districts.

<sup>3</sup> The birthrate in Brussels is almost the same as that in Paris.

## CHAPTER III

### THE GENERAL PRINCIPLE

“ A FAMILY wage exists when in valuing labour account is taken not only of the work itself but also of the worker and his rights as a man, particularly the right to form a family.”<sup>1</sup>

What exactly is a wage, what does it represent and on what principles should it be based? These problems have been discussed many times and in particular many times with special reference to an examination how far the needs of the worker should be a factor in determining the level of wages. According to the old so called “ Liberal ” System, labour was a commodity and like any other commodity should be bought at the lowest rate possible, account being taken only of the work and not of the person performing it. The labourer it was said added a certain plus value to the manufactured product, which in turn should be the equivalent of the wage; this plus value was the same whether the individual was married or single, for any one article has at any one time only one price on a competitive market. Thus the employer was not concerned at all with the worker but only with the work.

The economic evils to which this system led, when unrestrained, are well known and it was in violent repudiation of them that socialism developed its doctrine. Capitalism it is said should be abolished and every man should produce according to his capacity and receive according to his needs, but pending such transformation of the economic system, the principle of equal pay for equal work should be strictly adhered to. This latter doctrine of course is in close agreement with the

<sup>1</sup> Stolk, Gezinsloon.



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Liberal in so far as it insists that attention should be directed to the work rather than to the worker and the same wage paid whatever the circumstances of the individual employee. Before considering the objections and apparent inconsistencies involved in this principle, we may turn to examine shortly the development of the "Christian" or Catholic movement, which seems to have grown up in reaction against the materialism of the Liberal school, just as Syndicalism has been regarded as a reaction against the too mechanical or non-human standpoint of orthodox socialism. In the course of the latter part of the 19th Century it began to be a little more generally realised that industry and wealth were made for man and not man for them. And so arose gradually a body of opinion in favour of insistence on the guarantee to the worker of certain essential conditions of life, including a fixed minimum wage. This interest in the social side of the wage question was steadily developing throughout the seventies and eighties and in 1891 came the world-famous Encyclical letter of Pope Leo XIII, *De Rerum Novarum*, which set out logically and in an authoritative manner many of the doctrines previously put forward somewhat tentatively. Pope Leo XIII had given several previous indications of his views as for example in his dealings with the various Social Congresses, but the Encyclical was a complete statement of the Catholic position. It has wielded and continues to wield great influence and the ideas which it puts forward have met with increasingly wide acceptance. It has always been very highly regarded. Cardinal Manning even wrote "Since the divine words 'I have compassion on the multitude' were spoken in the wilderness, no voice has been heard throughout the world pleading for the people with such profound love and loving sympathy for those that toil and suffer as the voice of Leo XIII."

Leo XIII rejects utterly the transference of ownership to the state and considers that private property is an essential element in the true social system, partly because of its value as an incentive to labour and partly to enable man to make provision for the future. The justice of private

property is also grounded on the rights of the family, which are regarded as at least the equal of those of the state. The state is based on the family and must protect it. At the same time private property is a means and not an end. It exists in order to make possible the best distribution of the available wealth. There is no absolute right. Property is a trust to be used for the general good.<sup>2</sup> It is the duty of every individual to maintain life and the only way in which the wage earner can obtain the means therefor is from wages given in return for work. Consequently wages must always be sufficient to maintain a comfortable though frugal standard. This enables the worker to fulfil the first of the two fundamental natural instincts, "self-preservation and the propagation of the species."

"A family no less than a state is a natural society governed . . . by the father. It is a most sacred law of nature that a father should provide food and all necessaries for those whom he has begotten. . . . "Paternal authority can be neither abolished nor absorbed by the state, for it has the same source as human life itself." If then the father is admitted to be the governor and provider of necessaries for the family, it follows that the wage which he receives must be sufficient to enable him to carry out his duty. Leo XIII implies, though he does not definitely state in so many words, that every man should be in a position to support his family out of his wages. He says first: "Let it be then taken for granted that workmen and employers should as a rule make free agreements and in particular should agree freely as to the wages; nevertheless there underlies a dictate of natural justice more imperious and ancient than any bargain between man and man, namely that remuneration ought to be sufficient to support a frugal and well-behaved wage earner,"<sup>3</sup> and a little later on, "If a workman's wages be

<sup>2</sup> ". . . it is one thing to have a right to the possession of money and another to have the right to use money as one wills." Encyclical, p. 25.

<sup>3</sup> Encyclical, p. 40.

sufficient to enable him to maintain himself his wife and his children in reasonable comfort, he will be able to save a little."

This ambiguity has given rise to a controversy as to whether Leo XIII intended to approve the absolute or the relative family wage, that is to say a wage for *each* worker sufficient to support an average family or one increasing in proportion to family responsibilities. This general obscurity seems to have been increased rather than dissipated by the reply given soon after the publication of the Encyclical by Cardinal Zigliara, to whom Pope Leo referred a question by Cardinal Goossens of Malines, as to "whether an employer would do wrong who paid his men a wage sufficient for personal maintenance but inadequate to the needs of a family." The reply stated that the employer would not violate justice, but that his action might sometimes be contrary to charity or to natural righteousness.<sup>4</sup>

Historically the "absolute" family wage system was the first to gain adherents and to become an effective principle of action in most labour negotiations in this country and in the Dominions as well as in some parts of Europe. The Belgian sociologist Professor Bus<sup>5</sup> insists on regarding it as an intermediate position on the way to the final goal. The "absolute" conception contains, he points out, traces of individualism which in time must give way as genuine solidarity (in all classes) develops and becomes a living reality. It is only a rough approximation and not an accurate or scientific method of determining wages. It is unjust to some and over-generous to others. The plan has however the great value of calling attention to the importance of the family and to its needs; and that is probably its function, which achieved, it should be replaced by a more precise method. According to Bus, the system has done its work as soon as comprehension of it has made possible the introduction by employers of a Compensation Fund.

<sup>4</sup> Ryan. *A Living Wage*, p. 111

<sup>5</sup> Bus. *Het Relatief Geensloon*, pp. 17 et seq. and 60 et seq.

The absolute family wage does at least recognise the fact that the needs of the worker should form one factor in the determination of wages; it is a break from the old tradition that wages must be related solely to output, that is, it recognises the worker as well as the work. The emphasis is laid not so much on the individual—the adult worker and citizen—as is the case with much of current law and economic custom, but rather on the family. This individualism is a legacy partly of 18th Century Revolutionary ideas and partly of the industrial system. A similar trend towards individualism and far reaching equality was noticeable at the time of the German Revolution in 1918, though a reaction has since occurred.\*

One of the supposed advantages of an absolute family wage system is that it does not violate the canon of "equal pay for equal work." Each individual of a given class or skill or capacity receives an equal sum, that is to say, the extent of provision for the wage earner's family is for every member of that class precisely the same. It is therefore immediately necessary to decide what size of family is thus to be taken as typical and the answer is "the normal or average family." What is a "normal" family? Colonel Lemercier<sup>6</sup> asserts that there can be no such thing as a normal family; there can be a normal man, since what is enough to support one man will (more or less) support another, but it is not so with families. Then, further, one can and should contrast the terms normal and average. Bus points out that birth restriction has been going on for so long, that the closely restricted family is the usual or average one, although such a one is really abnormal, while the normal or unrestricted family is the exception rather than the rule. Consequently, if it is held that artificial birth restriction is immoral and/or undesirable, then wages are based on an abnormal, wrongly-limited family. In any case, as regards a considerable proportion of each generation, this regime<sup>7</sup> undoubtedly fails lamentably in its purpose of providing an adequate standard of living.

<sup>6</sup> See below, p. 44.

<sup>6</sup>Famille Nombreuse. Louvain 1921.

<sup>7</sup> Absolute family wage.

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In countries where birth restriction is widespread the average number of children will be something like two to three; in a country where birth restriction was but little practised, the figure might be higher; but a wage fixed for every person on the basis of 5 or even 4 children would impose a tremendous burden on industry. Of course it is perfectly true that so far at any rate as internal trade was concerned, the extra burden might be recovered from the consumer, but the rise in prices would be considerable and would negative the intended benefit to the family man. Excluding for the moment any question of foreign trade, suppose there are a million wage earners of the same grade of skill and that to each is paid a wage calculated in accordance with the cost of living for a seven-member family. The large family man gets one millionth of the total purchasing power obtained by labour, just as he did before this so called family wage system was introduced and unless either output is increased or the amount of purchasing power allotted to the other factors of production is diminished, no family man will be any better off. In so far as the industries of this country manufactured for export, they might be unable to increase prices proportionately; the difference might come out of profits, failing which they would naturally be involved in loss of markets, bankruptcy and unemployment.

Now it may be and has been asserted that there will always be adequate sustenance for all those persons who come into existence. This may be true, but it does not follow that nature or Providence will supply in respect of *each* producer enough for five or six persons since there is in each country a definite ratio between the number of children and the number of adults capable of producing wealth. The absolute family wage system, thus not only assumes the existence of a large number of mythical children but also that of a number of mythical adults, who if they *had* existed would have been capable of additional production.\* Thus an artificial position is created.

\* See Piddington. The next step p. 33 and Bus p. 40.

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Assuming that birth restriction is operative and that the average family is taken as one with either two or three children, statistics may be given to show the inadequacy of this arrangement in its purpose of providing any required minimum standard of living for the rising generation.

1. *Australia.* The following figures estimating the numbers of families of different sizes are given by Mr. A. B. Piddington, K.C., the chairman of the Royal Commission on the Basic Wage (Australia) 1920. The total number of wage earners is taken as 1,000,000, Mr. Knibbs the Commonwealth Statistician having in November, 1920, estimated the total as 1,020,000.

The distribution was as follows:—

Unmarried Males	...	...	...	...	450,000
Families in which children are grown up	(Husbands	92,945			
	(Wives	92,945			
Families with no children	(Husbands	70,950			
	(Wives	70,950			
Families with 1 child	(Husbands	80,298			
	(Wives	80,298			
	(Children	80,298			
Families with 2 children	(Husbands	79,749			
	(Wives	79,749			
	(Children	159,498			
Total adequately provided for by a four member family wage					1,357,680
Families with more than 2 children	(Husbands	226,058			
	(Wives	226,058			
	(Children	660,204			
Total inadequately provided for					1,112,320

Thus 1,112,320 persons or over 45 per cent. of the total would be inadequately provided for by a four member family wage and that in Australia where the average size of the family is very low.

2. *United Kingdom.* Mr. Seebohm Rowntree proceeds from the view that "the wages of all adult males must

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inevitably be governed by those of married men." He also states that "only about 10 per cent. of men . . . remain permanently single." An investigation was made in York with a view to ascertaining what proportion of married men have children dependent on them. The resulting figures showed that if a five member family were taken as the standard 33 per cent. of the families and 62 per cent. of the children would be inadequately provided for.

3. *Belgium*.<sup>\*</sup> Bus gives the following figures. According to the Belgian Census of 1910, of all married men 260,495 or 19% were childless.

282,518	or 20·6%	had 1 child.
253,218	or 18·5%	had 2 children.
177,827	or 13·5%	had 3 " "
129,111	or 9·4%	" 4 " "
91,636	or 6·7%	" 5 " "
66,433	or 4·8%	" 6 " "
44,532	or 3·3%	" 7 " "
28,002	or 2·0%	" 8 " "
16,025	or 1·2%	" 9 " "
15,279	or 1·1%	" 10 " or more.

(These figures include grown up children).

Thus the average number of children per married man is 2·58. It will be seen that although about three quarters of all married men have not more than three children each, yet the remaining quarter have between them two-thirds of all the children, which shows that even a five-member family wage would leave a good deal more than half the children inadequately provided for, whilst in about two out of every three families there would be a surplus above the standard aimed at.

Thus the absolute family wage endeavours to provide for mythical children, but fails to look after the majority or at any rate a large number of those that do exist. What is it suggested the large family should do? There would seem to be five possibilities—a lowering of the standard

<sup>\*</sup> For further and more detailed evidence, see Appendix 4.

of living, charity, extra work by the father for extra pay, wife and child labour in the factories, or family allowances for all children in excess of the average number. The first and second are to be deplored, the third is undesirable, because it will prevent the father devoting himself as he should do to his children, and because such extra work may wear him out, so that by the time the elder children are 15 or 16, it may be necessary for them to become the supporters of the family.<sup>9</sup> The fourth possibility has been in most cases the only remedy evolved by the industrial system, a remedy whose evils it has been in turn the purpose of the Factory Acts to redress. Thus we are thrown back upon the need of a compensation fund and the provision of allowances, but that of course is a break away from the absolute system in the direction of a relative family wage while the sacred principle of equal pay for equal work is apparently violated.

“ Une botte de legumes ou un panier de fruits ne change pas de prix selon que celui qui les a fait pousser est un célibataire ou un chef de famille nombreuse.”<sup>10</sup> This sentence sums up a very important question, which may now be examined. Is it true that work alone determines wages and if so is it just that it should? Equal pay for equal work has in point of fact never yet existed in any complete form. In the first place, a uniform time wage hardly ever carries out the principle, since (with the exception of but few operations) at any given job nearly every worker has a different output, as a frequency distribution chart of piecework earnings clearly shows. No wage fixed for a class can therefore be more than an approximation.<sup>11</sup>

But how far is it true that even such approximation is based on the value of the work. What do we mean by the value of the work? Presumably such value in terms of money is determined by the selling price of the article

<sup>9</sup> Tengrootenhuyzen, *Loon en Kindertoeslag*.

<sup>10</sup> Mons. Auguste Isaac, *Salaires et Sur-Salaires familiaux*.

<sup>11</sup> Compare also *Zentralblatt der Christlichen Gewerkschaften* 6.2.22 and *Stolk, Gezinsloon* p. 16, and *Die Gewerkschaft* 1.4.21 and *Korrespondenzblatt* 25.6.21 p. 362.



made, which in turn depends partly on the efficiency of the firm and of the individual worker and partly on the correctness, with which management have anticipated and adjusted their supply to the demand, and partly on world conditions wholly outside the control of management or worker, but such factors may vary enormously and yet in any country it is fairly easy to say that such and such is approximately the rate for skilled men and such and such for unskilled. Why is there this uniformity? Surely because of the factor of needs and of the influence which it is able to exercise through Trade Union organisation. A customary standard is undoubtedly a powerful lever and the "higgling" of the market would seem to be doubtful evidence of a value basis for wages. Again most piece rates are calculated so as to produce a given rate of earnings per day or week, it is often stated for example that piece-rate earnings must be not less than ten or fifteen per cent. above time rates for similar work.<sup>13</sup> Further there have been cases where for precisely the same work different piece rates are fixed for men and for women<sup>14</sup>—once more a recognition of the factor of needs. In many occupations wages increase automatically with years of service, which may or may not mean increased output. Often one of the reasons for such increase has been the realisation that as the years go on a workman's or employee's family tends to increase.<sup>15</sup> Furthermore the standard rate once reached by a workman remains the same throughout a man's working life, though after middle age his powers will tend to diminish.<sup>16</sup> There is also the matter of locality. In many industries, higher rates are paid in large towns than in villages; to some extent no doubt, this is due to the fact that a higher grade of skill is required

<sup>13</sup> Even when they are not so calculated there are many known instances, both in the past and the present, where a piece-rate system is so worked by employers and workers as to provide certain recognised earnings, neither more nor less.

<sup>14</sup> e.g. See *Zentralblatt der Christlichen Gewerkschaften* 6.2.22 where it is mentioned that the lesser needs of a woman were put forward as constituting a reason for this procedure.

<sup>15</sup> *Stolk Gedinsloos* p. 16. See also *Textilarbeiterzeitung* 25.3.22.

<sup>16</sup> *Wilhelm Eckert, Familienlohn*, p. 37.

in the bigger towns, (e.g. in printing) and that competition between different industries raises the rates of unskilled and of some classes of skilled workers; but the higher cost of living is here again an influence that cannot be ignored.

Other exceptions to the strict doctrine are provided by unemployment relief; whether paid by the state or by Trade Unions, the benefits are generally differentiated according to the size of the family—i.e., unequal pay in return for equal contributions.<sup>16</sup> Looking at the matter from a rather broader standpoint, premiums payable by the employer for health and unemployment insurance, etc., may be regarded as forming part of labour's remuneration and as representing an element in it which is regulated by the needs of the workers (collectively), rather than by the price of the product.

Thus in scarcely any case is the needs factor entirely excluded; it always exercises some influence. The problem therefore is, not whether or no, but how far, the question of a man's needs should be allowed to affect the wage which he receives. Hitherto all attempts to fit income to requirements have been approximate, e.g., all men have been assumed to have three children or the cost of living for *all* persons in one area has been assumed to be 10 per cent. greater than for *all* those in another; is there any reason why the matter should not be managed with greater exactitude? It may be that there are difficulties. Equal pay for equal work as a doctrine is selfish in character; whilst a relative family wage demands solidarity and a realisation of the common interest both from employers and from workers. The employer may be called upon to subscribe to the compensation fund more than he gets out of it; a worker may be called upon to accept such a division of the product of industry as will give his fellow more than himself. The purely egotistical employer might say in the words which Monsieur Ley puts into his mouth.<sup>17</sup> "Je ne me sens pas tenté par le rôle

<sup>16</sup> e.g. in Germany.

<sup>17</sup> *La Réforme Sociale*, November, 1922.

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*d'apôtre social.*" And he adds when asked to pay his contribution to the Compensation Fund. "You ask me to give you a percentage of my wagebill, it seems to me to be much better to give this same amount direct to my workmen in a wage increase, since by that means I shall put them in an advantageous position relative to their fellows, which would suit me."

It is sometimes urged<sup>18</sup> that since a given rate of pay is supposed to represent a given purchasing power, which in turn means a certain standard of living, the formula "equal pay for equal work," could as well be written, equal standard of life for equal work. This view however seems rather to distort the meaning of words, the phrase equal pay for equal work is surely intended to mean that in return for equal services to industry an equal share of the product is distributed.

In certain quarters it has even been suggested that the introduction of family allowances throughout a country must necessarily involve a rise in the general level of prices. The question how far any wage charge is going to be neutralised by price movements is always an important one, but there seems no reason to anticipate that the family allowance system will have any special effect in prices peculiar to itself. A mere redistribution of labour's share of the product without change in the amount of the total share should have little if any effect on the general level of prices. If however it is assumed that the allowances constitute a definite addition to labour's share, then as with any other expansion of the so-called wage-fund a large number of factors will have to be taken into consideration in arriving at a decision, e.g., how far the increase in labour's share will be met by absorption in profits, and how far it will be passed on to the consumer, how far the extra may be provided as the result of pressure on management's ability and general power of organisation and how far the increase brings with it a proportional advance in direct labour efficiency. These

<sup>18</sup> e.g., in Holland and Belgium.

and similar questions belong to the domain of the general wages problem and are not specially proper to the family allowance question.

At the same time, it may be asked how it is that the problem of providing for the family has suddenly become so acute and so prominent. It may be urged that married men with large families have hitherto managed to get on well enough without any of these new-fangled schemes of child endowment, family allowances, etc.—“Well enough”—the old objection to any reform. Probably much of the inferior health of a large proportion of the population can with safety be attributed to malnutrition and generally unsatisfactory conditions in large families. In addition the last twenty or thirty years or so have introduced two new factors, which have rendered the problem still more acute. In the first place artificial birth restriction has become a great deal more prevalent, with the result that the “frequency distribution” of families has changed, there is more difference in size between families. In olden days the average marriage age was lower and the size of families was more uniform, the bachelor was rarer and family responsibilities were more equally distributed whereas “de nos jours, le nombre des célibataires a pris une importance considérable, grâce en partie au service militaire, qui a retardé l'age du mariage. . . .”<sup>19</sup>

The second factor is of more recent growth. Since 1913 the ratio of the level of wages of skilled and unskilled has altered to the disadvantage of the former. During the war wages in most countries were supplemented by the grant of *uniform* cost-of-living bonuses, the addition of which naturally tended to depress the skilled rate relatively to that of the unskilled.<sup>20</sup> Impartial investigations of com-

<sup>19</sup> Auguste Isaac, p. 2.

<sup>20</sup> As regards France in 1921 M. René Hubert says in “Salaires et Allocations Familiales et Caisses de Compensation”—In view of the addition of a cost-of-living bonus of uniform size to both skilled and unskilled, married and single, the position of the heads of families has become relatively disadvantageous.

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parative wages before the war and recently, have shown that the interval between skilled and unskilled wages has narrowed considerably.<sup>21</sup> The relation of rates for young persons to those for adults has also altered in favour of the former and the problem has thereby been accentuated, for in many cases the less skilled and less well paid jobs were held by young single men and the more skilled and better paid ones by the married men.<sup>22</sup> Moreover the public conscience has during the past few decades been increasingly powerful in checking the exercise of those undesirable remedies for the straits of the large family, viz., a long working day and child labour.

In short, there was in the old days a greater degree of what may be described as natural differentiation between the earnings of family men and those of single men.<sup>23</sup> Much of this differentiation has disappeared and the result is an economic misfit which like its sartorial counterpart is tight where it ought to be loose and baggy where something of a close fit would not be amiss.

This leads on directly to the question of the influence possible or probable of the introduction of a system of family allowances on production, and the efficiency of the worker. It has frequently been suggested that to remove the stimulus to work afforded by the necessities of his wife and children would have a disastrous effect on the intensity of effort of the average worker. This argument seems to

<sup>21</sup> Compare *Manchester Guardian Commercial Reconstruction in Europe*, Section 9, pp. 544-546. It is true that the gap between skilled and unskilled has perhaps during the last year or more once again slightly widened.

<sup>22</sup> "En fait, le salaire ne correspond pas aux besoins, mais aux services. Les inégalités, qui en résultent, ne datent pas d'aujourd'hui, elles ont toujours existé et ce qui a empêché qu'on s'en étonnât, c'est la distribution des tâches dans les travaux primitifs, ceux de l'agriculture par exemple. Les plus faciles étaient réservées aux jeunes, c'est-à-dire ceux qui avaient le moins de besoin, les plus difficiles et donc les mieux payés aux hommes faits ayant en même temps le plus de besoins." Isaac, p. 1. The author of an article in *Korrespondenzblatt*, 25.6.21, after referring to the numerous gradations according to age and experience occurring in pre-war wage agreements, says "in reality the pre-war wage regulation took account of the family man, only in another form."

<sup>23</sup> Miss Rathbone, in a very interesting section of her book, mentions statements made to her by Labour leaders in the Mining industry to the effect that "there was more grading of incomes in proportion to family needs than appeared on the surface owing to the larger proportion of time put in by the men with families." *The Disabled Family*, p. 254 et seq.

overlook the fact that the payment of the allowance is almost invariably dependent on the retention by the father of his employment. Again this lack of security, is it such a wonderful stimulus to industry, is there not much evidence to show it is an important cause of the attitude of mental hostility to the industrial system, which leads to friction and diminished output.<sup>24</sup> Moreover in no case do allowances given or proposed in any instance equal or even approach the total cost of maintenance, so that the element of sacrifice is by no means eliminated.

The British worker has sometimes been reproached with the fact that additional leisure appeals more strongly to him than extra work. This means in effect that the higher standard of living which such extra work ought to make possible is unappreciated, may this not be partly because there has been no experience of the higher standard. Is it not a commonplace the tremendous efforts which members of the middle class are willing to make to maintain a standard of living to which they are accustomed. Again it is generally admitted that a strike is maintained with far great determination if it is a question of defending the existing standard rather than making new advances.

The cycle of poverty and comparative affluence has been described on various occasions and recently and vividly by Miss Rathbone, who points out the indubitable truth that the standard of the rising generation is formed just at the time when the pinch of the so-called family wage is most keenly felt. The customary standard is in consequence on the average low not only in quantity but in quality. Any improvement in such standard may well be a factor leading to greater efficiency.

<sup>24</sup> "I think the well-to-do . . . have no notion of the ever-present dread of poverty and the ever-present strain of effort which fall upon the working-man and his wife who give hostages to fortune, as Bacon put it." . . . "Nor do they know to what extent this state of things (viz., lack of security as to the future) is responsible for the mental attitude of distrust and resentment towards the existing social order which is so common. . . . One of our most trusted Labour men, who had had a very wide experience, told me that he had observed a wonderful difference in the mental outlook of Unionists to whom some turn of fortune had made the future seem secure."—Chairman Australian Federal Basic Wage Commission.

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We have seen that there has always been a "needs" element in the determination of wages, while on the other hand it is inconceivable under present conditions that wages could be determined wholly according to the worker's needs. It is a question of carrying the differentiation of needs a little farther. Instead of fitting wages only to the needs of classes or localities, they would also be adjusted to the requirements of families.

A wage system should be based on three principles:

(1) *The output of the worker.* Obviously there can be no question of substituting needs for output as a criterion. It is imperative that the standard of efficiency should be maintained and for this purpose output must have a predominant influence on wages.

(2) *Industry's capacity to pay.* This ability is probably more elastic than is usually admitted and pressure on management's power of organisation may ultimately make a desired level of wages practicable. The bogey of impossibility is one that is often raised unnecessarily, but at any one moment there are upward limits beyond which it would be disastrous to go. Probably from time to time a choice must be made between the maintenance of the customary standard and the disappearance or diminution of a particular industry.

(3) *The needs of life for the individual.* Industry was made for man, not man for industry. There is a standard of life below which no human being should be forced to exist.

An ideal wage system should suitably blend these three. The first ensures an adequate supply of wealth and the last an adequate supply of workers. Neglect of the first two as in the pure socialist doctrine may lead to short supply and economic collapse; neglect of the last may lead to depopulation or to violent changes in the economic system.

## CHAPTER IV

### HISTORICAL SKETCH

#### I. FRANCE.

While relatively unimportant until the middle years of the war, the principle of allowing a man's family circumstances and social obligations to exercise some influence over his income was at least recognised and operative during more than half a century prior to 1914.

As early as 1854 in the factory of Monsieur Hamel at Val-des-Bois—there was established a Caisse-de-Famille, which was administered by a section of the works Council. This Council determined the minimum income per person needed to provide a decent standard of existence: and the Fund made up a man's wage to this minimum if owing to the size of his family it fell below.<sup>1</sup> Interesting as a forerunner of the present day, this was until the war no more than one of a few isolated cases.

There were however more substantial developments amongst the great state departments of France and amongst the big railways and banks. The Ministry of Marine appears to have been the first to introduce the new principle and by an imperial decision of 26th December, 1862,<sup>2</sup> 10 centimes a day for each child below the age of ten was granted to seamen up to the rank of quartermaster having over five years service.

In 1908 this allowance was transformed into a housing bonus for all married seamen without consideration of the number of dependent children. A law of 1913 provided a credit out of which was paid an allowance of 200 francs

<sup>1</sup> Max Turmann. *Les Problèmes Sociaux*. 1921, p. 80 et seq.

<sup>2</sup> *Le Bulletin du Ministère du Travail*, March-April, 1920, p. 105.



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a year for each child after the first below 16 years of age belonging to officers, non-commissioned officers and soldiers and to civilian employees of the War Office and the Ministry of Marine as well as to members of the Gendarmerie employed by the Ministry for the Colonies.

By ministerial decree of 28th December, 1911, clerks and certain other subordinate employees of the Ministry for the Colonies were awarded a confinement allowance of 150 francs for each child as well as an allowance of 20 francs a year for each of the two first children and 60 francs for the third and for any subsequent child. These allowances were continued up to the age of 17. The Finance Ministry also made special grants to particular categories of its employees—notably from 1899 onwards 30 francs a year for each child under 18 years of age for certain classes of Customs officials, while in 1909 employees of the *Administration Centrale* were allotted 20 francs a year for each of the first two children and 60 francs for the third. In the Post and Telegraph Office, all persons with an annual salary of not more than 2,000 francs received an allowance of 50 francs a year for each child under sixteen years of age beginning with the third. Certain annual payments of a similar kind were also made to persons employed in the Department of Education and at the Conservatoire des arts et metiers as well as to members of the Factory Inspectorate. Furthermore a few departments (12<sup>3</sup> out of 90) and a few of the larger towns (9) gave allowances to their employees.

The turning point in the history of the new development was in the autumn and winter of 1916-17, when prices were beginning to rise sharply and the high cost of living to assume the dimensions of a problem. By the law of 7th April, 1917, the State took action to assist its employees in the ever-growing difficulty of maintaining their standard of living, by granting to all Civil Servants whose

<sup>3</sup> Finistère 1903 Seine-Inf 1910 Charente 1912 Haute-Marne 1913  
Gironde 1904 Eure et Loire 1911 Nord 1912 Savoie 1914  
Lozère 1905 Calvados 1911 Côte-du-Nord 1912 Deux Sèvres 1914

annual basic salary did not exceed 4,500 francs an allowance of 100 francs a year for each child under 16 years of age. In the case of civil servants with not more than two children the maximum qualifying salary was 3,600 francs. By laws dated 4 August, 1917, and 22 March, 1918, the maximum limit was raised (without regard to the size of family) to 5,000 and 8,100 francs respectively, while on the same dates the allowance for the 3rd and subsequent children was raised to 200 and 300 francs. After March, 1918, 150 francs was payable for each of the first two children. Furthermore a law dated 14th November, 1918, abolished all maximum salary limit, and raised the amount of the allowance to 330 francs for each of the first two and to 480 francs for each subsequent child.<sup>4</sup>

Stimulated by the example of the State, many public authorities in the Departments determined so to arrange the Cost-of-Living bonuses,<sup>5</sup> that the married and family men were given extra allowances. By the end of 1918 out of 90 departments no less than 79 had arranged to grant allowances in respect of the dependent children of some or all classes of their employees. Of these forty two grant the same allowances as the state to all persons employed by them; a further eight grant these allowances but only to permanent officials (*titulaires*); while eleven differ only in excepting labourers, to whom they apply a special scale.<sup>6</sup>

Turning now to the towns, it is clear that the municipal authorities were in their turn also inspired by the initiative of the State. According to the French census of 1911, there are 310 cities with over ten thousand inhabitants and until 1916 only 28 of these paid any family allowances, whereas towards the end of 1920, 206 or over 71% of the total number were paying them. Amongst the largest cities the percentage is still higher, *vis*: 14 out of the 15

<sup>4</sup> The allowances were increased from January, 1924, and the 1925 Budget included a clause further raising the allowances to 540 francs for the first child, 720 francs for the second, 840 to 1080 for the third, rising for the fourth and subsequent children to 1260 francs per annum.

<sup>5</sup> Already given by them.

<sup>6</sup> See Appendix 2.

cities with more than 100,000 inhabitants and 23 out of the 26 with 50 to 100,000.

Many of the great railways of France were accustomed for many years before the war to make special allowances to their staff in respect of their family responsibilities. This practice was inaugurated by the Nord and the Orleans in 1890, and their example was followed by the P.L.M. in 1892, the Etat in 1907, the Est in 1910 and the Midi in 1913.

The systems adopted differed in detail but were uniform in important respects. They fixed the amount of the allowance for a given number of children, in accordance with (a) the amount of the recipient's basic salary and (b) the size of the station where he lived. The maximum qualifying limit of salary varied in its turn in accordance with locality and size of family. In November, 1916, all the Companies agreed to give to their officials and work-people whether male or female—for the 1st child under 16 years of age 50 francs a year, for the second and third 100 francs each, for each subsequent child 200 francs. In March, 1918, the maximum salary limit was raised from 6,000 to 8,100 francs and the allowances were increased to 150 francs a year for the first and second children and 300 for each subsequent child.<sup>7</sup> Finally in January, 1919, an Administrative decree abolished the limit of salary and added a further 180 francs per child per annum. In addition provision has in certain cases been made by the companies for the payment of special lump sum confinement allowances.

In the Mining industry, the family allowance principle was originally introduced before 1914 by private initiative. It took the form not so much of wage allowances as of bonuses given exceptionally or allowances of free coal, etc. The development during the war was considerable.

<sup>7</sup> Thus bringing the allowances into line with those paid by the State.

In 1917 an agreement between mine owners and men provided for a family allowance of three francs a month each child. Other similar agreements followed, being much facilitated by the intervention of the joint committees of employers and employed, appointed by the French Ministry of Munitions in 1918. A circular of March, 1920, laid down that "une indemnité par enfant non en âge de travailler" ought to be granted to those workmen who had heavy family responsibilities. Furthermore the government was frequently called upon to intervene in various mining wage disputes. The decisions reached by the government arbitrators, thus called in, frequently embodied provision for family allowances and generally at a level higher than that fixed by the joint committees.<sup>8</sup>

All the developments so far recorded have been concerned either with state departments or with big public bodies, whose resources and position of monopoly were such that the extra burden of allowances (if any) could be borne by them with relatively little strain. The system appears to have been extended easily and without friction to cover a large number of employed persons—about half a million in all<sup>9</sup>—involving the expenditure, it is calculated, of about 180,000,000 francs a year. Side by side with these big figures, the progress of the movement among ordinary industrial or commercial firms appears relatively small.

There was founded in 1906—at Grenoble the small *Ruche populaire de Saint Bruno*. This was actually a *Caisse de Secours*, the first institution of this kind known in France having been founded in Grenoble in 1803. The aims of the Ruche de Saint Bruno were co-operation, mutual aid and the study of social questions.<sup>10</sup> The Committee consisted of manufacturers, merchants and work-

<sup>8</sup> The highest allowance fixed by a joint committee was 15 francs at Alais mines (Gard); in most cases the figure was nearer 5 or 6 francs a month. On the other hand the allowance fixed by arbitration was 30 francs a month per child. In 1923 the total amount paid out in allowances in this industry was about 80 millions francs, representing about 5-6% of the wage bill. Figures of Comité des Houillères de France, quoted in I.L.O. Study 33.

<sup>9</sup> *Compte-Rendu—and Congrès*, p. 67.

<sup>10</sup> *Chronique Sociale de France*, Oct., 1919, p. 525.

men together with a priest and a lawyer. They met once a month for discussion. Practical decisions reached were often put into force in the works of the manufacturers who were members of the Ruche. If the results were found satisfactory these reforms naturally tended to penetrate throughout the district, and in point of fact a good many useful reforms had been brought about in this way. At a meeting of this circle on October 4th, 1916,<sup>11</sup> the workmen members of the Committee declared that wages were inadequate to enable married men with families to maintain any decent standard of life. As a result an enquiry<sup>12</sup> was undertaken into the circumstances of eight men with varying domestic responsibilities but all belonging to the Joya metal and engineering works, whose manager Monsieur Romanet was a member of the Committee. As a result of this enquiry M. Romanet succeeded in convincing his employer that wages were at that time insufficient to meet the needs of the family man, and it was decided that as from November 1st, 1916, married men should receive allowances on the following scale for children under the age of 13 years.

One child	...	...	7'50 francs a month.
Two children	...	...	18'00 " " "
Three	"	...	31'50 " " "
Four	"	...	48'00 " " "

On November 27th, the local union of Engineering employers<sup>13</sup> met and gave their unanimous approval to the system and decided that the same allowance should be given in all Grenoble workshops, though compliance with the decision was left to the discretion of each employer. During 1917 various wage rates were fixed by a joint Committee working in liaison with the French Ministry of Munitions, and in the spring of 1918 a higher level of allowances was fixed.

Early in 1918, the imperfections of the system of Family Allowances then in force became apparent to the more

<sup>11</sup> *Compte-Rendu—end Congrès, 1922, p. 2.*

<sup>12</sup> *Les Allocations Familiales, Mons Romanet, p. 1.*

<sup>13</sup> *Syndicat des Constructeurs, Mécaniciens, Chaudronniers, etc.*

far-seeing manufacturers. The rates laid down had been generally adopted, though without alacrity by some employers who seemed inclined to employ "moins volontiers des ouvriers pères de familles nombreuses" so that the new institution threatened to turn round boomerang-fashion and harm those it was intended to benefit. Hence in May, 1918, when a further cost-of-living bonus was under discussion, it was decided that a radical rearrangement was necessary and as a result what was believed to be the first Compensation Fund in France was founded to equalise the cost of the family allowance and to prevent it being of consequence to any manufacturer whether he employed single or family men.

In actual point of date it has been claimed that Grenoble was not the first Compensation Fund and that one was founded at Lorient in Brittany in January, 1918, though it did not function until April of that year. Evidently similar circumstances brought about the execution of a similar plan independently and nearly simultaneously in two very different districts of France.

Grenoble's right of priority has also been called in question by the textile centre Roubaix in the North of France. It is asserted that a compensation fund was instituted while the German occupation was still in progress. The facts appear to be as follows. In 1917, some 20 firms formed themselves into a body called "Familia"<sup>14</sup> with a view to the furtherment of social schemes for the benefit of the large family, but it was not until 1919 that this body functioned actively. In March, 1920, 300 firms joined together to form an Association controlling what is now one of the most important funds in France.<sup>15</sup>

In 1919, four more funds were inaugurated, in May at Saint Dizier, in June at Epernay and at Rouen and in December at Nantes.<sup>16</sup> By the end of the first quarter of 1920, 16 funds were in existence, on July 1st there were 26 and six months later 51, while on 1st July, 1921, the

<sup>14</sup> La Journée Industrielle 9.12.20.

<sup>15</sup> See page 67 for further account of this Fund.

<sup>16</sup> Revue d'Economie Politique, No. 5, 1920, p. 594.

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number had reached 70.<sup>17</sup> By the beginning of 1922—a further advance to 92 had occurred—and in November, 1922, a dinner was held to celebrate the foundation of the 100th Fund, which had taken place early in the autumn. At the 3rd Congress of the Compensation Funds held at Nantes in June, 1923, the total number of funds in operation was given as 120, with a further 33 in process of formation. Towards the end of 1925, the number is approaching 200.

The extraordinarily rapid progress of the new institution is also clearly evidenced in the following statistics of the number of workmen and children concerned and the volume of the allowances paid out.

Date.	No. of Employers.	No. of Employees.	No. of children and other beneficiaries.	Total of benefits per annum. Francs.
Jan. 1918 ... ..	...	598	...	113,352
July 1918 ... ..	...	5,300	...	592,352
July 1919 ... ..	...	37,054	...	3,598,379
Jan. 1920 ... ..	...	57,449	...	4,873,493
July 1920 ... ..	...	398,519	...	51,747,664
Jan. 1921 ... ..	...	512,518	...	65,912,198
July 1921 ... ..	...	...	...	75,000,000
July 1922 ... ..	5,500	700,000	...	80,000,000
Nov. 1922 ... ..	...	...	270,000 children	...
June 1923 ... ..	7,600	880,000	300,000	92,000,000
June 1925 ... ..	11,200	1,210,000	...	160,000,000

Further evidence of the continued growth of the movement is to be found in the fact that not only have the bare numbers of funds increased, but that during the course of the last year the size of those already in existence has in many cases greatly advanced. Some 15 have expanded to the extent of 40 per cent. and nearly thirty by 12 to 15 per cent.

To arrive at the total number of employed persons in France working in establishments where the family allowance system is in force, it is necessary to add an estimate of the number of persons employed (a) by the State—780,000 (b) by Departmental and Municipal authorities of

<sup>17</sup> Congrès des Caisses de Compensation, Paris, p. 76.

the 80 Departments and 206 towns paying these allowances—150,000 (c) by the Railways—400,000 (d) in the mines—230,000 and (e) in private establishments paying allowances direct 100—200,000.

It may be taken as *approximately* true that in July, 1925,—the total number of employed persons in France working under a family wage system was over 3,000,000, while the total volume of allowances (including the administrative cost of providing them) was at the same date something over 1,000,000,000 francs a year.†

This bald statistical outline needs to be supplemented. In February, 1920—Monsieur Bokanowski introduced a bill to make it compulsory for all employers to pay family allowances; on the grounds partly that it was essential for the government to take active steps to stem the decreasing birth rate, and partly that it was unreasonable that conscientious employers, who already paid such allowances should be placed at a disadvantage as compared with others less high-principled who omitted to do so. The provisions of the Bill are described and the arguments for and against it are discussed in Chapter XIV. Here it will suffice to say that the bill was vehemently opposed by employers who held that a state measure would be very expensive and entirely lacking in the elasticity necessary to enable it to be adapted to the widely varying needs of different parts of the country. In consequence the Bill was shelved indefinitely. It had however an important influence on the development of the Family Wage system, since it was extensively used as an instrument of propaganda to induce employers to form new Funds or join existing ones. For example a Feuille-de-Propagande used by the Paris Grocery Fund and probably by other funds contains the words "With voluntary compensation funds you pay no more than 2 per cent. of your wage-bill on the average and you pay it in the way which you and your colleagues judge to be most suitable to the conditions of your business. But in case of state interference you will pay at least 5 per cent. and you will lose all control of your money which

† At a conference held at Grenoble on February 10th, 1926, Monsieur Vialis put the total at 3,500,000, which, he calculated, represented about five-sevenths of the total industrially occupied population.



will pass into the hands of a new army of officials." Again Monsieur Rey in his report on the first working period of the Mulhouse Fund says, "We shall continue to emphasize the fact that everyone who has not been willing to follow us in this matter, is in fact responsible for the development of that movement which desires to force the French employer to accept compulsion and the establishment of Compensation Funds under official guidance."

It was also asserted that, when the danger of the Bokanowski Bill<sup>18</sup> appeared to have passed, there was a check in the development of the movement and a certain number of resignations occurred but any set-back has since been more than recovered.

In December, 1920, the then existing Funds, decided to form a central body called the *Comité Centrale des Caisses de Compensation*. This body was (and is) governed by a Committee of representatives of the more important funds, but each fund remains autonomous and the chief duties of the *Comité* are propaganda, the collection of information and the tendering of advice and assistance to persons contemplating the formation of a new Fund. Five Annual National Congresses have been held, the first in July, 1921, at Paris, and the latest at Rouen in June, 1925.

## 2. BELGIUM.

It was some years before the war that Monsieur Helleputte when Minister of Posts, Telegraphs, etc.,<sup>19</sup> introduced the principle of family allowances, substituting for the old principle of equal pay for equal work, that of an equal standard of living for equal work. He arranged that 36 francs a year extra should be granted to each Civil Servant in the Post Office in respect of each child under 14 beginning with the third.

In 1917, the Belgian Railwaymen then living at Oissel (Seine-Inf) in France demanded Child Allowances on the

<sup>18</sup> La Journée Industrielle 1.1.23.

<sup>19</sup> M. Helleputte was Minister of Railways, Posts and Telegraph Services from 2.3.07 to 3.9.10.

ground that the cost of living was rising steadily and that the bonuses given up till then had not improved the position of the family men, but on the contrary rather tended to make it worse. Later in the year a discussion took place between the President of "Belgia"<sup>20</sup> a Civil Servants' Mutual Aid Society and representatives of the Belgian Government in which the former defended a claim for 50 centimes per day per child up to the age of 21<sup>21</sup> provided that he or she were not earning anything. The Ministers were impressed and immediately after the return to Belgium special provision was made for the children of Civil Servants, but as the result of propaganda by the Socialist Union of Railwaymen, etc., was abolished for a time, though from February 23rd, 1920,<sup>22</sup> a child allowance of 100 francs a year was reintroduced, subsequently increased to 50 centimes a child a day for all Civil Servants and continued until the child reached the age of 21. In August, 1923, the allowances were doubled. Early in 1925, a more elaborate and more progressive scale was introduced.<sup>23</sup>

Many towns have followed the example of the state and accord allowances to their employees.<sup>24</sup> Allowances are also paid to the personnel of the provincial government services of Brabant,<sup>25</sup> Limbourg, Hainault, Namur, Western Flanders and Luxemburg<sup>26</sup> on the same scale as to officials of the Central government.<sup>27</sup>

<sup>20</sup> Afterwards Secretary of the Christian Union of Railwaymen, Postmen, etc., etc.

<sup>21</sup> Lemerrier, p. 27.

<sup>22</sup> Stolk, Gezinsloon, p. 27.

<sup>23</sup> 30 francs a month for the first child, 30 for the second, 40 for the third, and 50 for the fourth. For "magistrats" there are special allowances, viz., 70 francs for the third child, 90 for the fourth, 100 for the fifth and subsequent children.

<sup>24</sup> e.g. Mons, 100 francs a year in respect of each child; Verviers and Bruges, double the State allowances; Antwerp, 25 francs a month in respect of a man's wife and 15 francs in respect of each child.

<sup>25</sup> B.B. der Talryk Gezinnen, No. 6, p. 11. 2 francs a day each child.

<sup>26</sup> B.B. der Talryk Gezinnen, No. 10, p. 21. Also *Annuaire* 1925.

<sup>27</sup> The provinces of Luxemburg and East Flanders give an annual allowance of 200 francs for children up to 18 years of age in the case of the former, and rather more in East Flanders. The province of Liège has a slightly more generous scale, varying in accordance with the cost-of-living index number.

In industry the movement has developed independently and on somewhat different lines. Since early in 1916 child allowances have been paid in some of the coal mines of the Charleroi district, and in one case also in the Liège district. Towards the end of 1924, the allowance system was adopted by all Belgian mines. The total number of employees is estimated at 150—160,000. The allowances vary in amount<sup>20</sup> and are paid direct by individual employers, no funds having been formed. It has been alleged by the socialists, who are opposed to this system, that the result has been a marked unwillingness on the part of employers to engage men with large families. The exceptionally high proportion of family men employed at Werister mine, is however striking evidence in refutation of this suggestion.<sup>21</sup>

The first and most important Compensation Fund was organised at Verviers late in 1920<sup>22</sup> and covered all trades in that area except textiles. Very little further progress was achieved until the autumn and winter of 1922, when five more funds<sup>23</sup> were founded, modelled on those already in existence in France. While the earlier part of the Belgian movement was entirely independent of French influence, during 1922 the methods of their Southern neighbours were closely studied and the employers found it necessary if they were to keep Belgian skilled labour at home to counteract the attractions of the family wage allowances obtainable in the North of France.<sup>24</sup> Furthermore, as the result of propaganda by the Belgian Union of Large Families (founded in 1921) and by the Christian Trade Unions, special attention was directed to the subject as a remedy for the falling birthrate, and special em-

<sup>20</sup> Scale—Liège, 1st child, 10 francs a month; and, 20; 3rd, 30; 4th, 40.

<sup>21</sup> See Table in Appendix 2.

<sup>22</sup> It came into force from 1st March, 1921.

<sup>23</sup> Building Trades Fund (National); and Liège; various trades Tournai; Metal Workers in Antwerp, Limbourg and Liège; and Renaix (Textiles).

<sup>24</sup> Compare a similar reaction brought about in France, where in 1924, there was a considerable increase in the number of agricultural funds, largely because of the need for competing with the attraction of the allowances in urban districts.

phasis was laid on the great social and economic value to the State of the large family. During 1923 the movement expanded with ever increasing rapidity, several funds were founded during the spring, and in June the "Fédération des Charbonnages de Belgique" announced its conversion to the principle of a relative family wage, though remaining opposed to the establishment of Compensation Funds. By the autumn of 1925 some 17 Funds had come into existence, including one or two Agricultural Funds. Including the 150,000 miners, the total number of persons in private industry working under a family allowances system is estimated at 360—370,000, to these must be added over 100,000 Railway servants and other employees of the State and about 130,000 State and Municipal officials, including 30,000 teachers, making a grand total of over 600,000 persons.

### 3. HOLLAND.

Owing in large measure to the important part played by the Roman Catholic organisations, the principle of family wage allowances has been very fully discussed in Holland, but there does not seem to have been any extensive practical employment of the system until the beginning of 1920.

It was towards the end of 1916 that there came into existence a non-political body called the "Netherlands Union of Parents and Heads of Families"<sup>33</sup> which pleaded the cause of the large family, and, on the ground of its high utility to the state, urged the adoption of various measures improving the economic position of the family. Its members included distinguished persons in various professions and political parties, but de Walle, the writer of a socialist pamphlet<sup>34</sup> sneeringly remarks that "Union of reactionaries would be a better name."

It was however really the speech of Professor J. D. J. Aengenent at the Groat Seminarium on February 23rd,

<sup>33</sup> Stolk, *Gezinsloon*, p. 28.

<sup>34</sup> *Het Kinderbijslagstelsel*, p. 10.

1917, which brought the subject into the daylight or dazzle of public discussion. In April, 1917, a State Commission dealing with the regulation of the salaries of government officials and clerks was directed to consider "whether, and if so how far, the salary or wage should take account of the needs of families." In its first report, presented a year later this committee expressed the opinion that, both as between married and unmarried, and as between men and women, the principle of equal pay for equal work should be adhered to. The government accepted this view, but later, owing to the advent to power of a government definitely in sympathy with the "Christian" movement,<sup>26</sup> a resolution proposed by Heer Bomans in favour of the family allowance principle was carried in the Chamber. In reply to further interrogation, the Minister of Finance announced that a Child allowance for Civil Servants for 1919 was being considered, and by Royal Decree the following system of allowances was brought into force for government employees from the 1st January, 1920.

To each official<sup>26</sup> over 21 years of age there was paid an allowance of  $2\frac{1}{2}$  per cent. of his wage for each child under 18 years with an annual minimum of 50 florins and a maximum of 200 florins a year for each child. If the official were over 18 and under 21 years of age, then in estimating his salary for the purpose of this allowance, 50 florins was deducted in respect of each year of his age less than twenty-one. For workmen in the state service as opposed to officials—the allowance was one florin per week for each child. The salary limit of 5,000 florins<sup>27</sup> originally imposed was removed some months later as the result of urgent representations.

In May, 1919, the regulations for teachers' salaries, dealt with by the Second Chamber, included an allowance of 40 florins a year for each child under 18, but in

<sup>26</sup> See Chapter VII. p. 129.

<sup>26</sup> *Maandschrift*, Nov., 1921, p. 1453.

<sup>27</sup> *Stolk*, p. 30.

November, 1920, the Minister of Education decided to place teachers on a par with civil servants. Similar allowances were also granted to the personnel of the army. From July 7th, 1920, employees at the Royal Mint<sup>38</sup> were granted in addition to their normal wage a special allowance of one florin a week for each child under eighteen beginning with the third. Railwaymen were awarded the same allowances as the government officials, but commencing with the third child.

Another very considerable class in receipt of family allowances is that of the Limburg coal miners. There is no compensation fund but a definite uniform allowance is laid down in the wage agreements for each dependent member of a miner's household; beneficiaries include the miner's wife, each of his children under 14 years of age, and his brothers or sisters or parents if they are living in his house and are dependent on him.<sup>39</sup> No account of the income of such dependents is taken provided it does not exceed three florins a week for each person or five florins in all. The total number of workers concerned has been estimated at 26,000.<sup>40</sup>

The system won further support during the winter of 1920-21 and in May, 1921,<sup>41</sup> a resolution was introduced in the second chamber by Messrs. Haazevort and Kuiper; it was divided into two parts, the first advocating the desirability of the general principle of family allowances and the second urging the actual establishment of a single National Compensation Fund, to which it would be compulsory for all employers to subscribe. The first section was accepted by the Chamber, but the second was rejected on the ground (amongst others) that the employers would the more easily be enabled to shift their burden on to the

<sup>38</sup> Stolk, p. 33.

<sup>39</sup> Maandschrift van de Bureau voor de Statistiek, November, 1921, p. 1446. In August, 1922, the standard wage per shift was 6.75 florins and the allowance for each dependent was 4 florins a month, approximately 3 per cent per dependent assuming that 5 shifts a week are worked.

<sup>40</sup> Algemeene Ned: Mijnwerkersbond.

<sup>41</sup> Handelingen, Tweede Kamer 1920-21.

consumers by raising prices and that thus everyone would on a point of fact contribute to a fund from which only a relatively small number would receive benefit.

Various provincial and municipal authorities also pay family allowances to their employees, but in many cases the number of persons involved is relatively insignificant; for example, in Gelderland, of 67 provincial officials 21 received child allowances; in Drenthe, 18 out of 52 received them; in North Brabant, 74 out of 200; in South Holland, 110 out of 181; and so on. At the same time the influence of the Municipalities has been very important in stimulating interest in the subject and in developing a well-informed and somewhat advanced public opinion.

It may be convenient (before describing in detail some of the funds) to distinguish clearly two schools of thought on this subject, which exist in Holland. There are on the one hand those who say that it is essential to adhere closely and rigidly to the principle of equal pay for equal work and therefore demand that every man's wage should be a "family wage," that is to say, adequate for the maintenance of what is found statistically to be an average family. These are upholders of the "Absolute Family Wage." On the other hand the defenders of Family allowances may be sub-divided into two sections; there are first, those who point out that it is extremely wasteful to pay the single man a wage adequate for the maintenance of an average family while at the same time leaving the large family, whom it is especially desirable to assist, still underpaid and underfed: they therefore propose that the standard wage should be sufficient for the decent maintenance of a man and his wife and that allowances should be paid for each child. The remaining section consider that every worker has an inalienable right in return for his work to the income necessary to maintain decently a family of average size and that allowances should be reserved as a means of assistance for very large families

only.<sup>44</sup> This attitude has received considerable support and has been influential in settling the provisions of many of the Dutch Compensation Funds.

Supporters of the Family Allowance system in various Communes in North Brabant arranged in 1920 for the formation of a Committee of 7 members (all mayors and aldermen) who examined the system very fully and produced a very interesting proposal for the formation of a provincial fund to which all communes should contribute. This Committee, imbued with the view just described, started from the basis that wages should be adequate for the maintenance of a man and his wife and three children, and that for reasons of "social justice and Christian morality" large families must be supported by means of special allowances. Such allowances should commence with the fourth child and should represent only a part of the cost of maintenance. An intercommunal compensation Fund should be established to which each municipality would contribute in proportion to the number of its officials and workmen and the level of their salaries, the allowances paid out of the Fund being also graded in accordance with the salaries of the recipients.<sup>45</sup>

This system of grouping a number of communes is a typical feature of most of the Compensation Funds in Holland. In several industries, notably textiles, boots and shoes, cigars and baking, collective agreements have been arrived at covering either the whole or a large part of the

<sup>44</sup> For further discussion of this question see Chapter VI. §1 p. 69.

<sup>45</sup> Proposed North-Brabant Inter Communal Fund. Headquarters to be at 'sHertogenbosch. Control in hands of Committee of 7, representative of the Communes. Fund to pay out in respect of the 4th and subsequent children under 18 years of age.

(a)	Official's Salary	1000-1200	Fls p.a.	Allowance	60	fls. p.a.
(b)	"	"	1200-1400	"	70	" "
(c)	"	"	1400-1600	"	80	" "
			etc. on a scale.			

Official's Salary over 3800 " " " 200 " "

Communes to contribute sufficient to cover the cost of these allowances and in proportion to the number of officials in their service; contributions in respect of class (b) officials to be twice and in respect of class (c) officials 3 times as much as in respect of those of class (a).



country, which provide for the payment of a child allowance in the various localities concerned.

In the Baking trade the system was introduced as part of a National Collective agreement signed in November, 1920,<sup>46</sup> article 8 of which provided for the establishment of a fund which would pay 1 florin a week in respect of each child beyond two, below the age of fourteen. In each Commune the regulation of the Fund is to be left to the local joint committee of employers and employed.<sup>47</sup> The agreements in the cigar trade and in the boot and shoe industry are to some extent similar, though in the latter the establishments belonging to the fund are almost entirely confined to the province of North Brabant.<sup>48</sup>

Another Fund deserving special mention is that of the Commune of Arnhem, where there is a municipal Fund to which private employers may subscribe if they so choose. The intention was that it should not only provide allowances for municipal employees but also for those in private undertakings, but up to the present no private employers have joined the Fund.<sup>49</sup>

This summary has brought out several interesting features which distinguish the Dutch Funds from those in other countries. In the first place, the allowances in the great majority of cases are extremely small and begin only with the third or fourth child. Secondly, the specially marked growth of the allowances in the Catholic provinces of Limburg and Brabant is noteworthy. The Textile and Pottery Funds are in Brabant and the boot and shoe and cigar Funds are chiefly prevalent in the Catholic districts. A third feature of interest is the plan of having one fund to cover a single industry in various areas. Finally it is in Holland that the first serious recognition has been given to the important principle of joint control.

<sup>46</sup> Central Overleg—Statement.

<sup>47</sup> See Chapter VI. (3) for full discussion of question of joint control.

<sup>48</sup> Jaarverslag van den Ned: Bond van Schoenfabrikanten 1922, pp. 254-257.

<sup>49</sup> Industrial and Labour Information, 3.8.23, p. 18.

## 4. GERMANY.

Before the European war there was a considerable amount of theoretical discussion of the Family Allowance system of wages, but in practice it was with small exceptions found only among a number of municipalities. In the debates in the Reichstag in 1913, the question was considered chiefly from a population standpoint,<sup>51</sup> and some form of insurance was the most favoured plan. In a few very large industrial concerns the family men received a certain amount of special assistance and special privileges, but these were rather in the nature of welfare work than a part of the remuneration for work.

In one Spinning mill (at Holm, Prussia) a money allowance is stated to have been paid as early as 1905 to families where the average income per head did not reach a certain minimum.<sup>52</sup> Also after 1911 the Maggi Works at Singen paid child allowances to all workers earning less than 8 marks a day. The allowance amounted to 12 pfennige per child per diem.<sup>53</sup> In 1912 cost-of-living allowances paid by the Siemens and Halske works were graded in accordance with family responsibilities.

The serious introduction of family allowances into the system of remuneration of municipal employees began about 1905, and by 1912 as many as 31 cities paid allowances, including such important centres as Charlottenburg, Danzig, Dresden, Dusseldorf, Frankfurt-a-M, Crefeld, Mainz and Strasbourg. In 25 cases these allowances were inaugurated during the years 1907-11. Married men without children, as well as those with 3 children or less, received an allowance of about 5% of the basic wage, men with 4-6 children one of about 15%, men with 7 children one of 20%, men with more than 7 children one of 25%.

During the war the evolution of the cost-of-living bonus

<sup>51</sup> Zentralblatt der Christlichen Gewerkschaften 23.1.22.

<sup>52</sup> Ernst Timm. Die Moderne Familienstandslohne, p. 2. Schriften des Vereins für Sozialpolitik, Vol. 114, p. 88f.

<sup>53</sup> Art. 4 of the Regulations introducing these allowances makes it clear that the payment of the allowances was conditional on its proper use for household purposes. See Chapter VII.

led to a great expansion of the principle of remunerating workers partly in accordance with their family responsibilities. As early as May, 1915, the cost-of-living bonus granted to Railwaymen was varied in accordance with the size of the man's family, while in October of that year a child allowance was introduced into the State Munition works. In September, 1915, the German Ministry of Finance introduced the principle for the lowest paid state and provincial officials.<sup>56</sup> A series of subsequent decrees, etc., increased the amount of the allowances and extended their scope to successively higher and higher classes of officials, until in 1917 it included those with incomes up to 13,000 marks. Further extensions occurred during the remainder of the war period.

In private industry the same influences were naturally felt, but to a very varying extent. Soon after the beginning of the war miners' wages tended to fall and in 1915 (March) the miners' organisations, at the instigation of the Essen miners, themselves proposed a cost-of-living bonus, which should be greater for married than for single men, 60 pf. per shift as against 40. After much discussion this was agreed and not long afterwards child allowances were introduced and the mining industry has always since remained in the forefront of the development of the system. In other industries it was chiefly amongst the big firms that the family principle was introduced and consequently it became exceptionally prevalent in the metal industries. On the other hand, in the Transport, Timber and Building industries the family allowance system hardly exists at all.

Thus, although the idea of remuneration according to family circumstances made many converts during 1916 and 1917, it would be quite incorrect to speak of anything like a general adoption of the system. Moreover the revolution of 1918-19 with its enthusiasm for equality led to the abolition of all allowances and to the endeavour to put all workers, single or married, skilled or unskilled, on the

<sup>56</sup> i.e. those with annual salaries of less than 2,100 marks. Allowances were given up to the age of 15 and amounted to 3 marks per child monthly.

same level of wages. There seems to have been a double reason for this tendency. In the first place (as stated above<sup>57</sup>), a family allowance system demands the development of a sense of solidarity amongst both employers and workers and the revolution was essentially a period of unrestrained individualism. Secondly, the workers had for some time been demanding that the cost-of-living bonuses should be converted into permanent wages, and having power in their hands, appeared to have an opportunity of carrying their wishes into effect. The family allowances were done away with therefore not so much because they were calculated in accordance with family responsibilities but because they were expressed in the form of a cost-of-living bonus.<sup>58</sup> In Hamburg during 1919 the family allowance was abolished in nine different industries; only in the metal, rubber and chemical<sup>59</sup> trades was it maintained. Hamburg was typical of the whole country. In mining it is true the allowances were maintained but in many cases only at a very reduced level e.g. in the Ruhr at the beginning of 1920, the allowance per child amounted to 20 pfg. on a shift wage of 22 marks. Even the municipalities and state authorities were affected and of 105 agreements made during 1919 only 23 contained provisions for the payment of child allowances to their manual workers.<sup>60</sup> Amongst bank and other commercial officials (Angestellten) however the preference for the family adjustment of wages tended to strengthen.

In 1920 a complete change came over the situation and the family allowance began once more to increase rapidly in favour. The old differentiation (at least between old and young and single and married) began to reappear.<sup>61</sup> The special universal bread and potato allowance of December, 1919, and the sharp rise of prices in 1920, were influential in causing a return to the family allowance prin-

<sup>57</sup> See p. 12.

<sup>58</sup> Timm. Familienstandslohn, p. 19.

<sup>59</sup> In the chemical industry the family allowances were maintained with the approval of the "Arbeiterausschuss" (Workmen's Committee).

<sup>60</sup> Timm, p. 20.

<sup>61</sup> Zentralblatt der Christlichen Gewerkschaften 6.2.22.

principle. The establishment of Compensation Funds by the employers in several industries was also a contributory factor. During 1921 and subsequently the tendency persisted and with increasing rapidity.

*Present Scope.* At the present time (1925) there are practically no industries in which there is not some application of the family allowance principle and in some (for example, Mining, Engineering and Chemicals) it is almost universal.<sup>63</sup> In the textile and paper industries it is also very common. There is a second group of industries, which are about equally divided between the family wage and the normal uniform wage; it includes printing and commercial occupations as well as stone and clay working and some sections of the food and drink trades. In other industries, the allowance is comparatively rare and where found is generally very small in amount. In the building industry for instance, slaters form the only class of worker receiving an allowance.

In proportion to the extent of the development of the family wage the number of Compensation Funds is remarkably small. There are altogether only nine funds and of these several are of but small importance. The total number of persons affected is probably slightly in excess of 300,000, but four-fifths of that number belong to a single fund that of the Berlin metalworkers.<sup>64</sup> The earliest Fund was that founded in May, 1919, to cover the widely scattered textile industry of the Elberfeld district, and was concerned with over thirty thousand persons. With the exception of the Fund for Chemists' assistants, which is federal in scope, all the funds are local or confined to a single employers' association. It is noteworthy that no new fund has been founded since 1921<sup>64</sup> and

<sup>63</sup> At the same time, even in 1922, it was possible for Eckert (*Familienlohn*, p. 61) to say that "In spite of the progressive extension of the principle, even to-day it scarcely includes more than a small section of the world of labour."

<sup>64</sup> *Der Soziallohn* von Gerhard Braun, 1922, p. 55.

<sup>64</sup> Whilst several have ceased to function, e.g. the National Pottery Fund and the Oldenburg Fund in 1922 and the Textile Funds in Thuringia and the Bochum Cement Factories Fund, both in 1923. I.L.O. Study, p. 102.

opinion in general does not appear to anticipate any very striking development of the institution. For this various reasons may be adduced. Broadly speaking a fund has at least two principal objects—to divide the cost of the allowances equally among all employers and to prevent discrimination by employers between married and single workers. Now in a good many cases, when, owing to the catastrophic collapse of the mark, nominal wages were doubled and trebled, the family allowances were left at a fixed figure<sup>65</sup> or were not altered at the same rate as the wage itself, and consequently became so small that discrimination was not worth while: the slight difference in cost between a married and a single workman was considered to be more than offset by the former's additional steadiness and extra value to the employer as belonging to the "more peaceful strata of labour."<sup>66</sup> Furthermore during the long continued inflationist German boom, labour (especially skilled labour) was scarce, and the reserve was quite insufficient to admit of preferential employment of single men.<sup>67</sup> Again the fall of the mark tended to prevent any close competition between individual firms, so that there was in most cases little or no question of a firm losing part of its market to a rival because of the latter's refusal to pay the allowances. Again in Germany the Family allowances have been and are regarded to a far greater extent than elsewhere as an integral part of the wage, and not as something supplementary—like a recreation ground which the

<sup>65</sup> e.g. Hanover Paper Industry. Allowance remained at 56 marks a week both in March and September, 1922, in spite of huge increase in nominal wages. Similarly in the Fine Ceramic industry there was no change in the allowance during 1922. A Fund started in January, 1921, and was abolished a year later. In the Chemical industry in Baden and the Rhine Palatinate between October 1921 and June 1922 there were twelve alterations of wages, the hourly rate for skilled workers being raised from about eight to about eighteen marks. Throughout this period the Household and Child allowances remained entirely unchanged. Again the Bezirkslohn tariff for the Hamburg district (Chemicals) for the period 15.4.22 to 15.5.22 lays down in Section 5 that the Family allowance of 12 marks a week brought into force from January 1st, 1921, remains unchanged, wages in the interval having risen about 500 per cent.

<sup>66</sup> Büro für Sozialpolitik, Statement 21.12.22.

<sup>67</sup> Reichs Arbeitsblatt No. 20 of 1922, p. 601.

employer might or might not choose to provide. Under such circumstances, the trouble of organisation and the administrative expenses of a Fund tended to appear superfluous. One other factor may have exercised some influence, and that is the housing shortage which has probably militated against too strenuous competition from single men by restricting their mobility.

#### OTHER COUNTRIES.

Owing to the volume of material, this study has been confined to the four countries already dealt with. Notwithstanding it may be worth while to record the following brief particulars regarding the position in certain other European countries.<sup>68</sup>

##### *Austria.*

The family allowance was first introduced in 1916 to alleviate for state employees the rising cost of living. During the years immediately following the close of the war a special allowance was granted by the state in all industries to cover the high cost of bread and fats; this was abolished at the beginning of 1922 and instead it was arranged that employers should make certain compensating allowances, including special sums in respect of the wife and children of the worker. The cost of the allowance was pooled, each employer within a district paying per

##### <sup>68</sup> Authorities:

- Bondas, Brochure, pp. 30-33. *La Voix du Peuple*, January, 1923.  
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 Family Allowances, International Labour Office, Studies and Report, Series D, No. 13. This brochure gives the best available account in English and reference should be made to it if further information is desired.  
 Industrial and Labour Information 1.12.22, p. 34.

employee a sum equal to the amount of the allowance multiplied by the ascertained average of children per worker. A family allowance is also included in collective agreements in the Mining industry. The principle is very generally applied amongst bank officials and commercial salaried employees.

#### *Czechoslovakia.*

The principle was introduced during the war in the first instance for civil servants and subsequently for munition workers, etc. During 1919 and 1920 a family allowance was included in a great number of collective agreements. At first the distinction drawn was between single men and family men, but subsequently the number of children was taken into consideration. With the improvement in the currency and the fall of prices, efforts were made by employers to discontinue the payment of such allowances and during the last year or two they have tended to become less prevalent amongst manual workers, although such allowances very commonly form part of the income of salaried employees.

#### *Denmark.*

Cost-of-living allowances varying according to the number of the recipient's dependents were paid during the war years in the majority of industries, but as conditions stabilised after the war, these almost all disappeared. From the end of 1916 until 1921 a type of Compensation Fund functioned in the Printing Industry. The cost-of-living bonuses were paid into a special "high-prices" fund, the distribution from which was largely governed by the Trade Union concerned. The system was however abolished in 1921 at the request of the Trade Union.

When war allowances were first granted to state officials they were graduated partly in accordance with the number of dependent children. In 1919 it was laid down that the salaries of all Civil Servants should consist of two parts, a basic rate and a cost-of-living bonus varying with



the general price level and differentiated in accordance with domestic circumstances, the married man with children below 18 years old to support, receiving three kroner for every two granted to his bachelor colleague. Similar arrangements apply to the employees of municipal authorities.

#### *Finland.*

The question did not become important until after 1918, though it has been stated that for years masters and mistresses in the state schools have been allotted household and child allowances. In 1919 a scale of child allowance was applied to the salaries of state officials who as elsewhere had been seriously affected by currency depreciation. The employees of municipalities in many cases also receive allowances, but the system appears to have made little if any progress in industry.

#### *Hungary.*

A Law of 1912 divided Railway officials into two categories; to the upper category allowances were given for their children up to the age of twenty-four, to the lower only up to the age of 16.

#### *Norway.*

Allowances were introduced during the war and seem to have retained their provisional character. By 1924 they had nearly everywhere been abolished.

#### *Poland.*

Ever since the birth of the new state family allowances have been provided for officials of various classes. The amount of the allowance has been differentiated both in accordance with locality and in accordance with the level of the official's basic salary. In industry the family allowance system is chiefly found in the mining, petroleum and iron and steel industries.

*Serbo-Croat-Slovene State.*

Family allowances are paid to all employees of the state. It is interesting to note that the scale of allowances varies in amount in accordance with the age of the beneficiary child. The allowance principle has also been applied to the pensions of civil servants, which in case of premature decease may apparently be varied according to the number of dependents.\*\*

*Sweden.*

Cost-of-living allowances graduated according to family responsibilities were introduced during the war years, at first on the initiative of the employers; during the 1922 trade depression the system was largely abolished though it is still to be found in certain instances in the textile and iron mining industries. As regards officials, railway workers, teachers, etc., household and family allowances of various kinds have been paid since 1916 and in 1921 a commission appointed by the government reported in favour of the principle. Amongst municipal employees allowances were formerly fairly general but during the last year or two have been confined to a few towns.

*Switzerland.*

During the war years the cost-of-living bonuses given to meet the rise in prices were proportioned to family needs and responsibilities. These allowances rose with prices, fell with them and ultimately were in most cases abolished (so far as private industry is concerned). Family allowances are however still paid to Federal employees.

\*\* I.L.O. Series D, No. 13, p. 131.

## CHAPTER V

### SHOULD FAMILY ALLOWANCES BE REGARDED AS A PART OF WAGES ?

BROADLY speaking the Family allowance may be regarded under four different aspects:—(a) as an integral part of the worker's wages and therefore due to him of right; (b) as due of right to the mother in return for her services to the state in bringing up her children; (c) the position may be taken up that an employer is only *bound* to pay the minimum standard wage, but that social justice and Christian conscience alike demand that a wage shall be given to every man adequate for the fulfilment of his family responsibilities; (d) as a pure benevolence or gift from the employer.

In France at the outset the allowance was called a '*sursalaire*,' indicating that it was something added to wages, but before the end of 1920, the employers began to desire to abolish this word and to substitute for it the term "*allocations familiales*."<sup>1</sup> At the first Congress of Compensation Funds in May, 1921, it was maintained by Monsieur Bonvoisin, Director of the Comité Centrale des Caisses de Compensation, that there was then no connection between wages and the family allowances. He admitted that such relation had originally existed but considered that the allowances had broken away and were developing an independent existence. He was of opinion that the allowance might be regarded in the first place

<sup>1</sup> Even as late as June, 1922, the Congress of the Federation of Employers' Associations at Rouen, thought it worth while to pass a resolution urging that "the expression '*sursalaire*' should be discarded and that whenever manufacturers' associations are consulted they should recommend supporters of the system of allowances to avoid the use of the word '*sursalaire*.'" Industrial and Labour Information 30.6.22, p. 15.

as a "pure liberalité" in the juridical sense and added that the allowance was also a measure of justice and represented the fulfilment by the employer of a social duty. He considered that since the war the family man had been placed in a position inferior to that of the single man, and an injustice done, which needed to be redressed.

René Hubert in his pamphlet expresses practically the same idea, when he says that the family allowance should be regarded as "a liberality, but a liberality that is morally and socially obligatory."<sup>2</sup>

An examination of the Statutes and Regulations of the French Funds shows that on the whole this is the view taken by the employers of that country. Several for example refuse to admit the right of the employee to enforce payment of the allowance. Article 13 of the Statutes of the Lyons (Dyeing) Fund says that "de convention expresse, il ne sera admis en aucun cas qu'un salarié, puisse agir contre l'association pour avoir paiement d'une allocation." On the other hand the Fund undertakes not to claim back allowances overpaid. Similarly the Mulhouse Statutes (Articles 19) lay down that the allowances "ne constituent en aucun cas un droit legal pour l'attributaire<sup>3</sup> pouvant lui créer un recours special contre l'employeur."

Again several funds lay down as a justifiable cause for withdrawing the allowance if improperly used, the fact that it is not really a part of wages and that the attributary has not a legal claim to them. Amiens is a case in point for Article 6 of the "règlement" argues that since the worker has not "le droit legal a l'allocation et

<sup>2</sup> Compare also the view expressed on 21st March, 1921, by the Inter-departmental Permanent Committee for Immigration. "En ce qui concerne spécialement les allocations pour charges de famille, la Commission, après avoir entendu les éclaircissements fournis par Monsieur le Directeur du Travail, émet également l'avis qu'elles ne constituent pas un supplément au salaire, mais une contribution bénévole de certains employeurs à une caisse de solidarité. Ces allocations ne sauraient donc être assimilées aux indemnités de cherté de vie et le bénéfice ne saurait en être étendu de plein droit à tous les ouvriers."

<sup>3</sup> This always means the father or mother on account of whose work the allowance is given and to whom it is handed over.

aux primes, elles peuvent lui être retirées" in case of improper use.<sup>4</sup>

Other Funds make clear the distinction between wages and allowances by insisting that they shall not be referred to on the "Feuilles de paye." This is particularly noticeable in the case of the newer funds such as Clermand-Ferrand which lays down (Règlement Art. 26) that the allowances "ne font pas partie du salaire" and must therefore not be included in the pay envelope.<sup>5</sup>

At Angoulême (Règlement Art. 1) the same idea appears in different words, "Ce sursalaire familiale est entièrement distinct et indépendant des appointements et salaire touchés par les chefs de famille."<sup>6</sup>

There is more than one reason for the anxiety of the French employers to give the allowance this interpretation. In the first place it is really an attempt to meet the objection of the Trade Unions that family allowances involve a depression of the basic or standard wage.<sup>7</sup> The suggestion is that the allowance, being entirely independent of the wage, cannot possibly exercise any influence over it. It is, the employers argue, a fixed sum bearing no relation to wages and given on social rather than economic grounds. It is with a view to strengthening the basis for this contention that emphasis has been laid on the juridical personality of the fund itself. Monsieur Dupont in 1922 pointed out that one of the advantages of giving the fund a personality was that it would make it possible to show that the allowances were not wages but that they were given by a legal person "independent of

<sup>4</sup> Lyon-Teinture. The "Notice sur le fonctionnement du service des allocations" contains a similar passage. "Etant donné que l'allocation est essentiellement distincte du salaire que fait toucher le titulaire en retribution de son travail, de même que ce travail est absolument distinct des charges de famille . . . le Conseil d'administration se réserve le droit de réduire celle-ci . . . dans le cas d'absences répétées et en général dans tous les cas d'irrégularité."

<sup>5</sup> The Grocery Fund, Paris, has an exactly similar clause.

<sup>6</sup> Other funds which take up a similar attitude are Paris (Région), Nancy, Troyes, Dijon, Bordeaux, Caen and Tours.

<sup>7</sup> For full discussion of this subject, see Chapter X.

the employer.”<sup>9</sup> In the same way a “Notice sur la Caisse de Bordeaux” points out, that if the argument of equal pay for equal work is raised in objection to family allowances, then the employer can easily say that he merely subscribes to an institution which helps large families—an institution which is perfectly at liberty to take what line it likes, since it has no connection with wages. All this, of course, is very little more than a legal fiction, for in almost every case the whole of the governing or administrative committee consist of employers, though Le Havre and Tours and one or two others include a number of honorary members, outside persons interested in the social side of the work, who subscribe towards the cost of the allowances.<sup>10</sup>

Another motive influencing the employers is the desire to create an impression of generosity and to reap the moral advantages thereof in increased good feeling between employers and employed. This may have many shades of significance. It may be a determination to put into operation more definitely Christian ideals and at the other end of the scale it may be merely what the Trade Unions derisively describe as the purchase of satisfaction.

It must not, however, be forgotten that there *are* funds which regard the allowance as a part of wages and strictly due to the worker: for instance the Règlement of the Building Trades Fund<sup>11</sup> says that “*Cette allocation versée aux ouvriers, due comme consequence de travail, est considerée comme faisant partie du salaire et non comme un secours.*” This view is extremely interesting but on the whole exceptional.

Some further evidence on this side of the case is however to be found among the Law Court decisions regarding the basis of assessment for Workmen’s accident insurance relief, a subject which has provided another battleground for the fighting out of this question of status.

<sup>9</sup> They will be able to prove, he added, that the funds “*debordent entièrement la personnalité de l’employeur dans ce domaine des allocations familiales.*”

<sup>10</sup> See below, p. 87.

<sup>11</sup> Paris.

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Under Article 10 of the Act of the 9th April, 1898, pensions, etc., granted as compensation for injuries received in industrial accidents have to be calculated on the "basic wage"<sup>13</sup> and the problem is, "Should family allowances be included in this 'basic' wage?" There has been a lack of uniformity about the legal decisions. Almost all legal authorities<sup>13</sup> (writers) pronounced in favour of the inclusion of family allowances, but for the first twenty years of the life of the Accident Insurance Act, the courts did not follow this lead, but uniformly excluded the allowances in calculating the basic wage for railwaymen, who (as stated above) received a family allowance during this period. In June, 1920, and January, 1921, two decisions were given in a contrary sense, the first at Chambéry asserting that the allowance "constitue véritablement une partie supplémentaire du salaire, dont il y a lieu de faire état pour déterminer le salaire de base;"<sup>14</sup> and the second at Limoges, arguing that since the allowance could not have an existence independent of work, "elle doit être réputée faire partie intégrante du salaire de l'ouvrier." In May, 1921, the Wassy Tribunal delivered a reasoned judgment, which, whilst admitting that the allowances ought really to be considered an element of wages unless regarded as an act of generosity (which view the tribunal does not agree to<sup>15</sup>), yet excludes the family wage from the assessment basis on the ground that an article in the collective agreement stipulated that these allowances were not to be regarded as a part of wages. In January, 1922, at a wage conference at Douai the miners' representatives demanded that allowances should be included as part of

<sup>13</sup> The original phrase is "s'entend de la rémunération effective que lui a été allouée, soit en argent, soit en nature."

<sup>14</sup> The one exception is M. Cabouat, *Traité des accidents du Travail*.

<sup>15</sup> A similar decision was given at Auxerre in February, 1920.

<sup>16</sup> They were of opinion that the existence of the allowances could be easily accounted for without presuming exclusively generosity. "The consciousness of his own interests induces the employer to accord privileges to workers with family responsibilities . . . the head of a family is steadier and less inclined to be subject to certain influences, and through his children, he assists in securing for the future, the necessary labour reserves. . . ."

wages for the purposes of the Act of 1898. In reply the employers' spokesman pointed out that the allowances were evidently "bénévole" in character, since they were generally paid to workmen temporarily incapacitated. No agreement was reached, but in April, 1922, the Douai tribunal pronounced in favour of the *exclusion* of the allowances. However, in June, 1923, the Cours-de-Cassation decided that a family allowance was a part of the wage if it was included in the labour agreement or in the "règlement d'atelier" and that the suggestion that the allowance had a temporary or variable character did not affect the question.<sup>16</sup>

In the course of a paper on this subject read before the First Congress of Compensation Funds, Monsieur Durand puts forward one or two arguments against the inclusion of the allowance. In the first place he points out that most funds maintain their allowances during the temporary unemployment of the worker and that this distinguishes the allowance from wages, which cease at such times. Again referring to the fact that the relief is intended to be compensation for some lack of earning power, he makes the point that a man who returns to his work even 75% incapacitated, will yet receive the full family allowance and that therefore as regards the allowance, there is no loss for which he requires compensation. Of course this argument loses its force if the workman is unable to take up any work, although to meet that, Monsieur Durand proposes the maintenance of the full allowances until the children reach the usual age limit. This relief he considers could be given at a very small cost to the employers, e.g. at Nantes something like a half per cent. of wages extra.<sup>17</sup>

<sup>16</sup> La Journée Industrielle 24-25.6.23. In October, 1925, the Nantes tribunal gave a decision favouring the exclusion of allowances. L.J.I. 23.11.25.

<sup>17</sup> He also gives the following statistics. Of 10,000 persons employed at Nantes, 781 family men met with accidents from January, 1920, to the end of May, 1921; of these 17 produced permanent incapacity, and in only two cases was the worker unable to take up work again in the same establishment as before. The number of deaths from accidents was eight. Thus during that period of 17 months only ten cases would have needed to be dealt with specially.



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Another argument against the inclusion of the family allowance is provided by the fact that the pension, etc., granted under the Act of 1898, is a permanent award, whereas family allowances are essentially temporary, being confined to the period during which the children are growing up; thus it is easily conceivable that a workman might continue to receive a pension based on family responsibilities long after those responsibilities had ceased.

Thus on closer examination, it is found that the question of the inclusion (or not) of family allowances in the basis of assessment of accident compensation does not run entirely parallel with that of deciding whether these allowances do or do not constitute a part of wages. It therefore seems reasonable to agree to the desirability, on special grounds, of excluding the allowance, without admitting that it is only a benevolence and not due in strict justice.

Turning now to Belgium, we find that the position is very much the same; the employers claim to be offering a gift, whereas the employees demand a right. "Les allocations familiales constituent une libéralité qui a pour but de venir en aide aux ouvriers chargés de famille"—such is the dictum of the Comité d'Etudes des Allocations Familiales,<sup>18</sup> the central body of the movement in Belgium. The Regulations of the Liège Fund are a little contradictory. Article 2 says that the allowance has "rien de commun avec le salaire" but almost immediately afterwards proceeds to state that the "monthly allowances being paid in respect of days of work carried out regularly by the 'attributary' in accordance with his contract, will be suppressed or reduced in case of, and in proportion to the number of days absent from work."<sup>19</sup> Again the Association of Constructional Employers of Belgium asserted "qu'en ce qui concerne le principe même de ces allocations celles-ci seraient pour leurs destinataires une libéralité et non un droit."<sup>20</sup> Again a placard in the Spiemart Quarries

<sup>18</sup> Statement 20.3.23.

<sup>19</sup> For causes other than illness, accident, etc.

<sup>20</sup> Statement 29.8.22.

affiliated to the National Building Trades Fund announced that the allowances would be given "uniquement pour aider les pères dans leurs charges de famille, *abstraction faite de toutes questions de salaire ou autres.*" In enumerating in his pamphlet<sup>21</sup> the various objections to the family wage system, Colonel Lemerancier does not omit to mention the fact that to give allowances in the guise of a liberality hurts the self-respect of the Trade Unions; his remedy is however not to convert the liberality into a right but to initiate some system of insurance against family risks, part of the cost of which could be paid by the worker.

In Belgium as in France it is possible to contrast in this matter the attitude of the economists and social workers with that of the business men, the former regarding family allowances not as a gift but as a right.<sup>22</sup> All the speakers at the Semaine Sociale de France in 1920 took the latter view. For instance, Monsieur Deslandres said, "If we agree that wages must be adequate for the maintenance of life, then it is justice and not charity which demands a family wage." The employers' view that the allowance is a matter of generosity has already been described. What then is the cause of this divergence? According to Professor Alfons Bus<sup>23</sup> it is due to the fact that the employers, in spite of their generosity, have not got away from the old idea of labour as a commodity.<sup>24</sup> "They see," he says, "in labour only the product and not the person who carries out the labour." They are trying to build a collective superstructure on an individualistic basis.

But, whatever the cause, there can be no doubt that the idea of the allowance as a benevolence does tend to antagonise the stronger elements of labour by helping to create an atmosphere of charity, which should not exist. Expressive of a large body of opinion is the statement of

<sup>21</sup> Page 19.

<sup>22</sup> Max Turmann, *les Problèmes Sociaux*.

<sup>23</sup> *Het Relatief Gezinsloon of het Kindertoelagsstelsel*, p. 105.

<sup>24</sup> Compare discussion in Chap. III.

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a Belgian Trade Unionist (Social-Democratic), M. Dethier, that "it is above all essential that family allowances should have no flavour of charity but should be considered 'comme une droit absolu.'" He bitterly complains that the Werister coal mine in its balance sheet describes the sum allotted to family allowances as "Primes et institutions de *bienfaisance* en faveur des ouvriers."

In Holland, there is a greater inclination to regard the allowance as a definite part of wages. The report presented by the Committee set up by the Roman Catholic Central Council of Industries may be accepted as representative of that section of the Dutch employers who are favourable to the adoption of the family allowance system. This report rejects the idea of workmen contributing towards the support of the fund, on the ground, amongst others, that "the family allowance ought to be regarded as a part of the wage."

At the annual congress of the National Union of Municipal officials at Utrecht in June, 1920, Dr. Gunning said that he considered the family allowance to be an integral part of wages given as a right and *not* as a gift or liberality. With this view Dr. Stolk in his book expressed himself in agreement; in consequence he favours the term *sursalaire* in order to make it clear that the family allowance is really a part of wages. On the other hand, the council of 'sHertogenbosch when given an opportunity in 1920 of expressing their opinion in principle came to the conclusion that the family allowance was *not* a part of the wage.

Germany offers a marked contrast, the allowance is far more definitely an element of wages. Generally it is provided for in the collective agreement without any kind of conditional clause. Owing to the practice of giving wife and household as well as child allowances, it is the rule rather than the exception to be in receipt of an allowance of some sort. Furthermore the anomaly of unequal pay for similar work is the less felt since it is overshadowed by inequalities arising out of the sharp age-grading of most wage scales and by the carefully arranged but com-

plicated system of locality-classes, the classification often being such as to differentiate between quite small areas.

Some collective agreements actually contain a declaration to the effect that the family allowance is to be regarded as a substantive part of wages and that therefore the amount to be paid should be regulated in accordance with the quantity of work done. There are cases in which larger family allowances are paid if overtime is worked and there are others in which the allowance is paid by the week and one-sixth of it is deducted for each day not worked. In a few instances an inverse relationship is adopted, and a larger allowance is paid, whenever the working of short time becomes necessary. For instance in May 1922 the wage agreements covering that part of the textile industry which is situated on the right bank of the Rhine laid it down that if the working hours fell below thirty-three a week, then the family allowances were to be doubled. There have also been agreements which maintain the allowance during the period that short time is worked. In April, 1922, a collective agreement for the Berlin Metal industry ruled that, "In so far as firms are forced by the economic situation to introduce short time, it is agreed that the family allowance will be paid for such hours as in consequence are not worked, the only exception being where owing to its economic position the firm is (wholly or partly) unable to pay." Similarly the München-Gladbach 1921 agreement allowed no reduction of allowances on account of the working of short time.<sup>28</sup>

The position of Germany may be taken as evidence in support of the argument that the family allowance is essentially a part of wages because of its historical development. It was originally merely a part of the extra bonus given to meet the rising cost of living in Germany, and, owing to the crumbling of the mark, and the consequent continued rise of prices, it has retained to a much greater extent than elsewhere its original significance. The answer given by French employers to this reasoning is

<sup>28</sup> *Textilarbeiterzeitung* 18.3.22.

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that this significance has changed and that, with the help of the new institution of compensation funds, it is becoming the starting point for a new development entirely independent of the wage question.

Leaving this aside for the present; we may pass on to discuss the argument that the allowances cannot be a part of wages, because they continue to be paid to workmen when they are temporarily unemployed. This is true, but at the same time, the allowance is paid during unemployment because at some future date the employer hopes and expects once more to be able to employ the recipient. The allowance is therefore not wholly unconnected with the work, being really based on the recipient's prospective work,—a sort of retaining fee in fact. There is not necessarily here any conscious motive. In point of fact the employers have undoubtedly been actuated partly or solely by a desire to mitigate suffering, but at the same time the strictly economic cause and effect must not be lost sight of.

In essence, the German practice of paying larger allowances when short time is worked, is a recognition of the principle that the existence of the allowances depends on wages and is a part of them, but that their actual volume must be determined by needs. To some the dependence on needs is clear proof that the allowance cannot be a part of the wage. Wages, they say, must always be directly related to output. Now the cost-of-living bonus is based on needs and is only rarely and indirectly related to output. Again the locality bonus given to a man in a large town does not as a rule necessarily presuppose any better work done by the man living in a city of hundred thousand inhabitants than by his fellow in a small town. Yet it is generally admitted that the cost-of-living bonus is an integral part of wages, to which as to the basic wage, the worker has an absolute right.

Moreover beyond all this is the broad fact that the family allowances form a part of that share in the product of industry which comes to labour. The actual manner of distribution between individuals is another matter and no

more affects the fact that the allowances are wages, than does the uneven distribution of share-bonuses between different classes of capital affect the fact that all such share-bonuses are really a part of the remuneration of capital and management just as much as the regular five per cent. preference dividend. It is indeed entirely a matter of the manner of distribution. For instance, take the case of an industry in which the theoretical "absolute family wage" is in force—that is to say, each man's wage is intended to be sufficient for the maintenance of an average family of say a wife and three children—and suppose such a wage to be 70 shillings a week. The whole of such sum will be regarded as a part of wages, although its amount is determined partly by needs and not wholly by output. Now, assume a change of system and a base wage of 55/- to be fixed as adequate for the needs of man and wife at the standard of life desired, with allowances of 5/- a week for each child;<sup>26</sup> can it be maintained that the 15/-, now called child allowances, have suddenly turned into benevolences or liberalities? Surely it is fully established that the family allowance is essentially an integral part of wages.

<sup>26</sup> Hypothetical figures are chosen for simplicity of illustration.

## CHAPTER VI

### THE FAMILY ALLOWANCE AND THE MECHANISM OF THE COMPENSATION FUND

#### I. THE AMOUNT OF THE ALLOWANCE

It is the purpose of this section to examine in broad outline what actually has been the size of the allowances in the countries which have adopted them and on what principle (if any) such allowances have been fixed.

In a paper read at Grenoble in May, 1922, Docteur Perret pointed out<sup>1</sup> that the expenses incidental to the birth and rearing of children were threefold. First a temporary expense beginning a few weeks before confinement reaching its highest point at the time of birth and continuing to a diminishing extent for two years afterwards. This charge includes the lack of earning capacity incurred by the mother, in those districts where it is the custom for married women to work in factories. Secondly there is what may be described as the accidental cost due to the illness of the child, which may involve special trouble and expense and loss of earnings in addition. Finally there is the permanent extra expense involved for food, clothing, etc. To meet this threefold strain on the family resources, three types of assistance have been evolved in France<sup>2</sup> and imitated in Belgium. First to meet the temporary charge there is the "Prime de Naissance" (Confinement Allowance) and the "Prime d'allaitement" (Nursing Allowance), the former is a lump sum of some 100 to 200 francs, generally payable, as to

<sup>1</sup> Congrès National des Caisses de Compensation; Grenoble Mai 1922, pp. 25-6.

<sup>2</sup> See also particulars of State benefits, p. 201.

half shortly before confinement and as to the remainder shortly after. These allowances are given by the great majority of the French Funds as well as by those of Liège and Verviers. The latter (nursing allowance) is a good deal less common, being found in about 25 per cent. of the French Funds.<sup>3</sup> It is not given by any Fund which does not provide a confinement allowance nor by any Fund outside France. It generally consists of some 25-30 francs a month for nine or ten months; in two cases<sup>4</sup> only a single lump sum payment of fifty francs is made. The object in these two and in many of the other cases is to encourage mothers to nurse their children with a view to diminishing the rate of infantile mortality.<sup>5</sup>

In the second place, to meet the "accidental" expenses of the family in so far as the nursing and confinement allowances are inadequate, there has developed in France during the last eighteen months or two years a tendency for each Compensation Fund to endeavour to organise various kinds of Social and Hygienic work amongst the employees of the member firms. Arrangements are made to give elementary instruction in domestic economy and infant welfare, to provide medical inspection and advice, and to co-ordinate all the various charitable and semi-charitable institutions in the neighbourhood and to put employees in touch with that one which is most likely to be helpful in the individual case.<sup>6</sup>

The third and most important type of assistance is the monthly or weekly or daily allowance intended to meet the "permanent" extra cost of a child. This continues for a long enough period to be considered as forming a part of wages, whereas the previous two are more in the nature of casual payments. On the average in a French Fund a parent would have received by the time his child

<sup>3</sup> e.g. Beauvais, Blois, Bourges, Clermont-Ferrand, Dieppe, Lille (Metalworkers), Marseilles, Montluçon, Nancy, Paris (Région), Paris (Bâtiment), Paris (Epicerie), Rodez, Tours, Vierzon.

<sup>4</sup> Rodez and Lille (Metalworkers).

<sup>5</sup> See Chapter XII.

<sup>6</sup> The Paris (Région) and the Lyons Funds are in this respect the most advanced. For further particulars see Chapter XII.



is 14 years of age some 3,500 francs in monthly allowances and only about 300 francs in confinement and nursing allowances.<sup>7</sup>

It is difficult to say what principles have guided the initiators of the funds in deciding what should be the level of the wage allowances. Probably a fairly wide application may be given to the statement by the Tours<sup>8</sup> Fund that "Le montant des allocations a été établi d'une façon plutôt empirique." The Mulhouse, Thizy et Cours, Nevers, Fourmies, Lille (Metals) and Bordeaux Funds<sup>9</sup> definitely assert that there is no relation between the level of the allowances and the cost of maintenance of a child. Les Sablons admits that the allowance is fixed low relatively to the cost of maintenance, but asserts that it is at any rate something until "La situation permette de faire mieux." Again the Caisse Sarthoise (Le Mans)<sup>11</sup> points out that employers had no intention of assuming the whole cost of maintenance of a child, and the Bordeaux employers say that "nous n'avons pas entendu nous substituer aux charges du père et de la mère."

At Lyons<sup>12</sup> however very exhaustive enquiries were made as to the exact difference in the cost of living between 1914 and January, 1920, the date of the foundation of the Association Familiale Lyonnaise. The conclusion arrived at was that the existing (1920) wages were sufficient for the support of a man and his wife and one child. However even the larger allowance (see Appendix 2) given to the second child was not intended to represent the full cost of the extra food, clothes, etc.

The situation in Holland is similar. Dr. Van Hettinga Tromp points out that one florin a week beginning with the fourth child is in no way the equivalent of the extra cost and that therefore each child lives only at the expense

<sup>7</sup> In the Bordeaux Fund in 1922, 350,000 francs were distributed in monthly allowances and only 20,000 in confinement allowances.

<sup>8</sup> Statement by Union Départementale des Caisses de Compensation pour les Allocations familiales, August, 1922.

<sup>9</sup> Statements December 1922 and January 1923.

<sup>11</sup> Statement 19.12.22.

<sup>12</sup> Statement Lyon (Teinture) 21.12.22.

of its elder brothers or sisters.<sup>13</sup> In Germany there is in some cases an attempt to fit the allowance more closely to the extra expenses involved by arranging a scale of allowances varying according to the age of the child concerned.<sup>14</sup>

Generally speaking, in the countries under review, the amount of the allowance has been fixed partly in accordance with the expenditure which it was felt could be afforded, that is to say at a level low enough to attract a sufficiently large number of firms. For suppose there are three firms that would like to give 80 francs—then there are probably 10 who would be willing to fix the amount at 60, while perhaps 100 consider 30 francs quite sufficient, and the scheme if it is to succeed must be one to attract the hundred. This is probably the meaning to be attached to the phrase “Proportionné à l’effort possible” used by the *Chambre Syndicale Metallurgique*.<sup>15</sup> In addition the influence of example has undoubtedly been very great. The rates fixed at Nevers, for instance, were based on the benefits given by the Parisian manufacturers; while the President of the Roanne Fund, to quote one of many cases, agrees that “Nous avons pris exemple sur des caisses existant avant la nôtre.”<sup>16</sup>

A certain amount of influence over the volume of benefits has been exercised by the population aspect of the question, that is the desire of the employers to make the allowances an effective cause of increased labour supply. The level of benefits attained by the Lille (Building Trades) Fund is described as the lowest which the employers think would be effective for the aims they have in view, especially those aims which are concerned with the population question. There are thus two forces acting in opposite directions; on the one hand, the need to bring in to the

<sup>13</sup> “Elk Volgend kind leert dus ten koste van de vorige,” *Sociale Voorzorg*, April, 1921, p. 264.

<sup>14</sup> e.g. the wage regulations of the State (Provincial) authorities, which laid down the following scale, up to 6 years of age 1440 mks., 6-14 yrs. of age 1800, 14-21 yrs. 2160 mks. Taking the allowance for children under 16 as 100—the other higher allowances will be respectively 125 and 150.

<sup>15</sup> At Lille.

<sup>16</sup> Statement 12.12.22.

fund as many members as possible, provides a maximum limit, and, on the other, the desire to assure an adequate supply of labour fixes a minimum limit.

In France the monthly allowance for the first child ranges from ten to twenty-five francs, with a few exceptions, for example Epernay<sup>17</sup> and Elboeuf-Louviers (40) and Roubaix-Tourcoing (50). The high level of the allowance given by the Roubaix Textile fund is to be accounted for by the circumstances of its origin. The 300 firms who formed the 1920 Association agreed to give an allowance of 1 franc a day for each child. Later in 1920 there was a wage dispute, and a part of the advance conceded took the form of an increased child allowance of three francs a day for each child instead of one. This was reduced after June 1st, 1921, to two francs for the first child, with a progressive scale for further children. (See Appendix 2). Thus in this case the allowance is simply a commuted or transformed wage.

The great majority of French Compensation Funds have progressive scales of allowances i.e. less is given to the first and second child than to subsequent arrivals. The popularity of this type of scale is due partly to the desire to encourage large families and partly to the view that the expenses of the family are more than proportionately increased by the fourth, fifth and any further children, in particular because it becomes impossible for the mother to return to wage-earning work in the factory.<sup>18</sup> There are however at least eight funds<sup>19</sup> whose scales are uniform; and one, Le Havre (Port) whose scale is degressive.

In this matter of progression, as in others, Belgian Funds follow in the footsteps of their Southern neighbours. All pay allowances in respect of every child including the first, and in nearly every case on an increasing scale. The steepness of the progression varies very

<sup>17</sup> Wine merchants 45 francs. Engineering Fund 30.

<sup>18</sup> For discussion of this question see Chapter XII.

<sup>19</sup> Armentières, Epernay (Vins and Mécaniciens), Grasse, Nantes, Strasbourg, Valenciennes and Mulhouse.

much, the sharpest grading being found at Liège, where the fourth and subsequent children each receive an allowance four times as great as that granted to the eldest, whereas in no French Fund is there an increase of more than 200 per cent., whilst in some (e.g. Louviers and Nancy) the increase is no more than twenty-five per cent.

In Holland all existing scales are uniform, but the allowances in no case begin before the third child and in several cases not until the fourth.<sup>21</sup>

During the last year a development in the direction of increased steepness of progression has been noticeable. In June, 1923, Docteur Perret<sup>22</sup> of Lyon pointed out that the number of funds denying any allowance to the first child had risen from eight to eighteen; while a further seven had withdrawn it, if after a "reasonable"<sup>23</sup> time a second child had not appeared. There is considerable difference of opinion as to the desirability of this change. At the Nantes Congress (June, 1923) a vigorous discussion followed Dr. Perret's paper dealing (inter alia) with this question. Certainly population experts have declared<sup>24</sup> that financial encouragement should only begin with the third child, that is to say, when there is a real net increase of population and not merely replacement. On the other hand, the omission of the first child either means a very big economy for the employer, since about 60 per cent. of all parents in France have no more than one child, or it enables him to present an appearance of generosity by greatly enlarging the allowances to subsequent children without increased cost to himself.<sup>25</sup> It is stated by the Secretary of the Paris (Région) Fund that assuming a scale of 20 francs for the first child, 30 for the second, 40 for the third, and for each succeeding child, then, by suppressing the 20 francs given to the first, it would be pos-

<sup>21</sup> In Germany the scale is generally uniform, or very nearly so, for example in the Textile industry at München-Gladbach, the 1st child receives 6 marks, the 2nd 7, the 3rd 8, the 4th 9, the 5th 10.

<sup>22</sup> 3ieme Congrès des Caisses de Compensation at Nantes—La Journée Industrielle 6.6.23.

<sup>23</sup> Generally two or three years.

<sup>24</sup> Revue d'Economie Politique, September-October, 1920.

<sup>25</sup> See calculations in Appendix 4.

sible to give 50 francs to the second, 60 to the third and 70 to the fourth and at the same time effect a 20 per cent. economy. The actual cases in which this has been done may be and probably are few, but the possible damage to the moral credit of the institution, it would appear, ought to outweigh all other considerations.

In Holland the subject was carefully discussed by a Committee of representatives of Catholic employers and Trade Unions, which was set up in July, 1920, to produce a model scheme for the regulation of child allowances. Two views were expressed in the Report<sup>26</sup> drawn up: a minority considered that the allowance should begin with the first child; they agreed that such an arrangement might have a depressing effect on the wages of young unmarried men and women, but considered this no objection, being of opinion that "young people often get relatively too high wages." The majority of the Committee, however, considered that this view gave too much weight to the needs factor in wages and not enough to the productive value of the work. With some theoretical inconsistency, however, they follow this up by arguing that wages are already adequate to support a "normal" or average family, which for Holland is taken as a man and wife and three children, and that consequently, the fourth child should be the first eligible for the allowance. As stated above (page 40), it is this latter view that has generally prevailed in Holland.

By expressing the absolute amount of the allowances as a percentage of normal wages, as is done in Appendix 2, two results are achieved; in the first place, it is possible to determine to some extent how far the allowance is sufficiently large to make any appreciable difference to the recipient's income, and, secondly, comparisons become possible not only between different trades and districts but also internationally. It should be stated at once that the percentage figures given in the tables are for various

<sup>26</sup> Kindertoetslag-Rapport van de Commissie ingesteld door de Bestuur van den Roomsch-Katholieken Centraalen Raad van Bedrijven, p. 10. Also see below p. 71 and Chapter X.

reasons necessarily only *approximate*. In the first place local variations of wages are considerable, and it has not always been possible to obtain (especially as regards France) full details of the rates current in particular districts. Furthermore in certain Dutch Funds, the same allowances apply in a variety of different districts, including villages as well as cities, and naturally they represent a much higher proportion of wages in the former than in the latter. Again in many Funds there are not only skilled and unskilled but a variety of differently paid occupations. Moreover in some cases the rates taken are average earnings, in others day rates. The intention has been, so far as possible, to work out results for the best and worst paid *adult male* labour. In the case of a widow working in a factory, therefore, the child allowance would represent a much higher proportion of her income than is shown in the tables. On the other hand, in a great many cases it would be more correct to relate the allowance to the family income,—i.e. husband's wages plus wife's wages plus (possibly) the earnings of elder children. Two figures have been worked out, one for the first child, and the other the average rate per child for a family of four children; the latter is necessary in order to obtain a basis of comparison with those funds which pay nothing to the first two or three.

In France, the first child brings in to the father an average increase in his income of two to five per cent., though there are several cases where the figure is six or seven; for the family of four children, a four to six per cent. increase per head is fairly common. The figures for the important centre of Roubaix are very striking (8 to 10 per cent. for the first child and 12½ to 15 for each of four), and show that a man with five children might get over 70 per cent. more money than his bachelor colleague. In Belgium there is no such extreme case, but in general the relation between wage and allowance is much the same as in France. In Holland, on the other hand, the percentage for each child of four in no case exceeds two, while in several cases it is less than one. About

Germany it is less easy to generalise, and an additional complication is introduced owing to the fact that a special household or wife allowance† is given to the married man without children. Among the municipalities the level is rather higher than in France, averaging 5 to 9 per cent. and being in exceptional cases (e.g. in Bavaria)<sup>28</sup> considerably higher. In industry the rates have always been lower, and during the year 1923 they declined very considerably<sup>29</sup> relatively to the wage. In the summer of 1922, two to three per cent. was the most usual figure, but by the spring of 1923, very few allowances exceeded two per cent., and many worked out at less than one per cent., being as low in one case<sup>30</sup> as one-fifth per cent. The paucity of Compensation Funds in Germany has sometimes been accounted for by the remarkable minuteness of the allowance relative to the basic wage. Although this is true as regards the end of 1922, yet it must not be forgotten that in 1921 and up to the middle of 1922, the allowances amounted to nearly as large a proportion of wages as in many of the French Funds. The following table gives some idea of the relation of wage and allowance in the autumn of 1925:—

Occupation.	Locality.	Hourly Rate. Pfgs.	Allowances.
Metal Industry— Skilled Workers	Bremen & Kiel	75—120	1 Pf. for the wife and 2 Pfgs. for each child per hour.
" " "	Cologne	72—130	2 Pfgs. an hour for the wife and for each child.
" " "	Mannheim	84—120	2 Pfgs. for the wife and 1 Pf. for each child per hour.
Chemical Industry— Unskilled Workers	Mannheim	65	For the wife and for each child 130 Pfgs. a week.

† Recently a similar arrangement has been introduced at Mulhouse.

<sup>28</sup> Municipal employees in Bavarian towns. July 1922, 12.6 to 16.8%.  
November 1922, 17.7 to 26.0%.

<sup>29</sup> See above page 46.

<sup>30</sup> Hannoverian Paper Works.

## FAMILY ALLOWANCES

<i>Occupation.</i>	<i>Locality.</i>	<i>Hourly Rate. Pfgs.</i>	<i>Allowances.</i>
Chemical Industry— Unskilled Workers	Berlin	66	For the wife and for each child 80 Pfgs. a week.
„ „ „	Dortmund	67	For the wife and for each child 16 Pfgs. per shift.
Textile Industry— Weavers	Berlin	82	For the wife and for each child 2 Pfgs. an hour.
„ „	Essen	63	For the wife and for each child .50 Pfgs. a week.
Municipal Employees— Skilled	In large towns	80—90	Inclusive of the wife's allowance; in addition 1—3 Pfgs. per hour.
Railway Workers— Skilled Workers over 24 yrs.	According to size of town.	65—85	For the wife and for each child in every locality 3 Pfgs. an hour.

It will thus be seen that the allowance for a man with one child amounts to from 3—5% of the adult bachelor's wage.

Quite apart from the controversial question whether the allowance is really a part of wages, it would appear desirable for the sake of clearness always to express the allowance as a percentage of the wage, when a single establishment or a single industry is in question, though, where a number of different industries are concerned, such procedure might present difficulties.

It will be remembered that the Dutch Civil Servants' allowance is a fixed percentage of the basic wage with a maximum limit, and there are other cases in Holland.<sup>22</sup>

<sup>22</sup> This was the view of (a) the council of 'sHertogenbosch, (b) The Roman Catholic Joint Committee, and (c) The North-Brabant Inter-Municipal Committee—whilst in a scientific periodical, Dr. J. van Bruggen expresses his concurrence and suggests 5 per cent. as a suitable figure. "Sociale Voorzorg," April, 1921, p. 267. In a footnote he refers to a pamphlet by Heer H. J. Kempers, who also regards 5% of the basic wage as the proper amount.



In Germany also there are a number of agreements, chiefly affecting officials, which lay down a fixed relationship between allowance and wage.<sup>22</sup> It is however more common for the allowance to remain entirely independent. In France the Bokanowski Bill to make family allowances compulsory proposed a minimum allowance expressed as a percentage of wages or salaries. Furthermore, some of the Departments and Municipalities give allowances calculated in the same way.<sup>24</sup>

The question of the relation (actual or to be desired) between the cost of child maintenance and the size of the allowance may now be reconsidered. What actually is the cost of maintaining a child? Obviously much depends on the age of the child, and for this reason some funds have graduated the allowances in accordance with the child's age. Dr. Kuczynski's Statistics<sup>25</sup> show that in Berlin in 1913-14, a child's food cost 41 per cent. of that of a man, but in July, 1922, only 36 per cent.; while a child's clothing cost at the same two periods respectively, 35 and 33 per cent. of that of a man.

In 1919 the Australian Basic Wage Commission stated in the course of their conclusions<sup>26</sup> that at a time when the clothing of an adult man cost 101 pence a week, that of a boy of ten to eleven cost 54 pence, of a girl of seven 41 pence, of a boy of three to four 23 pence. Taking the average of these three figures, the clothing of a child cost 28.5 per cent. of that of an adult worker. No estimate was made of the way in which the food cost should be divided among the members of the family, but an examination of the total cost of living for a family of five has been stated to show that seven-tenths of the total is required by the husband and wife and one-tenth by each of the children, that is to say the ratio of maintenance cost

<sup>22</sup> e.g. 10% of the salary to officials (Angestellten) of the Berlin Chemical industry.

<sup>24</sup> e.g. (a) Rhône, 10 per cent. rising to 12 per cent. for the fourth child, (b) Vesoul Municipality 2½ per cent. for each of the first three children, 3½ for each of four and 5 for each of five.

<sup>25</sup> Die Gewerkschaft 11.8.22, p. 774.

<sup>26</sup> The Next Step by A. B. Piddington, K.C., p. 15.

between an average child and adult man is 1 to  $3\frac{1}{2}$  or 28·5 per cent.

According to figures given by Seeborn Rowntree<sup>37</sup> the cost of the food of a child of 10—13 years of age is  $\frac{6}{10}$ ths of that of an adult man, that of a child of 6—9  $\frac{5}{10}$ ths, of a child 2—5  $\frac{4}{10}$ ths, of a child under 2  $\frac{3}{10}$ ths<sup>38</sup> of that of an adult man. Averaging these, we find that the child's food represents 45 per cent. of that of the adult man, or 7 per cent. if the figures are weighted in accordance with the number of years they cover. The cost of clothing is given at 1/9 a week for a man, 1/- for his wife, and 9d. for a child; *i.e.*, in clothing the child costs 42·8 per cent. of the man's cost.

From these figures the conclusion is permissible that the cost of maintenance of a child is on the average not less than 25 per cent. of that of an adult man nor more than 40 per cent. thereof. Consequently, assuming that the basic or standard wage is adequate for the maintenance of a man and his wife at the required standard, then an allowance of 13 to 20 per cent. of the basic wage would probably cover the whole cost of a child's maintenance.<sup>39</sup> If it is assumed that the normal wage provides an adequate standard for a family with one child, then the proportion required for each further child will naturally be reduced to about 11—17 per cent. If two children are reckoned as already provided for, the percentual maximum is still further reduced to 10—14 per cent.

Except in a very few cases this total charge has not been met, and these total maintenance figures should

<sup>37</sup> The human needs of labour, p. 87.

<sup>38</sup> The scale recommended by the Inter-Allied Scientific Food Commission was as follows: Male over 14, 1. Child 10-14, 0.83; Child 6-10, 0.7; Child under 6, 0.5. Allowing for the fact that the adult is a male over 14, whereas in Mr. Rowntree's figures he is a male over 17, these two sets of figures agree fairly well. In a paper read before the Royal Statistical Society in 1919 Dr. Bowley estimated that in the skilled classes, each additional child cost 39.6 per cent. of a person over 14 years of age.

<sup>39</sup> It may be maintained that since the wife's food costs less than the man's the proportionate allowance should be higher; moreover, according to the Australian Basic Wage Commission, the man's clothing costs appreciably more than the wife's. According to William Eckert, Familienlohn, 57, the cost of maintenance of a child has recently been calculated, apparently in Freiburg-i-B., as 10-15% of that of a married couple.

really be looked upon only as theoretical maxima, which, as Monsieur Desmet<sup>40</sup> says there is no likelihood of attaining at the present time. Moreover the majority even of protagonists of the Family wage system do not desire that the allowances should in any way approach such a level. The Director of the Haut-Rhin Fund, one of the most progressive in France, expresses the view that industry ought not to bear the whole cost of the child's maintenance, for the child, in addition to constituting an advantage to industry, is also an accession of strength to the state and a blessing to his family. Again, in Holland, the North-Brabant Inter-Municipal Committee was of opinion<sup>41</sup> that the allowance should "only be a contribution towards the cost of maintenance of the child." From Belgium comes the declaration that it is "desirable that the parents should continue to bear part of the cost of upbringing," not only in the shape of care and anxiety but also in actual financial sacrifice in order that "the child should remain really theirs."<sup>42</sup> A similar apprehension of a diminution of the feeling of parental responsibility<sup>43</sup> is expressed by Wilhelm Eckert.

This point of the removal of parental responsibility is very strongly felt in Holland, where there is a proposal for "motherhood care,"<sup>44</sup> which would work rather in the direction of providing clinics, etc., for infant care, in place of merely enabling the mother to do the work within her own home, as is desired by the advocates of family allowances.

The purpose of the allowance then, is only to alleviate the economic difficulties of the family man<sup>45</sup> and by no means to take over his responsibilities. It is often

<sup>40</sup> President of the Christian Union of Railway men, Post and Telegraph employees in Belgium and a determined supporter of the Family Allowance system.

<sup>41</sup> Stolk, *Gezinsloon*, p. 38.

<sup>42</sup> Statement by Monsieur Desmet.

<sup>43</sup> "Einer Minderung des elterlichen Verantwortlichkeitsgeföhles." *Familienlohn*, p. 57.

<sup>44</sup> *Moederschapsorg*.

<sup>45</sup> No account has been taken of the various fiscal advantages granted to families in most European countries.

asserted that the result of the introduction of a family allowance system will be to sap the worker's sense of duty and his feeling of personal responsibility in regard to the size of his family. In meeting this objection, van Bruggen points out that the size of the family is to a large extent a matter of ethics and religion. No allowance so far proposed is, or is intended to be, sufficient to meet the whole extra charge involved by the additional child. Therefore the parents will continue to bear a large part of the burden, and conditions will continue to be more difficult in the larger than in the small families. After all as Mrs. Stocks has said, "It has never been suggested that soldiers during the war displayed any apparent want of interest in or responsibility for their children, even though these were dependent on a separation allowance paid direct to the mothers."<sup>46</sup>

## 2. THE METHOD OF PAYMENT

The method in which the allowances are paid over to the family man is a matter of more importance than appears at first sight. It is not merely a question of the smooth working of a piece of social mechanism; it is that, but it is more, for issues of principle or at least of policy are involved. Briefly to summarise the choice of means, the allowance may (a) be added to the standard wage and the two paid out to the wage-earner in one sum; or (b) be paid to the wage earner at a separate time and/or place from the ordinary wage, that is to say if necessary, at longer intervals; or (c) it may be paid direct to the mother or to a representative of the beneficiary children. Again (b) and (c) may be effected either by each employer acting individually or by the "fund" as a separate organisation.

At once there arises the question already discussed. "Is the allowance an integral part of wages?" If the answer is affirmative, logic at first sight appears to demand that any part of wages should be paid to the wage-earner and to no-one else, but French and Belgian employers do not

<sup>46</sup> M.D. Stocks. *The Meaning of Family Endowment*, p. 36.

desire to regard the Family allowance as a part of wages and furthermore there are considerations of great force which militate against strict adherence to purely theoretical reasoning.

Many French funds regard the allowances as a payment due to the mother in return for her services in bringing a family into the world and they therefore pay the allowance direct to the mother. For instance Paris (Région) and Bordeaux pay the allowances by a special form of postal cheque<sup>1</sup> payable near the home to the mother and endorsable by her.<sup>2</sup> At first the former Fund introduced this privilege on a voluntary basis, but later made it compulsory. The innovation proved most popular.<sup>3</sup>

In the Lille metal workers' fund the rule is that the allowance is paid on production of a "carte nominative" (indicating the sum due) *by the mother* or "failing her the head of the family." In the Building Trades Fund at Lille the allowance is paid by postal cheque direct to the mother as at Paris. At Rouen at the request of the Reformist Unions, it was decided by the dockworkers' Compensation Fund to pay the allowances only to the mother or to the person having charge of the children. At Le Mans the allowance is paid to the mother—but very exceptionally *on the mother's demand* it may be remitted to the father.<sup>4</sup> In 1921, the Comité d'Etudes expressed the opinion that it was advisable that this method should become general. In Belgium the allowances are in many cases paid to the wage earner, but at Liège they are sent out monthly by postal cheque payable to the mother at her home. The Quarries in the Spiemart districts who are affiliated to the Belgian Building Trades' Fund also pay the allowances direct to the mother.

Even where the allowances are paid to the wage-earner, special care is taken in most cases to distinguish them from the wage. For instance they may, as at Mulhouse,

<sup>1</sup> Compte-Rendu 11<sup>ème</sup> Congrès des Caisses de Compensation, p. 32.

<sup>2</sup> Examples in Appendix 8.

<sup>3</sup> Revue d'Economie Politique, Sept.-Oct., 1920.

<sup>4</sup> Other funds taking similar steps are Dijon, Caen, Tours, Beauvais and Lorient.

be paid deliberately on a different day from that on which wages are distributed.<sup>6</sup> At Bordeaux they are paid quarterly. At the Werister Coal Mines in Belgium the same principle is in force, the allowances being paid twice a year, thus constituting a sort of re-equipment allowance.<sup>7</sup> The Dutch Joint Catholic Committee<sup>8</sup> favoured this payment of allowances at fairly long intervals. Spring and autumn they argued are the best times, when as they said "either summer clothes or fuel and potatoes are required and buying can thus be done economically."

In Germany, as a rule, the position is reversed,<sup>9</sup> in that the family allowances are generally paid out *with* the wages to the working member of the family, whether man or woman, although there are a good many collective agreements which lay down that they are to be separately calculated and paid out in a separate envelope. In Holland a somewhat different system achieves a similar result. In the Tilburg Catholic Employers' Textile Fund for instance, representatives are appointed by the Trade Unions in each commune or district and it is the duty of these representatives to ascertain particulars about the workers' families, which they record on a form, (See Appendix 8), which has to be countersigned by the employer. The actual paying out of the allowances is done by these representatives at a time and place fixed by the Trade Unions.

In thus separating and earmarking the allowances, the intention in every case is to make sure that the allowances are used for the purpose for which they are intended.

One objection to the payment of allowances direct to the mother when she is not a wage earner, is that the wage-earning father is liable to feel that his self-respect is injured by the tacit suggestion that he would use the

<sup>6</sup> "Elles ne figurent pas sur les feuilles de paye; leur versement se fera . . . en tout cas à un jour autre que celui de la paye régulière." Règlement—Art. 17.

<sup>7</sup> Le Sursalaire et les Allocations Familiales, Bondas, p. 18.

<sup>8</sup> Kindertoelag-Rapport, p. 15.

<sup>9</sup> Deutscher Textilarbeiter-Verband, Statement 1.12.22.

money improperly. This view was put forward by a representative of the Roubaix Textile Fund in evidence before the Commission Permanente du Conseil Supérieur in 1921. It was maintained that the workman would regard such procedure as a "marque de défiance,"<sup>10</sup> but the experience of other funds does not seem to bear this out. The Comité des Caisses de Compensation has not met with any instances of such complaints from the husband, although a large number of funds have adopted this system. One Fund (Fourmies) points out that, so far from the husbands being inclined to tremble for their own economic supremacy, on the contrary in that area they 'actually send their wives to collect the allowances.'

Another (Les Sablons) asserts that the payment of family allowances is in itself intended to strengthen the head of the family and make it easier for him to exercise his parental functions. Incidentally it may be noted that it is on this very ground, amongst others, that the Feminist movement in Holland opposes the Family allowance system, viz., on the ground that it will weaken the position of the mother.<sup>11</sup>

Again a somewhat newer fund, that of the grocers of Paris,<sup>12</sup> considers that it is absurd for the man to feel it indignified for the wife to receive the allowance direct. Since she obviously does all the work of the household, 'Celui, qui se froisserait, pourrait sembler suspect,'<sup>13</sup> and that seems to express the truth of the matter.

Specific measures are usually taken so as to attempt to ensure the right use of the allowances, even in those funds which pay the allowance money with the wage to the wage-earner. The regulations of Clermand-Ferrand may be regarded as typical; it is laid down<sup>14</sup> that the Administrative Committee may on the recommendation of a

<sup>10</sup> 1st Congress, p. 39.

<sup>11</sup> See Discussion, Chapter IX.

<sup>12</sup> Their announcement bill stated that " nous servirons aux mères de familles des allocations " and Art. 9 of the Statuts states that allowances are granted in principle to the mother.

<sup>13</sup> A possible English rendering would be " Injured self-respect might be read as guilty conscience."

<sup>14</sup> Règlement Art. 23.

member firm make enquiries in order to ascertain that the allowances are put to proper use and, if they find that they are not, may take measures accordingly. The Angoulême Fund is more specific; if the worker employs the allowance for purposes other than those for which it was intended, the employer “peut lui retenir une partie de cette allocation comme premier avertissement.”<sup>18</sup> If he persists, the allowance may be suppressed. The Fourmies Fund reserves the right to suppress the allowances, “lorsque les enfants . . . ne sont pas élevés dans des conditions suffisantes de nourriture, de vêtements, d’hygiène et de moralité.” At Thizy, if it is notorious that the father of the family is making no good use of the help he is receiving, the allowances are suppressed, unless special arrangements can be made with the wife.<sup>18</sup> In the Haut-Rhin (Mulhouse) in case of misuse by the father of the allowances, they are, if possible, paid to some other person, who can guarantee their proper employment. Failing any kind of guarantee, they are withdrawn. Article 21 of the Règlement of the Paris Grocery Fund gives to the Administrative Committee the power to deal with the whole question of unsuitable use of the allowances. Similar arrangements are made by the Parisian Building Trades’ Fund. At Amiens the allowance may be withdrawn if the recipient is proved not to have made good use of it.<sup>19</sup> In the mining industry regular attendance is in several cases made a condition for the continuance of the allowances.<sup>20</sup>

In Germany the collective agreements do not as a rule include special regulations regarding the method of paying the allowances, but some agreements do direct that they shall be separately calculated and separately paid. It

<sup>18</sup> Statement 12.12.22.

<sup>18</sup> Statement 2.2.23.

<sup>19</sup> Règlement Art. 6.

<sup>20</sup> e.g. the Blanzly Company announced that the allowance would be divided into two parts, one of which would continue to be paid to the worker, whatever the regularity or irregularity of his attendance. For every two unjustifiable absences one-third of the other variable part was to be deducted; in the case of three such absences two-thirds and in case of subsequent absences cancellation would follow.



is further laid down in a few instances<sup>21</sup> that, if the recipient "mit dem Geld nicht häuslicherisch umgeht," then the allowance will at once cease. The regulations generally insist that fraud<sup>22</sup> must involve the stoppage of the allowances for sufficiently long to recover the sums overpaid and for six further months as a penalty.

Returning to France the case of Le Mans forms an instructive contrast to all the various methods of control enumerated above; any supervision of the manner in which the money is spent is regarded as undesirable because it pre-supposes "un controle étroit qui nous paraît incompatible avec l'indépendance" que doit conserver la vie privée.<sup>23</sup> Furthermore the heads of firms are forbidden to discriminate in any way or to decide that *these* workers shall have the allowance but those shall not.<sup>24</sup> This attitude serves to throw into relief the dangers attending any attempt to ensure satisfactory use of the allowances for the benefit of the family. There is the possibility that personal prejudice will take the place of scientific investigation, and that advantage will be taken of some slight irregularity to provide an ostensible reason for an exclusion from benefit—the real cause of which may be Trade Union or strike activity. Though to some extent it is a matter of expediency, there is clearly a principle involved. If the allowance is actually a part of wages, the worker has surely a right to it, however bad the use to which he puts it; on the other hand, if it is really a gift provided by the generosity of the employer, then the giver would appear to be morally entitled to ensure that the purpose of his gift is attained. At the same time,

<sup>21</sup> e.g. Berlin Metalworkers' agreement of 24.4.22 and Rhenish-Westphalian Iron and Steel Industry agreement of July, 1922.

<sup>22</sup> e.g. drawing allowance for a non-existent child.

<sup>23</sup> Statement 19.12.22.

<sup>24</sup> Le Mans is not entirely alone in its attitude. At Bordeaux in the Agricultural Fund there is no attempt to pledge the recipient as to the manner of using the allowances; whilst in Belgium a placard put up by the Splenart Quarries (members of the Belgian Building Trades Fund) announces that "l'usage des sommes versées est laissé à la libre disposition des bénéficiaires."

Compare also conditions in the Maggi Works in Singen, Chapter IV., p. 53.

<sup>25</sup> See below, Chapter VII., p. 125.

the employer's concern with and knowledge of the private affairs of his employees should be kept within bounds. One of the objections put forward by organised Labour to the family allowance system as at present in force, is that it affords the employer an opportunity of obtaining undue influence over his employees. Discrimination, however disinterested it may really be, is almost bound to lead to suspicion and distrust. Probably more permanent good would be achieved by the force of public opinion. At the present time in poorly paid trades comparative neglect of the children of large families may not be uncommon, but can it not reasonably be presumed that, when adequate means are provided, the great majority of those in receipt of allowances will use them in the right way, and the small minority whose children continue unkempt are likely to lose caste. This really means the bringing to bear of pressure tending to make child-neglect in any acute form a greater social misdemeanour than it is now.<sup>26</sup>

Another aspect of the subject now calls for investigation, namely the question whether the payment of the allowances should be carried out by the Fund (as a separate organisation) or by the individual employer. Both methods are in force in the four countries under review. The matter is rather intimately concerned with the growth of class consciousness. This is perhaps most clearly illustrated by the attitude of the Bordeaux employers who favour payment of the allowances by the Fund direct. They desire to emphasize not the benevolence of this or that employer but rather the fact that the employing class *as a whole* is sympathetic to the well-being of the working class *as a whole* and conscious of the essential community of interest between the two elements. They point out that it is not this or that employer who is attacked by labour propaganda but rather the employer *qua* employer, and that therefore it is *as a whole* that they should demon-

<sup>26</sup> When joint control of the funds (see Chap. VI. §3) becomes more general and more effective, perhaps it may be possible to evolve some kind of impartial committee control.

strate their "at-one-ness" with the employees. They aim at a "geste patronal."

On the other hand Monsieur Ley expressed the view that payment by the Fund tended to make the workman forget the source of the allowance and that before long the workers "se persuaderaient que la Caisse de Compensation est un organisme dans le genre des bureaux de bienfaisance ou des Institutions d'Etat." It will tend to be taken for granted as a sort of department with a bottomless purse and will lose that spirit of social endeavour, which should animate it. He was of opinion that the employee ought always to be kept alive to the fact that he owes the advantage of the allowances to the fact that his own particular employer has joined a fund. Similar is the view of the engineering employers of Grenoble, each of whom pays out the allowances himself direct to his employees in order "to retain the moral benefits of this liberality."<sup>27</sup>

This is quite contrary to the Bordeaux view, which aims at the ruthless excision of the personal element and of the possible feeling of dependence on the whim and pleasure of an individual, which is so often the central source of difficulty in individual schemes of social welfare, however thorough and farseeing, and to combat which is after all one of the principal reasons for the creation of a Compensation Fund. At the same time, it is certainly desirable that the real source of the allowances should not be forgotten, nor the fact that wages and allowances alike depend on the prosperity of the industry. The question of the feeling of dependence is closely related to that of the exercise of undue influence in the private affairs of the workers, and here the case of the Building Trades Fund at Lille appears to be instructive. Originally the employers each paid their allowances themselves, but owing to friction between employer and employee it was decided that after January 1st, 1923, the allowances should be paid by the fund itself. The inclusion of the following

<sup>27</sup> Romanet, *Les Allocations Familiales*, p. 2.

clause, however, is interesting. "Toutefois aux entreprises importantes qui desireraient continuer à avoir le contrôle de leurs ouvriers et créer dans ce but un fichier de leurs ouvriers, pères de famille, les fiches nécessaires pourront être mises à leur disposition par la caisse." It is true that the word "contrôle" should probably be understood in the sense of being responsible for or having the care of, but nevertheless the sentence suggests the possibility of undue influence being exercised by individual employers, who do not reach the normal employing standard of justice and fair dealing; and the back-sliding of one employer might easily more than counteract the straight dealing of ninety-nine others.

One or two Funds compromise between the two methods, for example at Tours ("Familia") the allowance is paid by the fund either at its office, or at the employers' request at certain fixed centres, or by the employers themselves. At Amiens<sup>28</sup> also, the employer may choose whether or not he will pay the allowances himself or allow them to be paid by the Fund.

At a congress of Compensation Funds at Roubaix<sup>29</sup> several Directors of Funds expressed the view that, if they had the chance of remodelling their Funds, they would arrange that the money should be paid direct by the Fund itself instead of by the individual employers, and this not on any of the grounds so far considered. Where the allowance is paid by the individual employers, the firm which employs an exceptional number of youths and girls, will, at the end of the quarter or other accounting period, have a sum to pay out to the fund, over and above allowances to its workers, and this sum will in due course be handed over to other firms employing a number of family men *above* the average. If on the other hand the allowances are paid by the fund, then the "under-average"<sup>30</sup> employer merely receives a demand for a sum

<sup>28</sup> Règlement, Art. 24.

<sup>29</sup> La Journée Industrielle, 9.12.20.

<sup>30</sup> The expression "under-average" is used as a convenient way of indicating those firms or industries in which the number of children per 100 employees is below the average.

determined in accordance with the number of workmen or the total of his wage bill. It was considered that by the latter method he was much less likely to rebel against the expense of paying out to provide assistance for the children of employees in other trades or firms. Furthermore under the former system it is conceivable, as the Dutch committee<sup>21</sup> suggested, that, if the cost to the employer were assessed on a wage basis, he might be the more inclined to recoup himself for the big apparent expense by lowering his wages, if that happened to be within his power. The question is of course psychological, since the sum paid out is in either case exactly the same. It is a form of self-deception in some ways similar to that of the Daylight Saving principle and perhaps equally effective. One might perhaps even go so far as to suggest that the ideal scheme would be that the employer should remain ignorant of the value of the allowances paid out to his own employees. This is, so far as can be seen, not the position in any Fund, but there would appear to be no reason why the Fund should not be in as good a position as the employer to verify the correctness of the claims put forward by the worker, as it is almost always laid down that these must be supported by birth and marriage certificates. In Holland the Bakers' Fund and the Tilburg Textile Funds go a little way in this direction, by arranging that particulars of the number and age of the children should be obtained by the local Trade Union representative, and that these items of information shall merely be referred to the employers for confirmation.

The question of the payment of large sums by "under-average" firms is naturally of chief importance in the case of regional funds, but the same question can arise even when membership of the fund is confined to a single industry. In the Textile Fund at Roubaix-Tourcoing this overpayment of large sums by particular firms was one of the reasons for the adoption of a new series of regulations which came into force on the 1st July, 1922. By this

<sup>21</sup> Kindertoeslag. Rapport, p. 15.

divisor system, as it is called, if the father, mother and two daughters were all employed in different firms (all members of the fund), each of these four firms paid out one quarter of the allowance instead of the whole allowance being paid out by the firm employing the father as was previously the case. At Clermand-Ferrand a similar system is in force, except that it only applies to husband and wife. If the wife works in an establishment not belonging to the fund, the husband gets only half the normal allowance.<sup>32</sup> The system at Vienne is in all respects similar, except that in addition for each child employed outside the Fund one quarter of the allowance is deducted;<sup>33</sup> thus, if the father works in an affiliated firm while the mother and two children work in a concern not belonging to the fund, no allowance whatever is due to the father. If one of the parents works and one does not, half the allowance is received as of right, while the administrative Committee decide whether the other half shall also be granted.<sup>34</sup> At Tours, if both parents work in establishments belonging to the Fund, then the allowance is due only once. At Paris, in the Grocery Fund, if either husband or wife works in an establishment not belonging to the Fund, then the allowance will be paid only provided a declaration is made that no allowance is being received from another Fund or from the employer direct. At Amiens,<sup>35</sup> if both father and mother work in establishments belonging to the Fund, then payment of the full allowance is made direct to the mother. At Liège<sup>36</sup> on the other hand, when both father and mother work in different establishments, both of which are members of the Fund, then the allowance is paid by the firm employing the father.

In Germany, as a rule, when both husband and wife

<sup>32</sup> Règlement Art. 13.

<sup>33</sup> Règlement Art. 5.

<sup>34</sup> Compare discussion in Chapter XII. of the effectiveness of the Family allowance as a method of keeping married women out of the factory.

<sup>35</sup> Règlement Art. 24.

<sup>36</sup> Règlement Art. 14.

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are working in establishments coming under the same collective agreement, the wife's allowance is not paid and the children's allowances often at a lower rate. In the Rhenish silk industry it is laid down that if both man and wife are employed in one of the silk factories, then only the husband gets the allowances.

### 3. THE ADMINISTRATION OF A COMPENSATION FUND

The question of administration appears at first sight to be merely one of operative machinery and one which is without significance once the general principle has been agreed to. On closer examination this is seen to be a superficial view. There are really two questions to be answered, who should govern and how should they govern. The former is obviously of the first importance, and the question of method may be of great interest as symbolical of the spirit underlying the establishment of a compensation fund.

A fund may be administered either by the state, or by the employers or by the workers or by a combination of any two or all three of these. Taking Europe generally, by far the greater number of Compensation Funds are administered exclusively by the employers. We may therefore first consider the methods they adopt.

As a rule all the employer members meet once a year in a general assembly. This assembly elects an administrative council of manageable size which meets once a month or quarter and really governs the fund. In addition, there is sometimes a small executive committee, and, as a rule, a permanent paid official is appointed as Director or Secretary. It has in certain cases been urged that the allowances do not form a part of wages, because in France they are paid out by an organisation independent of the employers who pay wages. There is no justification for attaching any weight to such a plea.<sup>1</sup>

<sup>1</sup> See p. 54.

It is perhaps possible by a legal fiction to create a theoretical "personality," but that is all. In actual fact the French Funds are governed by the employers concerned.

Details of the methods adopted in a few funds may perhaps be given. Take first the important regional fund of Mulhouse (Haut-Rhin); the annual general assembly elects a committee of from six to eighteen members who are responsible for the governance of the fund. Every quarter each firm has to furnish a statement of salaries and wages paid, such statement being based on the declaration made to the accident insurance companies; the returns so made may be checked by the Committee, who are responsible for determining the percentage to be paid by each employer for each accounting period. One peculiarity may be noted; the committee are permitted to co-opt for consultative purposes one or two competent persons outside the members.

Again take Le Mans—the fund is governed by the general assembly of all members meeting once a year. This assembly elect a "Conseil d'administration" consisting of from nine to fifteen members, who remain in office for three years. Honorary members (who have given donations to the Fund but are not employers) may be elected. The Committee, which meets once a quarter, deals with the accounts, fixes the amount of the employer's contribution, and regulates the Reserve Fund, etc. The Compensation Fund reserves the right to check the returns of any employer by examining his books. Refusal to allow such investigations involves exclusion as well as any legal penalties enforceable. With the exception of the Secretary, no member of the Committee is paid for his services.

At Vienne, the system is similar, except that the Administrative Council elects an executive bureau of three who meet once a month to deal with the smaller matters, one of the three is paid as Secretary.

The system in force at Thizy presents one interesting



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feature; at the general assembly, voting power is graduated in accordance with the size of each firm's wage bill, *viz.*

For a wage bill under 250,000 francs (per annum)	1	vote.
" " " " of 250—750,000 " " "	2	votes.
" " " " of over 750,000 " " "	3	votes.

While it would be possible to pick out a number of other special features or details,<sup>2</sup> enough has probably been said to give an impression of the type and some of the ways in which in France it has been found possible to modify that type.

Most of the Belgian funds follow the French model and show few distinctive features. The National Building Trades Fund, which has its headquarters at Brussels, is administered by a council of from three to twenty-four members elected by the General Assembly for six years, half to resign every three years. This "conseil" meets once a quarter and elects a President and a "comité de direction" of three members, as well as a Director and a Secretary either from among the members or from outside.

Most of the Dutch funds are of a somewhat different type, but the Shoemakers' Fund has some points of resemblance. It was established in September, 1920, as the result of an agreement between the Netherlands Catholic Union of Boot and Shoe Manufacturers and the Catholic Workers' Union in the same industry. It is administered by a Committee of at least three, of whom two must be representatives of the Catholic Union of Shoe Manufacturers and one of the National Dutch Union of Shoe Manufacturers.

In Germany with the exception of the Apothecaries all the funds are governed by the employers, and the system of administration does not differ materially from that of the French Funds already described.

We are now free to return to the rather more interesting question whether the employers ought to exercise exclusive

<sup>2</sup> In one or two cases, the administrative work is handed over to a bank, for example at Bordeaux to the "Banque populaire" and at Tours to a branch of the same institution.

control over the funds or whether the workers should be admitted to a share in their management. A brief survey may be taken of those funds in whose constitution it is possible to discern elements of the practice of joint management. The principle has been widely discussed and canvassed in all the four countries under consideration, but as regards actual practice it is undoubtedly in Holland that the principle has been chiefly honoured. Very few of the Dutch Funds are confined as in France to a single district,<sup>3</sup> they apply to all members of a particular industry within a province or even throughout the whole country. The structure of the funds is therefore necessarily different. The Bakers' Fund is a good example. It was brought into existence as part of a National Collective agreement signed in November, 1920.<sup>4</sup> The Fund is governed by a Central Joint Committee of equal numbers of employer and employee representatives. The members choose a president and a vice-president, one an employer and the other an employee. This Committee is also charged generally with seeing to the execution of all the provisions of the labour agreement.<sup>5</sup> In each commune, however, the regulation of the Fund is left to a local joint committee of employers and employed, which appoints a Treasurer, who manages all the details. This local body, which is constituted on exactly the same principle as the Central Committee,<sup>6</sup> regulates the method of payment, the only stipulation being that the allowances must not be paid direct by the employer.<sup>7</sup> Each manufacturer is bound to keep the Treasurer informed as to the names and addresses of his employees. The workers' members on the joint committees are all representatives of the denominational

<sup>3</sup> Apart from the Communal Funds.

<sup>4</sup> Er zal voor 1 December, 1920, ouden opgericht een fonds waaruit de kindertoelagen zullen worden betaald, aan welk fonds uitsluitend de werkgevers bijdragen en waarover de hoofdbesturen der contracteerende organisaties de zeggenschap hebben." Art. 8 of Arbeidsregeling voor het Bakkersbedrijf.

<sup>5</sup> Arbeidsregeling. Art. 22.

<sup>6</sup> For exact definition of powers, see Arbeidsregeling, Art. 23.

<sup>7</sup> Règlement Kindertoelagsfonds, Article 5.

organisations.<sup>8</sup> The districts where joint committees are in operation include Amsterdam, Delft, the Hague, Haarlem and Rotterdam.

The system adopted in the Textile Workers' Fund at Tilburg is also of considerable interest. This Fund was inaugurated in November, 1919, as part of a collective agreement and is still in existence. It was administered by a committee of nine members, four representing the Employers' Association (a Catholic one) and four the three Trade Unions concerned.<sup>9</sup> The president was a clergyman. The Secretary of the Committee was also Secretary of the Employers' Association. This body met once a quarter and was responsible for all the general directive work, including the calculation of the amount of the employer's contribution. Unfortunately at the end of a year the labour agreement was not renewed and the joint committee automatically lapsed. During the time it was in existence it carried out some useful work, including the modification of the "aftek" or deduction of children over fourteen in order to arrive at the number of children eligible for benefit. In each separate commune affected, the Trade Unions appoint a representative whose duty it is to ascertain all particulars regarding the size, etc., of each worker's family,—particulars which they record on a special form (See Appendix 8). This is countersigned by the employer concerned and forwarded monthly to the Secretary of the Fund. The allowances are actually paid out by this representative at a place and time fixed by the Trade Unions. The necessary announcements are made by the employers. The actual number of children is checked once a year by the production of birth certificates, etc. The working of this part of the machinery has not been affected by the disappearance of the Joint Committee. Thus much of the administrative work is done by others than employers, and it is stated that the Fund has worked with great satisfaction to both parties,

<sup>8</sup> See below Chapter VII. p. 129.

<sup>9</sup> The R.C. St. Lambertus Union, The Protestant Christian Union, "Unitas" and the Socialistic Union. "De Eendracht."

and it is hoped that before long it may be possible to re-establish the Joint Committee.

A fund established early in 1922 for the brickmaking industry in Limburg<sup>10</sup> vests the administration in a committee of five, two representatives of the employers and two of the workers, a clergyman acting as chairman.<sup>11</sup> In the cigar industry, the system is similar, but the allowances are actually paid out by the employer.

In Germany, there is one notable case of joint administration and that is the Apothecaries' Fund. A joint council of six<sup>12</sup> has general control. Furthermore in the Textile Fund at Berg a joint committee was set up with power to influence decisions in regard to the amount of the allowance. This profession was one of the earliest to introduce the compensatory principle. In Austria, as early as 1902, a compensation fund was formed among chemists' assistants, though at first for another purpose. The aim was to assure progressive increases of salary for assistants of long service and at the same time to prevent the older men being thrown out of employment because of the employer preferring cheaper younger men. At first the funds were local, one of them being in Vienna; but in 1908 "a general salary fund of the chemists of Austria" was formed. Membership remained voluntary until the beginning of 1921, when it became compulsory for every employing chemist to pay in a given percentage of his wage-bill to the fund. Since this date this machinery has been used for the provision of family allowances, and at about the same time a similar institution was started in Germany, being based on a collective agreement signed in the autumn of 1920. All "Apotheker" became bound to contribute.<sup>13</sup> It is, however, important to note that the chemists' assistants also contribute to the fund in the proportion of 50-50. The administration is

<sup>10</sup> One of the predominantly Catholic provinces.

<sup>11</sup> "De geestelijke adviseur treedt op als voorzitter."

<sup>12</sup> I.L.O. Study, p. 101.

<sup>13</sup> A clause in the agreement said "Every chemist (Angestellte) has the right to expect that his employer will pay the fixed contributions to the Compensation Fund."

in the hands of two committees, the Inspection Committee and the Executive Committee. The former consists of three employers and three employees. This body fixes the level of the subscription or quota payable, deals with complaints and special questions of liability, eligibility, etc., and audits the accounts. A manager or secretary transacts current business, and he together with the chairman and vice-chairman forms a management or executive body. The machinery is interesting, but can hardly be taken as a precedent, on account of the fact that the workers themselves directly contribute towards the provision of the allowances. More important perhaps is the fact that in Austria the Act of December, 1921 (which stopped the food subsidies and transferred the responsibility for the payment of family allowances to the employers), laid down that the amounts of the allowances were to be determined by a joint committee of six employers and six workers.

In France and Belgium there is very little trace of any practice of joint control of the funds. The Statutes of the "Caisse Familiale des Contremâitres et des Ouvriers du Port de Rouen" do indeed provide for the inclusion of worker representatives in the Administrative Council of six, although these are in a clear minority. The Havre Port Workers' Fund is controlled by a "Commission de Surveillance" consisting of three employer and three employee members all belonging to the "office du travail." The Chairman of the Committee is always an employer.<sup>14</sup>

There is one fund in Belgium which deserves attention in this connection. The Statutes of the Fund started early in 1923 at Turnhout by the Belgian cigar manufacturers

<sup>14</sup> This Fund is rather exceptional in structure. It was started in February, 1921, by the "Office du Travail." It is fed financially partly by the resources of the "office" and partly by subscriptions, in particular that of the Union of Employers of Havre Port Labour. In order to be eligible for benefits the contributory must have been "inscrit" at the "office" as a member for not less than six months. In order to become "inscrit" a workman must be presented by an employer. All the members are workmen actually employed on the docks. As in the case of the Apothecaries in Germany, this Fund can by no means be regarded as typical, since here again the Fund is not wholly supported by the employers.

lay down certain principles of joint administration. Its constitution seems to indicate partial imitation of the Dutch rather than of the French model. A certain percentage of wages is paid to the workers, which they in turn pay to an "agent de la caisse," who is charged with the duty of paying over the allowances to the family men every month. There is one such "agent" in each district, who is appointed by that labour organisation which has therein the largest number of members. The appointment must, however, be approved by the other local organisations. If there is a surplus—the contribution of the employers is to be diminished.<sup>15</sup>

This Fund has not been working sufficiently long to afford adequate evidence as to the practicability of the plan, but the introduction of even so modified a form of the joint principle is a valuable advance.

There is little further to add regarding the existing practice of the principle of joint control, but it may be of interest to note in passing that the Printers' Compensation Fund in Denmark which was in operation from 1917-1921 provided for the administration of the fund by a committee of four—two employers and two workers.<sup>16</sup>

There are, however, indications that an appreciable advance in this direction is probable in the not very distant future. In France many of the C.G.T.<sup>17</sup> Unions have been anxious to remove the control of the funds from the hands of the employer and have proposed the intervention of the State (See Chap. VII.) and administration by joint committees. Monsieur Georges Buisson<sup>18</sup> suggested at the end of 1922<sup>19</sup> that the joint committees proposed in the Social Insurance Bill would be perfectly capable of undertaking the direction and management of the funds, the state adding a subsidy to the employers' contributions. "C'est vers une incorporation de l'allocation familiale dans la loi

<sup>15</sup> Roscam-Carels. *Les Allocations familiales et leur application*, p. 8.

<sup>16</sup> *Family Allowances*, I.L.O., p. 133.

<sup>17</sup> *Confédération Générale du Travail (Socialistic)*.

<sup>18</sup> *Secretary of the Fédération Nationale des Employés*.

<sup>19</sup> *Le Peuple* 24.12.22.

sur les assurances Sociales qu'il faut tendre." The Social Insurance Bill proposes to divide France into 25 Districts and in each to create a regional insurance fund, which will carry out all operations relating to the insurance of persons concerned within its district. The fund will exercise necessary control and, where necessary, may inaugurate measures of social hygiene, etc. The managing committee of each fund and also of each of its branches, is constituted as follows, one half of representatives of the insured persons, a quarter of employers' representatives, and the remaining quarter of representatives of the public interest. Such a method, while superficially attractive, would involve an immense amount of reconstruction of the existing compensation funds, before it became practicable. At the Annual Congress of the C.G.T. in February, 1923, the resolution passed on this subject<sup>20</sup> included a clause recommending that funds should be administered by joint committees.

The Reformist Unions<sup>21</sup> in France have for some time been strongly in favour of joint administration of the funds, and, as early as May, 1921, the Fédération Française des Syndicats d'Employés Catholiques presented a resolution to the permanent committee of the " Conseil Supérieur du Travail " approving of the family allowance principle and urging that the State should control the rates of benefit with the co-operation of joint trade committees elected locally by the employer and employee organisations concerned.

Furthermore, mention may here be made of the scheme put forward in January, 1922, by Monsieur Albert Dormoy, Président du Syndicat de la Metallurgie de Bordeaux et du Sud-Ouest. This proposal was examined by the Central " Comité " and rejected, but it possesses features of exceptional interest. It was proposed that " mutual associations of heads of families " should be created, charged with the duty of determining the recipients of the allowances and

<sup>20</sup> Compare Appendix 6.

<sup>21</sup> See Chapter VII., p. 121.

generally with carrying out their distribution. Such an Association would be governed by a joint administrative committee including heads of families and representatives of the employers. The existing Funds would be left with only the work of collecting the employers' contributions. The idea is that, thus organised, the family man would be able to resist the pressure of the single man, who, it is contended, demands a high basic wage, often at the expense of his fellow worker with a family. As Monsieur Deschamps pointed out at a Rouen Congress in 1922, "Les salariés isolés ne résistent pas aux fauteurs de désordres. . . . Ils n'osent pas être seuls de leur avis. Groupés cependant . . . ils seront les éléments ponderateurs."

Many employers objected to giving up their control of the allowances. The proposed associations, it was held, would probably increase the allowances until they had exceeded their resources, which would result in the State being called in to help. The basic idea was considered to be the introduction of the worker element into the control of the allowances, and it was feared that, on the plea of protecting the interests of the family, labour interference in management would be pushed further and further. A more practical objection is that such a plan as has been outlined, would seem to be very likely to foster an antagonism between single and married workers and to create that breach of solidarity which the Social-Democratic Unions fear may follow from the introduction of the family allowance system itself. Monsieur Deschamps in advocating the scheme seems almost unconsciously to foreshadow some such possibility.

In Belgium numerous demands have been made for the introduction of joint control. At the Congress of the Social Democratic Federation of Belgian Metalworkers held at Brussels in April, 1923, the report presented on the subject was (as stated above) favourable, but on the condition that joint national committees were appointed to secure uniformity. Since 1921, the Christian Unions have repeatedly urged the desirability of admitting the workers to a share in the organisation and management of the allowances.



Both the 5th and 6th Congresses of Christian Unions (1922 and 1923) concurred in declaring that "L'administration des Caisses de Compensation revient aussi bien aux travailleurs qu' aux employeurs," and in recommending that the funds should be administered "par des Commissions Paritaires composées de délégués des organisations patronales et ouvrières." In Germany also the Trade Unions have made similar demands.

The old adage that "he who pays the piper has the right to call the tune" seems to suggest that it is only just that the employer should wield full control over the destinies of the compensation funds, which he has established and which he supports. A closer examination, however, does not confirm this seeming simplicity. Is it in actual fact wholly certain that it is the employer who pays the piper? We have already seen reason to doubt it. In so far as the employer is willing and able to raise his selling price to recoup himself, it is the consuming public that bears the burden; in so far as labour's share in the product of industry remains the same and funds are obtained by diminishing young and single workers' wages, it is obviously these who bear the brunt of the extra charge. There remains the possibility that the employer may allow the cost of the allowances to reduce his profit. In the first case, the public as well as labour as consumers are concerned; in the second case single as well as married workers are clearly interested in the manner of distribution, and labour collectively ought to help to decide how the sacrifices are to be distributed. It is impossible to escape the question of redistribution. If something is given to a few, it is always possible to spread out that something thinly amongst all. This must obviously be the case, whether the allowances are provided out of the employer's pocket or at the expense of the consumer or young wage-earner.

Again, considered from the social standpoint, one of the purposes of the family allowance is the improvement, physical and moral, of the coming generation and the diminution of infant mortality. Such work can never be

carried on successfully from above; it can be done only by co-operation.

In some cases employers have been anxious to speak of the allowance as a liberality, a view which there is good reason to dispute. The joint committee negatives this theory and emphasizes the fact that the welfare of the next generation of workers and the means of ensuring it are both joint concerns.

Another reason for urging joint administration is the necessity of making certain that a few reactionary employers are not able to frustrate the more generous aims of the majority by using the allowance for censorial purposes *e.g.*, for obtaining undue control over the worker and checking his free movement in order to obtain an enforced and unnatural labour stability. Employers have been responsible for the initiation of the Compensation Fund. The workers in consequence have been and still remain highly suspicious of the aims and methods of this institution; it is therefore urgently necessary to take all possible measures to allay this suspicion. Wherever it is unfounded, knowledge will dispel it; an insight into working conditions in this, as in other industrial affairs, cannot fail to be of the greatest value. Facilities might be given to the Trade Unions to obtain statistics throughout the fund of the number of persons entitled to family allowances and of the rise or fall in such number. The Union representatives would thus be in a position to ascertain whether or not any preference was shown to single men in the recruitment of labour. It might also be desirable that the Unions should be given insight into the precise method of calculating the employer's contribution and the exact effect on his wage-bill. Action on these lines might have the inestimable benefit of overcoming any distrust felt towards the Compensation Funds. The light of publicity can clear many industrial mists and this amongst them. The family allowance system is one that calls for special methods of publicity because of its novelty and because of a certain complication in the calculations required, with a consequent uncertainty on

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the part of the employee as to the precise financial effort involved.<sup>23</sup> The system is, as already stated, essentially one that calls for solidarity and realisation of the common interest and the sacrifice thereto of personal advantages. These qualities are required both from employer and from employee, and surely the best way to stimulate and develop them is by discussion and the interaction of mutual sacrifice. In a well-organised industry in this country, the management of the compensation fund would presumably be an activity that might be taken over by the Joint Industrial Council, and might help to enhance the active value of that body.

Joint Committees and other superficially democratic machinery can of course be of little or no value, if they are not representative of the real spirit and purpose which their existence seems to suggest. There have been not a few cases in America where ostensible schemes of "industrial democracy" have proved to be a mask for autocratic tendencies. The only result in such instances is to discredit sound methods of industrial co-operation between capital and labour, just as any attempt by a small section of employers to use the allowance for selfish purposes will tend to discredit an institution, probably capable of useful service. The light of publicity as directed by genuine joint control should go some way toward separating truth from insincerity.

### 4. BASIS OF ASSESSMENT OF COST TO EMPLOYERS

Several distinct methods have been adopted by Compensation Funds for assessing the contributions of employer members. These may be broadly classified under three headings: (i) a personnel basis; (ii) a working day basis, and (iii) a wages basis.<sup>1</sup>

The personnel basis presents the simplest and most

<sup>23</sup> Though this of course is also true in many cases of the ordinary wage system.

<sup>1</sup> See footnote 9, p. 101.

obvious method of compensation. Each member firm pays into a central organisation a fixed sum per employee (whether married or single) and this central organisation pays out allowances to the family men in accordance with an agreed scale.<sup>3</sup>

The amount of the subscription is calculated as nearly as possible just to cover the scale of allowances desired. Any surplus accumulates and forms a reserve, which can be utilised for the continuance of allowances to (a) persons temporarily unemployed, (b) employees of bankrupt member firms, and (c) children whose father has been killed or incapacitated as the result of an industrial accident.

There is an alternative and more precise method of utilising this (personnel) basis. Periodically (generally once a month) all the allowances paid out by the fund (or by its members) are totalled up and divided by the total number of persons employed by the member firms. The resulting quotient represents the average charge per worker for allowances and this figure multiplied by the number of workers in a firm will constitute that firm's liability.<sup>3</sup> In France, some eight funds have adopted this method, including Lyon and St. Dizier.

In Belgium and Holland<sup>4</sup> the personnel basis is but little used, whilst in Germany the Fund of the Rhenish-Westphalian Cement Works and one or two others alone have adopted it. Two Funds, those of the Berlin Metalworkers and the Fine Ceramic industry,<sup>5</sup> began with the personnel basis and rejected it after a few months; in the former case

<sup>3</sup> e.g. Grenoble (Metalworkers Fund), Cholet (employees) and le Havre (employees).

<sup>4</sup> The same result may be obtained in a slightly different way. The average number of children per worker is ascertained and multiplied by the allowance per child, the resulting figure being the liability per person employed. One serious objection to this method is that where the scale of allowances is progressive, separate calculations will need to be made for 1st child allowances, for 2nd child allowances, 3rd child allowances and so on. The method is however used by the Anhalt Metalworking Employees Fund, their accounts being closed half-yearly.

<sup>5</sup> Adopted by the Bakers' Fund.

<sup>6</sup> This fund ceased to function at the end of 1921.

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specifically on account of the injustice it does to employees working short time.

It was largely on account of this difficulty that some funds in France adopted the working day as a unit of measurement. In its simplest form this means the payment of a fixed sum for each day worked by each person employed by the firm in question.<sup>6</sup> More important is the proportional system. The total fund allowances (plus a percentage for expenses) are divided by the total number of "man-working-days."<sup>7</sup> Multiplication of the resulting figure by the number of man-days worked by any one firm, gives the sum of that firm's obligation. With the exception of Lille (Building trades)<sup>8</sup> and Épernay (Wine Merchants), the funds using this method are situated in the West of France, the most important being Lorient and Nantes. Both of these also pay out allowances in proportion to the number of days worked by the wage-earner. Thus a sort of parallelism is achieved between wage and allowance—in the view of Monsieur Fauvet of Nancy, endorsed by most employers, an undesirable parallelism. It tends to lose sight of the fact that the child must eat even though its father cannot get work; that is to say, it appears to discourage in theory and in fact the payment of allowances to the worker whilst he is unemployed. A too close connection between work and allowances is implied, and there is an inadequate recognition of the influence which should be exerted by the factor of needs.

The third and most important method of assessing the employer's cost is on the basis of wages.<sup>9</sup> Probably more than three-quarters of the French Funds adopt this system as well as almost all the Dutch and Belgian organisations and a majority of the funds in Germany. It may be worked in two ways. Each firm may pay a fixed percentage of

<sup>6</sup> In force at St. Brieuc (Brittany).

<sup>7</sup> Viz. Number of workmen  $\times$  number of days worked by each.

<sup>8</sup> This fund changed over from a wages basis to its present system at the beginning of 1923.

<sup>9</sup> No account is taken here of the "hectare" basis, used by certain agricultural funds in France. This is described in the chapter on agricultural funds.

wages agreed on at the inauguration of the fund. This arrangement is chiefly confined to Trade Funds,<sup>10</sup> regional funds generally using a second and more accurate plan. The difficulty is to fix a percentage which will with certainty supply a given scale of allowances without accumulating an unnecessarily large reserve or creating a deficit.

The second variety of this method may almost be described as the normal type and all others as deviations from it. The total allowances paid by or on behalf of the Fund (including expenses) are divided by the total wages paid by all employers in the fund and the contribution due by any one firm is ascertained by multiplying the resulting figure by that firm's wage bill.<sup>11</sup> In this *as in all other methods of assessment*, if the allowances are actually paid out by the individual firms—then each employer will either receive from the Fund, or have to pay into it, the difference between the amount which he ought to pay and the amount which he actually has paid.<sup>12</sup>

There are certain special points with regard to the calculation of its total wage bill by a firm which perhaps call for mention, before proceeding to consider the various advantages and objections to each method. In most cases there is a limit of salary above which no allowances are paid and it is generally the rule to leave out of account altogether the wages and salaries of those persons who are not

<sup>10</sup> "Caisses professionnelles."

<sup>11</sup> The three bases of assessment may be expressed by the following formulae and in this form may be easier of digestion.

I. *Personnel*

$$\text{Firm A's contribution} = \frac{\text{A's Workers}}{\text{Total Workers}} \text{ of Total Fund Allowances.}$$

II. *Working Days*

$$\text{Firm A's contribution} = \frac{\text{A's man-working days}}{\text{Total man-working days}} \text{ of Total Fund Allowances.}$$

III. *Wages*

$$\text{Firm A's contribution} = \frac{\text{A's wage bill}}{\text{Total wages bills of all Firms in Fund}} \text{ of Total Expense.}$$

<sup>12</sup> See documents in Appendix 8.

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eligible for benefits, but in some cases as at Elberfeld, all wages and salaries are included, whilst in others such as the Paris Grocery Fund, salaries exceeding the limit, 15,000 francs p.a. in this case, are only counted as 15,000 francs. In Bordeaux (Région) all temporary personnel are excluded from the calculation, that is all persons of whom it is impossible to expect that they will fulfil the necessary period of qualification, viz., one year with their employer. This is an exceptionally long qualification period. Again, the Grocery Fund at Paris insists that wages paid in kind, shall be included. Lyon (Teinture) on the other hand specifically lays down that allowances in kind shall be excluded from consideration.

As to the relative merits and demerits of the various systems, perhaps the most important question is the degree of discrimination used or required. Naturally the percentage of family charges among female personnel is a good deal smaller than it is amongst men. Consequently it is clear that if an employer's contribution is calculated per head of his workers, he will have to pay over to the fund very large sums, if his own business, or if in a district fund, the industry to which he belongs, is one that employs a relatively large proportion of female labour. It is an important advantage claimed for the wages basis that to some extent it effects this discrimination automatically, since women and girls will tend to have relatively low rates of wages. Nevertheless, various deliberate forms of discrimination have been adopted and a glance at the account given in the next chapter will show that the automatic discrimination afforded by the wage basis has in many cases not been found adequate. The supporters of this basis, however, maintain further that it is particularly convenient in case of unemployment or the prevalence of short time.<sup>12</sup>

A further advantage claimed is that it tends to adjust the burden to the financial capacity of each firm as expressed in the wage-bill it can afford to pay. It has, however, been

<sup>12</sup> R.A.B. No. 20 of 1922, p. 602 <sup>a</sup>, and *Der Soziallohn* by Gerhard Braun, p. 39.

suggested in Germany that financial capacity can be better gauged in another way which has not so far been attempted. The proposal is as follows:—The fund should distribute the allowances of all the firms concerned on the agreed scale. It should then divide up the cost in proportion to the “economic capacity” to pay of each firm, such economic capacity being determined by a firm’s “turnover,” thus making the allowance entirely independent of wages. The amount of a firm’s turnover is ascertained from the “turnover” tax returns.

The wage basis is convenient in cases where there are frequent fluctuations in personnel, as the effect of these will be automatically registered, and frequent reassessment will not be necessary, as is the case where the personnel basis is employed. This is one reason why the personnel system is peculiarly suited to funds where large numbers of “employees”<sup>14</sup> are concerned, since temporary unemployment amongst them is rare and the relative proportion of men and women is very much the same in most private firms.

One point in regard to the wages basis should, however, be observed. The employer paying low wages will also obtain his allowances cheaply. Thus reduction of wages by one section of the employers or by individuals, might throw such a heavy burden on some of the others as to destroy that spirit of solidarity<sup>15</sup> which had created the Fund. On this ground Monsieur Deligne<sup>16</sup> pointed out the undesirability of affording additional relief to trades or firms already unduly favoured by low wages.

Clearly we have here an additional and very strong reason why “employee or official” funds should favour the personnel basis. As Dr. Flohr<sup>17</sup> says, the use of wages as a basis for calculating employers’ contributions to a

<sup>14</sup> The word is here used as the equivalent of the German *Angestellte* meaning official or clerk, *i.e.* a person drawing a salary as distinct from wages. The same meaning is intended whenever in the following pages it is used in inverted commas.

<sup>15</sup> *Bus—Relatief-Gezinsloon*, pp. 138-9. Presumably the point would not arise in the case of well-organised trades.

<sup>16</sup> Report to the General Assembly of Master Printers, July, 1922, p. 5.

<sup>17</sup> *Arbeitgeber* No. 8—15.4.21. *Der Kaufmann in Wirtschaft und Recht*, September, 1922.



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fund is undesirable because it lays an extra burden on those employers who regard the Collective Agreement rates as minima, while it lets off unduly lightly those who make them into maximum rates. At Nancy, two firms complained to the Fund organisation of the extraordinarily large amount which they had to pay in, and careful enquiry showed that the exceptional nature of this sum was entirely due to the fact that they were the only two firms who had not lowered their wages.<sup>18</sup>

The question of publicity also presents a difficulty. It has been found in France that some employers dislike having to reveal the amount of their wage-bills even to the Fund organisation; but in reply to this it is pointed out first that the officials of the wage fund are sworn to secrecy and, secondly, that the total wage-bill has in any case to be ascertained and notified for purposes of industrial accident insurance; many funds specifically state that the returns made on this account, are to be used in assessing wages for the purposes of allowance compensation. The question really is whether or not the extent of the employer's contribution or the amount of the cost to him, should be made clearly known to the worker. To disarm the suspicions of the worker that, by paying family allowances, the employer is making economies in his wage-bill, the utmost possible publicity, compatible with commercial security, would appear to be desirable.

Summarising the principal conclusions so far reached, it may be said that the personnel and wages bases of calculation are in fact the most important, and that the former is the more suitable for funds for officials or other persons with progressive salary scales, chiefly because it does not penalise those who make the collective agreement rates minimum and not maximum rates. For industrial workers the wages basis is probably the better, partly because of its easy adaptation to fluctuations of personnel, and partly because, although its automatic discrimination (between men and women) is often inadequate, yet further discrimination is very easily effected.

<sup>18</sup> 1st Congress, p. 50.

NOTE.—An examination of the table in Appendix 3 shows that, with one exception (Roubaix-Tourcoing)<sup>19</sup> the cost of the allowances to the employer in each of the four countries under review in no case exceeds 3 or 4 per cent. of his wage bill. According to a statement by the Comité des Allocations Familiales<sup>20</sup> the employer's contribution to the compensation Fund averaged 2.15 per cent. of the wages-bill, while Monsieur Deschamps in April, 1921, asserted that the cost to employers varied from 1½ to 4 per cent. of wages. "La Génie Civile" has a rather higher estimate, putting the amounts paid by the employers in premia as 3.7 per cent. of the total wage-bill; but the estimate of the Comité has a much better claim to accuracy. These figures include the cost of administration which in most cases is extremely small and is often difficult to distinguish clearly from the sums paid in allowances. Naturally such costs will tend to be proportionately greater in the smaller funds, but nowhere are they at all likely to exceed an extra 1 per cent. of the wages, and in Paris (Règion) they are stated to work out as low as 0.01 per cent. In most Belgian Funds the costs to employers correspond with those of funds of a similar type in France. The allowances given in the Belgian coal mines, however, represent on the average a cost to the employer of only just over 1 per cent. In Holland the cost is very low on account of the practice of beginning the allowances with the 3rd or 4th child. One per cent. is almost certainly a maximum figure and in some cases the cost does not reach half that amount. In Germany the corresponding figure is apparently somewhere between 3 and 5 per cent.

In some cases it is possible to institute a rough check on the above costs by collating the figures in columns 9, 10

<sup>19</sup> According to Statistics published February 1926, the wages and allowances paid by the Consortium at Roubaix-Tourcoing during the last five years were as follows:—

Wages paid in Millions of France.				Allowances paid.	
1921	...	...	145.5	10.96	= 7.04% of wages
1922	...	...	271.5	14.99	= 5.40 " "
1923	...	...	303.3	15.80	= 5.24 " "
1924	...	...	324.3	17.78	= 5.30 " "
1925	...	...	375.2	19.06	= 5.24 " "

It will be observed that the percentage diminishes, though only slightly.

<sup>20</sup> Letter dated September, 1922, from M. Bonvoisin.

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and 11 of Appendix 4 with the percentages given in Column C. of Appendix 3 and in Appendix 2 (a) ii. For example take the case of Mulhouse. Appendix 4 shows that 1% of the wage-bill will pay an allowance of 2.3% of wages; Appendix 3 states that the actual cost to the employer has been round about 3%. Therefore the actual allowance may be expected to be approximately (3 x 2.3) % of wages, i.e., 6.9%. Appendix 2 (a) ii gives the actual allowance as 4.8 to 8.0% of the actual wage.

This can of course be no more than a very rough check, for it must be remembered that, when it is stated that one per cent. of the wage-bill will produce an allowance of 1.5 per cent. of wages per child, no account is taken of administrative expenses. Furthermore, where the scale is steeply progressive, inaccuracy will arise from any exceptional frequency of distribution of the various sizes of family. It is impossible to ascertain in each case what proportions of skilled and semi-skilled men are employed by each firm in the fund, especially when different trades are represented.

None the less, the figures given in Appendix 4 seem to be sufficiently stable to warrant the conclusion that in France and Belgium in a general mixed fund there are about 50 to 60 children for each 100 workers, while in funds confined to the textile industry the number drops to between 30 and 40 or even less.<sup>21</sup> The figures given by the Roman Catholic Report *Kindertoeslag* show how different is the position in Holland. This Committee quotes the calculations put forward by the Union of Roman Catholic Textile Employers, which are regarded as well founded if not mathematical. They consider an average allowance of one per cent. for each child after the third (one florin a week each) will cost the employer 0.75 per cent. of his wage-bill, that is 1% of the wage-bill will not provide an allowance of more than 1½ per cent. even when omitting the first two children, as compared with a corresponding figure for Paris of 9.8% and one of 10.8% for Nantes.

<sup>21</sup> According to statistical returns which the Comité des Allocations obtained from 30 funds, the average number of children per 100 workers was 41, the maximum 78% and the minimum 13%. 3rd Congress, *Compte Rendu*, published October, 1923.

### 5. THE REGIONAL FUND AND THE PROBLEM OF DISCRIMINATION

“La charge pécuniaire que constitue l'allocation familiale pour celui que la verse n'est pas compensée par une augmentation du rendement, elle représente au contraire . . . un versement à fonds perdu puis qu'elle forme une contribution pour améliorer dans l'intérêt général, l'avenir de la race.”<sup>1</sup>

The essential feature of a compensation fund is lack of discrimination, the first purpose of this institution being the equal sharing out of the burden. Strictly speaking, then, in connection with the Compensation Fund there ought to be no talk of discrimination between this industry and that, or between this trade and that within an industry. Nevertheless the ideal of the compensation fund demands from employers a consciousness of social solidarity which in some industries has not yet been reached. Education, so far, has not succeeded in producing such a high degree of farsightedness. In consequence, concessions have to be allowed and modifications made in the austere principle; for some measure of compensation is better than none and there are many who are willing to share a burden with others up to a certain point, beyond which they decline to go.

Industrial labour may be regarded as consisting of three different types of material, men, women and young persons, and it is obvious that the liability of employers for family allowances will vary in accordance with the proportions in which the three are mingled in a particular establishment or trade. Moreover, even assuming two trades or firms whose labour is divided in the same proportion between the three elements, it would not follow that their compensation fund liabilities would be identical; they might differ considerably owing to variations in the birth-

<sup>1</sup> Paris, Chamber of Commerce Conference; February, 1922, p. 8.

rate in particular classes or districts. Discrimination, then, really means mitigation of the effect of compensation.

The various forms of discrimination can best be considered in relation to the several bases of compensation. Two facts must be borne in mind throughout—firstly, that the proportion of family charges is naturally much lower amongst women; and secondly, that there are certain trades (e.g., some in the textile group) which employ a specially large percentage of young persons a large proportion of whom are likely to be unmarried.

Taking first the personnel basis, it may be said that there are three methods in use: (A) the simplest, is to keep all the calculations for men entirely separate from those for women, that is to say the fund will receive from each of its constituent firms a return<sup>8</sup> showing (a) the number of men employed and the amount of the allowances paid to them, and (b) the number of women employed and the amount of the allowances due in respect of them. The Fund then adds up all the allowances paid out in respect of men and divides them by the total number of men, and performs the same operations for the women separately. Each employer-member is then informed whether he is due to pay in to the fund in respect of the men or to receive money from it; and similarly with the women. Thus it is possible for one firm to have a debit balance in respect of men and a credit balance in respect of women. This method is in use at Lyons (Région) and Avignon in France, and in Germany.

(B). Another method is to have only one calculation but to give varying "weights" to different types of worker. For example, at Annecy, workmen under eighteen years of age count as only a half; at Blois a woman or young person under eighteen counts as sixty per cent. of an adult man.

(C). A more complicated scheme is that adopted by the Tours (Familia) Fund, which attains what may be described as multiple discrimination. The full name of this

<sup>8</sup> See Appendix 2.

## FAMILY ALLOWANCES

Fund is instructive, it is called the "Union Departmentale des Caisses de Compensation" and it really consisted of a combination of a number of previously existing trade funds. These funds with other firms are organised into five sectional "inter-corporative" funds, graded according to the percentage in each firm of children relative to workers.

A.	Firms with personnel having more than 70 children per 100 workers.		
B.	" " " " 51 to 70	" "	" "
C.	" " " " 36 to 50	" "	" "
D.	" " " " 21 to 35	" "	" "
E.	" " " " under 21	" "	" "

Each firm in section A pays 15 francs per worker employed per month and firms in Classes B. C. D. and E. pay respectively 12, 8, 5 and 3 francs per month per worker. The same rates of allowance are paid in all Classes. The Règlement states that each sectional fund fixes its own rate of contribution, which may be altered upwards or downwards according as the financial position of the particular fund improves or deteriorates. The whole system is very complicated. Its purpose is clear; to limit severely the extent to which any employer can be called on to pay for the allowances of other firms, it limits the risks taken by the individual firm. It is suggested that employers might avoid taking on family men for fear of becoming qualified to pass sav from Fund D. to Fund C. In so far as this could occur it would be antagonistic to the spirit of the Compensation Fund which aims specifically at preventing the family allowances from acting as a bar to family men in the attainment of employment. At the same time, it should be noted that the Règlement lays down that the classification into Funds A.B.C., etc., can be revised only at intervals of two years. This suggests the possibility, probably not very important, of special difficulty for the family man whenever the time for re-classification approaches.

The system of sectionalisation at Nantes is also of interest, the 96 members firms of this fund are divided up into 6 sections, Food, Commerce, Coal, Metals, Building Trades and Various, the charges for each section being worked out separately.

With wages as the basis of assessment, a somewhat similar though simpler form of discrimination is possible by means of multiple co-efficients. At Nancy for example, there is a great diversity of industries, and it has in consequence been found necessary to fix the contribution for employers in the metal trades at 3 per cent. of wages and that for textile employers at  $1\frac{1}{2}$ . Again, at Amiens, the fund was started in September, 1920, with a system of multiple co-efficients which varied as follows:—Textile (Teinture), 1.05 per cent. of wage-bill; Metals, 1.2; Ready-made clothing, 0.8; and Building Trades, 1.25. In July, 1922, this plan was abandoned and a uniform co-efficient system was adopted in its place.

In Germany a similar effect is obtained by laying down separate co-efficients for men and for women; in the case of the Elberfeld District Textile Fund—the employer has to pay 7 per cent. of his wage-bill for male workers, and  $1\frac{1}{2}$  per cent. of that for women workers; while the figures for the Thüringen Textile industry are respectively  $5\frac{1}{2}$  and  $1\frac{1}{2}$ . The Berlin Metalworkers' Fund, which has adopted the "proportional" wage basis, makes separate calculations for each sex.

Reference may be made in passing to a special form of discrimination found necessary in some parts of the war-devastated areas. It has happened that, owing to excessive shortage of houses, employers have in certain cases been *forced* to employ an undue proportion of single men at exceptionally high wages and so have been in the position of having to pay into the fund excessively and unreasonably large amounts. Consequently an arrangement has been made by which the "ristourne" or amount due back from a firm or due by the Fund to a firm is limited to 33 per cent. above or below the average.

Le Mans, however, has proceeded in the opposite direc-

tion; it began with a uniform co-efficient of 2 per cent., but later decided that the firms should be divided into three categories:—(i) those where skilled workers predominated; (ii) those which had “main d’œuvre mixte”; and (iii) those where female and juvenile labour predominated. These were to pay respectively 1·8, 2·1 and 3·5 per cent.<sup>3</sup> This case is very remarkable for the apparently advanced position taken up, for it will be noted that the discrimination is in an unexpected direction, i.e., in the direction of adding to the sums due by the employer of juvenile and female labour.

Another exceptional type of discrimination is that for the benefit of the largest firms. It is maintained that very big firms employ an abnormally large proportion of young persons, possibly on account of greater specialisation. To meet such cases, one or two funds in the Nord have adopted degressive scales for very large establishments. These were found necessary to prevent such firms from resigning their membership.

We come now to the most important aspect of the question. Should the funds themselves be as far as possible organised so as to obviate the need for discrimination? Should they be organised by trades and professions or by districts? At the present time rather more than half the funds in France are regional; of the rest some are regional in name, but their constitution is modified either by multiple co-efficients or by special provisions for some particular industry, as at Rennes (for printers) and at Louviers (for Textile workers).

The most important are generally speaking regional, for the trade funds in most cases apply to smaller bodies of workers. In Belgium, nearly all are trade funds, though there are a few important regional funds, e.g., Liège and Verviers. In Holland, the organisation is rather different, the funds for the most part being for a single industry throughout the whole country or throughout a single province. In Germany, of the dozen funds all except two

<sup>3</sup> Règlement Art. 31.



small ones<sup>4</sup> are trade funds (mostly for the textile industry).<sup>5</sup>

In examining the development of the family allowance, Monsieur Rey traced three stages : (i) when the allowances have been given by individual employers, (2) when the whole of a trade has combined to give allowances, (3) when they have been given by all the employers in a locality. Thus, in his view, the regional fund is the highest form of the institution. With this analysis in mind, it is not surprising to find that, generally speaking, the earliest funds were trade funds. Naturally, the promoters of a new type of organisation such as the compensation fund, desired to start, so far as possible, with a framework already in working order, and such a framework obviously presented itself in the shape of the trade association whose members were not strangers to one another and who therefore constituted a nucleus of propaganda. However, in course of time, progress should lead to the gradual disappearance of this transitional type and to the substitution of a broader basis of compensation—the whole district inclusive of all trades. Now this broadening of the basis should go hand in hand with a development of the consciousness that the interest of employers in this matter of the quantity and quality of the coming generation is nation-wide. This real community of interest is of course being recognised to an increasing degree.

It is not a matter for this firm or that trade but one for the whole of industry. This is the gist of the argument against discrimination in any form. But, the Belgian Sociologist, concurs, but adds that, whilst in small countries like Belgium and Holland a single fund for the whole country would be the ideal, in bigger countries it might be better to have one for each industrial area.<sup>6</sup> In Holland the special R.C. Committee (before referred to)<sup>7</sup> also reported

<sup>4</sup> Anhalt "Employees" and the Oldenburg Fund.

<sup>5</sup> The Compensation Fund in Germany has not however so far had a very successful career, and it is natural that this country should not have passed beyond the more backward form.

<sup>6</sup> *Het Relatief Gezinsloos*, p. 140.

<sup>7</sup> Rapport, pp. 15-16.

in favour of a central fund for all industries, whilst at the *Congres voor Social Verzekering* (Social Insurance) at Utrecht in October, 1921, Professor Aengenent asserted that "the employers should not regard themselves as industrialists carrying on an industry, but rather as members of a social rank, forming part of an organic whole."<sup>8</sup>

On the other hand sectionalisation as at Nantes is defended on the ground that it is the purpose of the fund to compensate for inequalities in the charges between one establishment and another in any one industry, but not to equalise differences in charges between one industry and another.<sup>9</sup>

The extent to which individual industries are recruited from the children of its workers is probably often exaggerated.<sup>10</sup> The true interest of the employers in the workers' children is from the standpoint of future labour supply, often more widely diffused. The chance of profiting or not profiting from the labour of the children to whom allowances are paid is on the whole equal for all, hence the argument voiced by M. Rey—"pour égalité de risques, égalité de charges." Furthermore on the "direct interest" principle it might very reasonably be urged that the industries employing a large amount of female labour should bear the full or a great part of the cost of the allowances to girls, since they presumably will be the first and possibly the only ones to benefit when the time comes. But this is surely not the right way to look at the matter. Emphasis should rather be laid on the solidarity of interest between one generation and another taken each as a whole and on the interdependence of interest existing between industry and

<sup>8</sup> *Congres*, p. 157.

<sup>9</sup> *La Journée Industrielle*, 1.4.23.

<sup>10</sup> Figures given by Monsieur Ley in respect of Roubaix are interesting. A special enquiry was made covering 1,500 families, who between them had or had had 4,878 children. Of these it was found that 786 were dead, and 195 married, 40 were soldiers, 19 were permanently ill or crippled and 15 could not be traced, 2,671 were under 13 years (1.78 per family), leaving 1,152 available for the textile industry. Of these 519 worked in mills belonging to the fund and a further 175 in other mills, making 694 in all. The remainder had taken up other trades. *La Réforme Sociale*, September, 1921, p. 612.

industry. This point regarding the interdependence of industries has been developed by Monsieur Rey in an interesting manner. He points out that the industries of a country or a district may be divided in accordance with the proportion of children in each; those whose proportion is above the average may be described as, "prolific," and those with a proportion below the average as "sterile"; of the latter type the textile industry is perhaps the most obvious and most important example. He maintains that an industry normally regarded as sterile, may become prolific, where on account of accessibility to power or for other reasons it is found in a position relatively isolated from other industries. In other words it is sterile only because there are as a rule other neighbouring industries such as engineering or mining, which employ the husbands and fathers, so that the textile establishments find their recruits chiefly among the younger members of the family both male and female. This, if substantiated, clearly constitutes one of Professor Marshall's external economies of large scale production. In support of this view the following statistics may be considered.<sup>11</sup> The following table shows for 6 districts of the Haut-Rhin district (a) the proportion of children under 14 per 100 workers in Textile establishments belonging to the Fund<sup>12</sup> and (b) the percentage of wages paid in family allowances by the same firms in the textile industry.

District.	Number of beneficiary children per 100 workers.	Total allowances paid, expressed as a percentage of the wagebill.
Mulhouse ... ..	28.258	2.362
Colmar ... ..	37.451	3.432
Masevaux ... ..	39.571	3.824
Guebwiller ... ..	28.358	2.682
Thann ... ..	36.579	3.521
Ste Marie à Mines ...	36.598	3.322

These figures relate to the last quarter of 1921, when

<sup>11</sup> Special statement by M. Rey.

<sup>12</sup> The number of children also includes a few between the ages of 14 and 16, who remain at school.

industry in this area was working at normal pressure. The average percentage of wages due in respect of allowances during this period was 3·26. In four districts the percentage paid was higher than this and a return would be due to these from the fund. In each of these the percentage of beneficiary children is between 36½ and 39½; and in each of these districts the textile industry is practically the only industry. On the other hand, in Mulhouse and Guebwiller, the percentage of children is only about 28, the textile industry having to compete for labour with the potash mines and with the engineering industry. In these districts, the textile employers had to pay into the fund. Thus the same industry receives subsidies from the fund in certain districts and makes payments to it in others.

The inference to be drawn from these figures might be invalidated if it were found that the difference in the proportion of children were due to the fact that different branches of the textile industry were carried on in the various towns and that the variations in fecundity were due to the existence in one or two areas of special branches which employed a greater percentage of men. But investigation does not show this to be the fact, and even if it were to some extent true, it might well be urged that this is part effect and not wholly cause; the branches of the textile industry employing relatively large proportion of young persons may have been influenced in their choice of position by the factor of a cheap labour supply.\* If, then, it is true that the employment of very large numbers of young persons by particular firms is made possible only by the proximity and involuntary co-operation of other industries then it is reasonable that they (the sterile industries) should bear an equal share of the cost of maintaining family allowances. In this connection it is worthy of note (though it is difficult to say how many other factors may have influenced the result) that in the Textile Fund at Lille—where

\* Consideration of the factor of cheap labour in relation to the establishment of the Shipbuilding industry at Belfast is probably relevant in this connection in view of the prior existence of the linen industry and its employment of the women.

there are several competing industries—the average number of children per 100 workers is only 15 as compared with 33 at Roubaix where the industry is predominant. Furthermore it should be noted that at Lille the number of children per "attributory" is rather above the average, being 23, so that the size of the family is not abnormally small; it is the small number of fathers and mothers of families, that causes the average number of children to work out at such a low figure.

It is possible to discover further supporting evidence in the position of the German textile industry. Comparing the labour supply conditions in the principal textile areas, it will be seen from the following table that of the women an exceptionally small number are married<sup>12</sup> in the two districts of Cassel and Barmen, where above all others the textile industry is in competition with other more typically masculine industries.

Name of District.	Total number of women employed.	% of women that are married.	No. of women employed expressed as % of total employed persons.
Hanover ... ..	26672	31·4	59·3
Cassel (Hesse Nassau)	19939	24·5	60·2
Barmen (Rhineland and Westphalia)	77260	28·1	51·0
Stuttgart (Baden, Württemberg and Palatinate)	57493	33·1	66·9
Augsburg (Bavaria less the Palatinate)	35037	54·2	61·6
Gera (Thüringen) ...	19176	45·4	57·6
Dresden (Saxony) ...	190845	34·9	67·1
Liegnitz (Silesia) ...	48034	43·1	68·8
Berlin (Brandenburg)	38185	58·2	64·8

In Saxony, Brandenburg and Bavaria, where the percentage of married women is high, the textile industry stands either alone or predominant.

Various other arguments (some subsidiary) can be ad-

<sup>12</sup> Seemingly to suggest the probability of a low proportion of children per worker.

vanced in favour of the regional fund; in the first place it is obvious that the size of the allowances should depend to some extent on the cost of living, and the cost of living varies from district to district rather than from trade to trade, although it is true that some of the minimum wage commissions in the U.S.A. came to the conclusion that there were discernible differences in the cost of living within a given area for different trades and accordingly fixed varying rates; but such differences are in any case relatively small and during the last two or three years there has been a tendency in America itself in the direction of fixing a uniform minimum wage for all industries within a given area.

The Dutch plan of a national fund for the whole of a trade involves one or two things,—either the fixing of different allowances for different areas, in which case you have practically regional funds; or, if one sum is fixed for all districts, then there is a possibility that allowances will tend to be standardised at the figure corresponding to the city where the cost of living is highest.

Another point is that, regarded as a population matter, in some areas the encouragement of large families may be chiefly desired, in others the checking of infant mortality and so on. To attain these differing aims, various adjustments are possible; one or two or more children may be excluded from grants; the allowance may be made very steeply progressive or the reverse. All such rearrangements should be uniform for a district since throughout it presumably conditions are identical.

If there are different allowances for different industries within the same town the result is likely to be unhealthy competition<sup>14</sup> and undue raising of the benefit for one particular industry during its prosperity, followed by undue diminution when a slump comes. The R.C. Committee in Holland expressed a similar view, being of opinion that, as the allowances have a social character, they should not

<sup>14</sup> *size Compté*, p. 52.

be subject to the fluctuations of trade but should have a character of stability.<sup>18</sup>

One other argument in favour of the regional fund remains—it tends to prevent fraud. If there are a number of funds for different industries in any one town, it is found to be difficult to make certain of preventing the drawing of allowances twice over in respect of the same family charges, more especially in the case where a husband and wife, working in different factories, belong to different funds.

<sup>18</sup> Rapport, pp. 15 16.

## CHAPTER VII

### THE LABOUR STANDPOINT

THIS chapter is intended to constitute an examination of the point of view of the recipients of family allowances and of their official representatives, as well as of the arguments upon which that point of view is based. For this purpose it will be desirable to give a brief account of the growth and present position of the chief labour movements in the several countries under review.

In each of them two distinct types can be traced, the one Social-Democratic in name and socialist and militant in character, the other Christian by name and religious and reformist in character; that is to say the former upholds the class war and in some cases professes to dislike the development of a good understanding between employers and their workers,<sup>1</sup> whilst the latter desires to establish good relations between capital and labour and to deepen the influence of conscience in determining working conditions. On the whole, the Social Democratic Unions have for various reasons disliked and opposed the development of the Family Allowance System, whilst the Christian Catholic Unions have urged its continuance and extension. These latter include various schools of thought, but they mostly agree in endeavouring to follow the teachings of Pope Leo. XIII. in his famous Encyclical (see Chapter III., p. 10 *et seq.*) and they agree in deploring the old liberal view which regarded labour only as a commodity to be bought and sold.

FRANCE. By far the most important central organisa-

<sup>1</sup> Because such good understanding may make labour less determined in its insistence on the need for the abolition of capitalism and the establishment of a new economic system.



tion of Trade Unions is the *Confédération Général du Travail*, a body dating from 1895 and having at the beginning of 1925 just under a million members. The C.G.T. is organised nationally in trade federations and locally in Departmental Unions (*Bourses du Travail*) formed of local unions of all trades. It has always been strongly militant in character, relying on direct action and rejecting federation with the socialist political party.<sup>3</sup> It approves the class war and is inclined to reject any kind of ameliorative or reformist measures.

By comparison extremely small<sup>4</sup> the Federation of Christian Workers has yet a certain importance. It is religious and occupational in character and is based economically on the doctrines expounded by Leo. XIII. Another body with similar aims and principle is the *Union Générale des Syndicats Réformistes de France*, with 20 to 30,000 members.

When the first allowances were introduced among the metalworkers at Grenoble, it was on the suggestion and with the co-operation of the workers' side of the joint committee, which examined and decided on the introduction of the first Compensation Fund. It was not until some months later that serious opposition began to develop among the C.G.T. Unions, principally on the plea that a strict adherence to the principal of equal pay for equal work was desirable. On various occasions the Socialist Trade Unions endeavoured to persuade their members to refuse the allowances; for example, in the Autumn of 1919 the hosiery workers at Troyes so systematically declined the allowances offered them that at last their employers gave in and paid them instead a cost of living bonus of 1.50 francs a day.<sup>5</sup>

At Limoges, early in 1921, a considerable number of workmen refused to apply for the allowances on account of Trade Union instructions received.<sup>6</sup> This has also

<sup>3</sup> *Labour Overseas*, Vol. 1, No. 1, p. 116.

<sup>4</sup> Approximately 150,000 members. The *Communistic Confédération Générale du Travail Unitaire* has about 300,000 members.

<sup>5</sup> *Chronique Sociale de France*, Oct. 1919, p. 549.

<sup>6</sup> *La Journée Industrielle* 27.3.22.

occurred more recently in Belgium at the quarries in Spiemart district, where in the autumn of 1921 the workmen showed a disinclination to claim the allowances offered by the Belgian Building Trades' Fund. There were other similar cases. The Unions feared above all things that the introduction of family allowances might lower the level of the basic standard wage and weaken the resisting power of labour, partly owing to the additional influence which the new institution gave the employer and partly owing to the possibility of splitting the community of interest as between married and single persons. In consequence the Social-Democratic Unions during 1920 and a great part of 1921, did all in their power to oppose the introduction or extension of the Family Allowance system; but during the latter part of 1921 their attitude began to change and their resistance to weaken or at least to alter in character.

As early as November, 1921—the workers' side of the *Conseil Supérieur du Travail*<sup>7</sup> passed a resolution approving of family allowances, but urging that private initiative was inadequate for the completion of the work begun and that therefore family allowances ought to be made obligatory, the State controlling the rates of benefit with the

<sup>7</sup> This body was established by the Law of 22nd January, 1891. It is a consultative body attached to the Ministry of Labour. It consists of 31 representatives of the employers and 31 of the workers, together with 3 members of the Senate, 5 of the Chamber of Deputies, one member elected by the Paris Chamber of Commerce, one representative of the productive co-operative societies, one of the Bourses du Travail and 3 chosen by the Minister of Labour from Members of the Institute of France and Professors of Law and Economics at the University of Paris, making 76 members altogether. The Minister of Labour presides. Of the 31 workers' representatives 23 are elected by the regularly constituted trade unions in industry, commerce, transport and agriculture, which are divided into 23 groups for this purpose. The voting power of a trade union is in proportion to its paying membership, one vote for 25 members. The remaining 8 members of the *Conseil* are elected by the worker members of the *Conseils de Prud'hommes* for Paris and other towns.

The *Conseil* has a permanent Committee composed of seven representatives of employers, seven of workers, one member of the Senate and one of the Chamber of Deputies (all elected by the *Conseil*) together with three ex-officio members, viz., a representative (a) of the Paris Chamber of Commerce, (b) of the workers' co-operative societies, and (c) of the Bourses du Travail. At the request of the Labour Ministry this Committee undertakes investigations into conditions of employment, wages, etc. Reports on the results of such enquiries are sent to each member of the full council, which may propose reforms. *Labour Overseas*, Vol. 1, No. 1, pp. 120-121.

co-operation of local joint elected trade committees. They also mentioned that one large employer organisation had declared definitely in favour of compulsion.<sup>9</sup>

Early in 1922 Monsieur Romanet was able to refer in his pamphlet to one or two instances in which the workers signified their approval of the principle of family allowances. In one case the cement manufacturers in a district of South-west France had given family allowances to their employees. After a time agitators arrived and urged the workers to insist on the suppression of this "favour" and on the grant of an equivalent all-round rise in wages. Finding that the proposed all-round rise would entail a loss of money for *them*, the family men organised themselves and rejected the proffered advice. The proposed strike did not take place and the Family Allowances were maintained. A somewhat similar case occurred in a paper mill. Again at the meeting of the Comité Centrale des Allocations Familiales in February, 1922, Monsieur Fauvet, an employer of Nancy, reported that the Cegetist<sup>10</sup> shoemakers of that town had asked the employers to give family allowances. Again at Mauleon (Basses-Pyrénées) in the spring of 1922 the leather workers' union resisted the employers when they desired to abolish Family Allowances.<sup>11</sup>

Thus objections on grounds of principle became less common and opposition tended to dwell on the manner and method of the existing compensation funds. Socialist speakers and writers began to feel that their outlook must be adjusted in face of the "fait accompli." The Trade Union attitude, said Paul Lenoir<sup>11</sup> in January, 1923, must be different to that of four years earlier. "Aujourd'hui, nous sommes en face d'un édifice considérable. Le détruire ne serait pas sans inconvénient, sans difficulté."

A similar view was expressed in December, 1922, by George Buisson, Secretary of the National Federation of

<sup>9</sup> This was the Building Trades' Federation.

<sup>10</sup> Members of the C.G.T.

<sup>11</sup> *Le Peuple*, 10.1.23.

<sup>11</sup> Secretary of the militant Fédération des Ouvriers des Métaux, and author of "La Conception du Travail."

Clerks.<sup>12</sup> He says he would admit the principle, as it would be absurd to protest against it when it has extended so far. A complete reorganisation, he adds, of the system is necessary. The present plan gives the employer the opportunity of exercising too much control over the workmen and "de s'ingérer dans le foyer ouvrier par le truchement des dames visiteuses."

Monsieur Lapiere, an official in the head office of the C.G.T. also recommended the acceptance of the principle on the ground that it would be quite impossible to persuade two million workers that they ought to abstain from receiving the allowances. The system should be generalised in order to abolish the big variations in the amount of the allowances in different establishments within a single area or even town. A thorough re-arrangement was required he thought in order to prevent any infringement of the worker's independence. The administration of the funds ought to be taken out of the hands of the employers. Assistance should preferably be given by the State.

The Fédération Nationale du Textile concurs in regarding any opposition to the principle as out of the question since the workers, "enclins à voir seulement les conséquences immédiates d'un geste, s'étonneraient d'entendre les syndicalistes les inviter à se priver d'une part de leurs ressources."<sup>13</sup> The important thing, in their view, is to take the control of the funds out of the hands of the employers and to vest it in the community. Allowances, in the opinion of the Secretary, should be given not only during the worker's illness or unemployment, but also whilst he is on strike.

The Miners also opposed the method of application rather than the principle. They recommended that the control should be taken away from the employers, for they held that it is the business of the State to provide help for large families. Similar views were expressed by the Leather and Building Trades Federations. At the annual

<sup>12</sup> *Le Peuple*, 24.12.22.

<sup>13</sup> Article by Victor Vandeputte, Secretary—*Le Peuple*, 4.1.23.

Congress of the C.G.T., held February 1st-3rd, 1923, the Family Allowance system, although not on the agenda, was discussed, and a resolution was passed to the following effect :—<sup>14</sup>

- (1) That assistance to the family ought to be given by " la collectivité."
- (2) That the workers are warned against the existing Family Allowance system, which tends (a) towards the " avilissement des salaires " and (b) towards the creation of dissension between the family men and their bachelor comrades.
- (3) That the Compensation Funds give the employer too good an opportunity of interfering in the workman's home life, and so keeping the worker in tutelage.
- (4) That the C.G.T. demands instead a minimum wage and organisation by the State of assistance to large families, the cost of which should be borne partly by compulsory contributions from the employers together with a subsidy from the State.
- (5) That the Compensation Funds should be administered by joint committees.
- (6) That Family Allowances should be completely independent of work and that neither illness nor unemployment should deprive the family of its allowance.

The main position is quite clear. The principle of giving allowances to workers with family responsibilities is recognised as desirable, but it is considered that the State should introduce a new and uniform system in substitution for the present haphazard one, which gives the employer too much power over wages, and over the general conditions of the worker's life.<sup>15</sup>

The Catholic and Reformist movements have received an accession of strength during the last two or three years,

<sup>14</sup> Full text in Appendix 6.

<sup>15</sup> In the summer of 1923, in an account of developments among Metalworkers in Marseilles, there occurred the following passage: " Nous engageons tous les camarades à réclamer les allocations pour charges familiales qui font partie de notre accord, chacun dans leur atelier respectif." *Le Peuple*, 25.5.23.

owing to the alarm roused by the rapidly falling birth-rate. A revival of religious feeling and of Christian moral principles was regarded as probably the most efficacious method of combating this decline. The Christian Union thus came into prominence as protector of that rare entity "the large family." At the 1920 congress of the *Réformistes* a resolution was passed demanding that Family Allowances should be paid by the State. They tended to favour the fixing of a minimum wage based on a family of 5 persons, with progression and retrogression in accordance with family charges.

The Reformists maintain that it will militate against the development of social peace and harmony if a workman finds that after a hard day's work he is still unable to provide adequately for his family.

The Catholic movement also favoured State intervention; for example, in May, 1921, the *Fédération Française des Syndicats d'Employés Catholiques* presented to the Permanent Commission of the *Conseil Supérieur du Travail* a resolution strongly approving of family allowances and stating that a special enquiry made in the Engineering industry (where intensive propaganda in favour of Compensation Funds had been carried on) proved that a great many firms had not joined the Funds and showed no readiness to do so. Hence they advocated State control with the co-operation of joint trade committees.

**BELGIUM.** There has been since the war very considerable Trade Union activity, and at the beginning of 1925 the *Commission Syndicale*, the Socialist federation, had some 600,000 members, organised according to industries. The Christian Trade Union movement, which had its real beginning in 1900, is chiefly Roman Catholic and its membership is somewhat short of 200,000. At a congress in 1919, it affirmed a desire for friendly relations with the employers. The family allowance has been a subject of repeated and heated discussion between the two labour

movements; the Christian Union of Post and Railway Workers being particularly active in advocating the adoption of the allowance principle throughout industry.

The Belgian Confederation of Christian Trade Unions at its annual congress in May, 1923, demanded as a minimum wage a sum "sufficient for the needs of a family of average size"<sup>16</sup> together with allowances for those families above the average.<sup>17</sup> They go on to declare that the "introduction of a system of family allowances should not be allowed to lead to the adoption of the so-called relative family wage," i.e. remuneration of labour based on the individual needs of each worker.<sup>18</sup> Their attitude is as it were one of compromise, for they demand that a wage for the maintenance of a wife and three children should be paid to every man, whatever his family responsibilities. This really means of course the payment of wages in respect of "mythical children"<sup>19</sup> (see Chapter 3). A subsequent paragraph in the resolution, however, makes a concession to the Railway Union's view that the allowances should begin with the first child by admitting that "a system of family allowances consisting of the payment of a comparatively small allowance for small families and a much larger allowance for children in excess of the average number is not necessarily contrary to the principles set forth." In practice, moreover, the allowances given have in most cases commenced not with the third or fourth child but with the first.

The intensity of the Socialist opposition has recently showed signs of weakening, displaying a tendency to run parallel with the altered French views. Again here is found recognition of a "fait accompli." In an able and well-

<sup>16</sup> Generally taken as one with three children.

<sup>17</sup> Compare Resolution passed in June, 1921:—"Er moet eerst en vooral gezorgd worden voor een minimum loon welke toereikt een normal gezin, behoorlijk te leven."

<sup>18</sup> Industrial and Labour Information 29.6.23, p. 18.

<sup>19</sup> Similar views were expressed by the Congress of Franco-Mineurs held at Brussels in March, 1921 (*De Rechte Lijn*, 15.4.21, p. 3) and by the Congress of the Christian Federation of Workers in Public Services, also held at Brussels in July, 1922.

reasoned pamphlet by Monsieur Nicholas Dethier,<sup>20</sup> setting forth the militant trade union point of view, it is possible to discern an anxiety on the author's part to minimise the previous opposition of the socialist Unions and even to suggest that many of them had all along favoured the introduction of Family Allowances. There is an obvious fear lest the Christian Unions should get all the credit for the allowance system. He describes how it was introduced in the Lorette coalmine early in 1916 and how at first there was opposition on the usual lines, "on se faisait difficilement à cette idée que son voisin touchait 30-40 francs plus le jour du paye." This trouble gradually disappeared and in the course of time the allowances were taken for granted. Again in his conclusion he points out that it is no use saying to family men, "Ne faites pas d'enfants—ils repondent; nous en avons et nous voulons les-nourrir." One must face facts. At the Congrès Nationale des Mineurs Belges M. Dethier defended his thesis that "le principe du salaire familial est un principe socialiste," and the President of the Federation reached the conclusion that "Tout le monde est d'accord pour dire que le principe de l'allocation familiale est un principe juste." At the same time anxiety was expressed that the employers should not be enabled to make use of the allowances as an industrial weapon.

At the Congress of the Federation of Belgian Metalworkers (Social-Democratic) held at Brussels in April, 1923, a report was submitted, which was favourable to the introduction of Family Allowances, provided only that joint national committees were appointed to secure uniformity in all undertakings. A resolution passed with only one dissentient voice urged that the system should be made general by means of legislation regulating the conditions for the granting of allowances under the supervision of public authorities in collaboration with the workers' organisations. The right to the allowances

<sup>20</sup> Sec: Adjoint de la Centrale Nationale des Mineurs Belges.



should be inalienable and the administration of the funds should be in the hands of the workers.<sup>21</sup> Here, as in France, there is no opposition to the new principle involved—only objection to the existing system of managing the allowances. Similarly the President of the Metal-workers' Union in an article entitled "the employers' new trick," while denouncing the action of the employers in giving Family Allowances, admits that the principle of family allowances is not in itself to be condemned: "It is only a matter of altering the method of administering the funds."<sup>22</sup>

At Easter, 1923, the general council of the Belgian Socialist party examined the question and under certain conditions unanimously approved it.<sup>23</sup>

**HOLLAND.** There are five national organisations of Trade Unions. The National Labour Secretariat (formed in 1893) was the original Social-Democratic body, but on account of its extremist attitude it gradually lost ground. The Netherland Alliance of Trade Unions,<sup>24</sup> established in 1904, has during the last 9 years become the largest trade union force in the country. Early in 1925 it had about 200,000 members, as against only 15,000 belonging to the Secretariat. Membership in the Alliance is open to all unions without reference to political tendencies, but in point of fact most members belong to the Social-Democratic Party.

The Christian Labour movement is in Holland of relatively greater importance than elsewhere, the total membership<sup>25</sup> of Catholic and Protestant Unions combined being nearly as large as that of the Alliance. It was in 1888 that the rules of the Dutch Roman Catholic People's Union were approved by the Bishop of Haarlem. Its aim

<sup>21</sup> Industrial and Labour Information, 11.5.23. (Le Peuple, Brussels, 23 to 24.4.23.)

<sup>22</sup> La Journée Industrielle 7-8.2.23.

<sup>23</sup> Bulletin Trimestriel de la Ligue des Familles Nombreuses de Belgique, No. 10, 1923. Compare also Revue du Travail, May, 1923, p. 953.

<sup>24</sup> Nederlandsch Verbond van Vakverenigingen. (N.V.V.)

<sup>25</sup> Towards the middle of 1925 about 160,000, of whom more than two-thirds belong to the Catholic Federation.

was to defend the workers and lower middle classes against Socialist "heresy" by means of co-operation between the members in the spirit of the Roman Catholic Church. The Union grew rapidly, and in 1896 eight Trade Unions were established. The Protestant movement originated even earlier than the Catholic. In 1876 a society was formed to counteract the influence of the advocates of non-sectarian education, the first Trade Union being established in 1894. In the course of 1909 reorganisation on an inter-denominational basis occurred, with a view to the admission of unions that included Roman Catholics as members.

Finally reference must be made to the so-called "Neutral" Trade Unions. These originated in 1912, and in 1919 there was formed a General Trade Union Federation which stated that it desired the cessation of enmity between capital and labour and announced that it would support the workers "against recalcitrant employers who reject just and fair demands."<sup>26</sup> Its membership is round about 25,000.

Generally speaking, social-democratic, syndicalist and neutral unions all object to the family allowance principle, which is advocated by Christian organisations whether of employers or of workers. The chief ground of objection is the fear that the allowances will exercise a depressing influence on the general level of wages.<sup>27</sup> At the same time the General Union of Mineworkers<sup>28</sup> raise the old objection that the allowances will force the employer to give preference to single men and so make it harder for a family man to get employment.<sup>29</sup>

**GERMANY.** Some five million persons,<sup>30</sup> the great majority of the organised workers of the country, are included in the "Free" or Social Democratic Trade Unions. These are organised in National Federations affiliated to

<sup>26</sup> Labour Overseas, Vol. 1, No. 2, pp. 131-2.

<sup>27</sup> See Chapter X.

<sup>28</sup> Algemeene Nederlandsche Mijnwerkersbond.

<sup>29</sup> There are no Compensation Funds in the Mining Industry.

<sup>30</sup> Figure given at the Congress of June, 1922, was 7,500,000, I.L.I., 14-7-22, p. 8.

the General Federation of German Trade Unions. Special Federations exist for Non-manual workers and for officials. The first central organisation was established in 1890. The local branches are very closely supervised by the National executives. There is a strong minority opposed to any kind of negotiation with the employers, but the majority favour the extension of the joint council movement.

A religious trade union movement developed about 1890 in opposition to the militant methods of the Social-Democratic Unions, and in 1899 a Federation of Christian Trade Unions was formed, which admitted members of any Christian denomination. Its aims were stated to be to promote the common interests of employers and workers. Its methods were to be conciliatory, the strike being admitted only as a last resource. They have occasionally co-operated with the "Free" Socialist unions. They are especially influential in the industrial and mining districts of Rhenish Westphalia and in Bavaria. At the end of 1924 they had about 1,400,000 members.

A third body of Trade-Unionism is the Hirsch-Duncker Federation. These Unions, dating from about 1870, and named after Dr. Max Hirsch,<sup>21</sup> were intended to counteract the influence of the Social-Democratic Unions. They believe that the interests of employers and workers are fundamentally the same and consider that concessions should be obtained by agreement and not by aggressive methods. They repudiate class warfare. They have not been and are not very important. Their total membership is about 150,000.

The "free" Trade Unions have been inimical to the introduction of family allowances, and, in so far as they have actually tolerated the system, it has been seemingly with the idea that the allowance is simply a means of temporary help during a period of exceptional difficulty.

The view that the allowance principle was a transitory phenomenon is frequently met with in periodical literature-

<sup>21</sup> He was inspired by the British Trade Unions of that period.

from 1921 onwards. The family allowance would not, however, be the first temporary institution to become permanent; a familiar instance is the English Income tax.

The chief ground of objection to the family allowance is fear that it will react to the disadvantage of the married man. This is natural in Germany where there are few compensation funds. There have been some signs of a change of attitude similar to that occurring in France; in March, 1922, the *Textil-Arbeiter Zeitung* (Ch) expressed the opinion that quite a wide circle of Social-Democratic Trade Unions were striving for family allowances, and added that a Social-Democratic Trade Union paper which opened a discussion on the subject received a large number of letters from members in favour of the system.

The advocacy of Family Allowances by the Christian Unions dates back as far as 1898, when certain leaders of the Christian Miners' Union spoke in defence of the family wage; at the Essen Conference in November, 1920,<sup>22</sup> it was laid down that wages were to be regarded not only as part of the cost of production but also as constituting the income of labour which enabled the workers and their families to live. "In determining the wage, consideration must be given to the family circumstances, by means of substantial allowances, which should be provided by means of a Compensation Fund. This should not, however, lead to the adoption of the bare minimum of subsistence as the basis of remuneration. By the provision of an adequate wage, the establishment by a single man of his own household should be made feasible."<sup>23</sup> At the Tenth Congress of the Federation of Christian Metalworkers in August, 1922, a resolution was adopted that wages should be based on output and that supplementary family allowances should be granted for the relief of large families.

<sup>22</sup> International Labour Office, Special Studies, Series A, No. 21, p. 16.

<sup>23</sup> "Eine Berücksichtigung des Familienstandes und der Zahl der Kinder durch ausreichende Lohnzulagen die nötigenfalls aus einer Ausgleichskasse zu leisten sind, ist notwendig. Sie darf aber nicht dazu führen dass das Existenzminimum als Norm für die Entlohnung zugrunde gelegt wird."

The Hirsch-Duncker Unions are also mainly favourable. At their annual meeting held at Zittau in June, 1922, a resolution was adopted stating<sup>34</sup> that, "in view of the extraordinary economic pressure on large families, the family wage should be taken into consideration as a means of alleviating existing distress. At the same time the principle of equal pay for equal work should be adhered to so far as possible, and therefore family allowances should be given only to families where there is more than one child. The basic wage should be such as to give to the mother and child a reasonable standard of life and to the single man an opportunity of saving to set up a household."

Before examining in greater detail the various typical objections raised in common by Trade Unionists in the several countries with which we are concerned, it will be well to see how far it is possible to distinguish the attitude of the workers as individuals from that of organised labour. The impression so far given has probably been one of too great rigidity of outline, on the one hand approval, on the other disapproval. The matter may be more complex. Very considerable evidence exists—from a variety of sources—to show the popularity of certain funds with the workers of their district. M. René Hubert (in his pamphlet) remarks that at Roubaix the workers have received the allowance "with enthusiasm." From Nevers comes the statement that the creation of a compensation Fund has been very favourably received by the workers, while the Lille Building Trades' Fund considers that it would be "a great mistake to imagine that the allowances are not popular with the men receiving them; the opposition is a matter of doctrine and theory only." At Amiens the workmen, happy to find "le meilleur accueil à notre caisse," has shown in this district no hostility to the Fund. As regards Le Mans "nous savons affirmer de la manière la plus formelle que notre caisse est très populaire," and the statement goes on to say that no open hostility from

<sup>34</sup> Deutsche Textilarbeiter Zeitung (H.D. Organ) 30.6.22.

the Trade Unions has been met with. (It will be remembered that this Fund is remarkable for the freedom which it gives to the recipient of the allowances. See above page 81.)<sup>20</sup> From Lyons, it is reported that workmen always enquire before joining a firm whether it is a member of the Fund.

While it is of course extremely difficult to say how far this evidence should be generalised, it is at least clear that there has gradually developed among the workers a body of opinion of some size definitely favourable to the continuance of family allowances. The consequent success of a number of funds has probably been a factor in diminishing Trade Union opposition and to some extent it would appear to be true that the Unions have been drawn in the wake of this stream of favourable opinion.

The grounds for the suspicious attitude of organised labour may be summarised as follows :—

- (1) That it enables the employer to exercise undue control and influence over the private affairs of his workers.
- (2) That it leads to the exclusion of married men from employment. (See Chapter VIII.)
- (3) That it weakens the resisting power of organised labour by creating a division of interest between the single and married men. (See Chapter VIII.)
- (4) That the principle of equal pay for equal work must be closely adhered to. (See Chapter IX.)
- (5) That the family allowance has a definitely depressing effect on the basic or standard wage, and enables the employer to make economies in his wage bill. (See Chapter X.)
- (6) That the children of the workers may be a concern of the nation, but not of the employers as a class. (See Chapter XIV.)

<sup>20</sup> Similar evidence comes from Mulhouse, Les Sablons, Vienna, Fourmies, Roanne and Thiry and Bordeaux (Printing trades). In Germany various press references give a similar impression, e.g. Die Gewerkschaft 1.4.21 and Die Deutsche Werkmeister 28.10.21.

- (7) That there are other and better methods of benefiting the large family, *e.g.* by differential taxation. (See Chapter XIV.)
- (8) That the family allowance is given as a charity and not as a right and that it is therefore outside the worker's control. (See Chapter V.)

It is chiefly in France that particular complaint is made of the attempt of the employer to obtain undue influence over his employees. According to a letter from the *Fédération des Ouvriers en Metaux et similaires*, the institution of Family Allowances arose out of the "desire which French employers have always shown to interfere with the independence of the workers." In support of this somewhat sweeping assertion, reference is made to a statement made by "Le Comité des Forges de France" to the Parliamentary Committee for Social Insurance, in which they say that they "ne dissimulent pas qu'ils ont voulu en remplissant leur devoir, dans la mesure où ils ont pu, s'attacher une main d'oeuvre plus stable et d'avantage de son sort." In other words they hope to make their workers more "docile"<sup>27</sup> or more "loyal."<sup>28</sup> To this the C.G.T. objects because its own object is to make the workers vigilant and virile and less inclined to accept the existing economic system. It is undesirable, they say, that the employer should at the same time gain a reputation for generosity and extend his control over the fortunes of their workers. "Il devient le gardien de la solidarité imposée, le facteur primordiale de la procréation nationale, le conservateur et le dispensateur incontrôlé de la justice économique et de la sécurité familiale."<sup>29</sup> The employers it is held are not worthy of so much power over the lives of the people. As a class they are not sufficiently unselfish. They wrap the iron hand of autocracy in the velvet glove of "liberality," and on the pretended prompting of a "social conscience" construct an industrial feudalism

<sup>27</sup> Iron and Steel Producers' Association; a very powerful body.

<sup>28</sup> According to the point of view.

<sup>29</sup> *La Conception du Travail*, p. 9 et seq.

that stifles the freedom of the workers. This is the same view as that expressed by Mons. G. Buisson, Secretary of the National Federation of "Employés."<sup>40</sup>

Again commenting on the following passage from Monsieur Ley's address to the Société d'Economie, the "Voix du Peuple" remarks that it reveals the real object of the allowances, which is to "bind the worker more closely to his employer." In the passage in question, Monsieur Ley said, "Nous croyons être dans le vrai, lorsque nous disons qu'il est nécessaire que l'ouvrier sache à tout instant, que c'est grâce à son employeur particulier faisant partie lui même du patronat qu'il doit le bénéfice du sursalaire familial."<sup>41</sup>

There is on the whole, no doubt, a considerable amount of picturesque exaggeration. It would certainly appear to be entirely misleading and erroneous to suggest that all activities in the direction of social amelioration are actuated by entirely selfish motives. Conscience and purity of motive are not a monopoly of any one economic class, and a considerable number of the funds have undoubtedly been founded without any ulterior aims. It is probably true that a desire to "purchase satisfaction" (as it has been called) has actuated some of the initiators of the family wage. Such people may have hoped to use the family allowance as a narcotic, which would soothe the worker into an artificial contentment. All this is possible, but it is also possible that certain extremist unions have founded their opposition to family allowances on a desire to "purchase dissatisfaction," that is, on the view that a low standard of living amongst large families will mean a "healthy" discontent amongst a large part of the rising generation, hence the enrolment of many recruits in the "revolutionary" unions. The prevalence of such an attitude has almost certainly been exaggerated, but it is difficult entirely to disprove its existence. It is of course a very grave accusation, but so is the suggestion that the employer is out to purchase contentment. There is, how-

<sup>40</sup> See above p. 123.

<sup>41</sup> La Voix du Peuple, January, 1923, p. 30.



ever, clearly discernible a tendency towards the elaboration of means of control and supervision. For example qualifying periods of work are required by most funds varying from one month to one year.<sup>43</sup> Again in many cases restrictions are placed on the movement of workers from one firm to another within the fund, thus introducing a sort of compulsory stabilisation. For instance, at Bordeaux, if a worker who has been 18 months in one factory and thus in receipt of family allowances for six months, moves to another establishment belonging to the fund, he must do another year's qualifying service before being again entitled to the allowance.<sup>43</sup> The same thing occurs if the workman is discharged and then taken on again later. At Amiens, a workman leaving one employer member of the fund to join another has to serve again a probationary period of 3 months.<sup>44</sup> At Vienne the allowance is paid from the first month of beginning work in a new establishment, provided the change from factory to factory is "avec l'assentiment du patron," a phrase which suggests possibilities of control.

At Clermand-Ferrand no workman is entitled to allowances for the month during which he leaves unless he gives up his job on the last day of that month; nor is a new workman entitled to them for the month of his entry into the firm. Thus, if he leaves one member firm on say the 25th of April and joins another on the 4th of May, he loses two months' allowances.<sup>45</sup> A similar system was adopted by one of the Paris Funds. In Belgium the regulations of the Building Trades' Compensation Fund lay down that there is to be a qualifying period of service of three months and that no allowance is to be paid for the quarter in which the employee leaves. At Liège the worker must have been employed in a single works for a month, which month dates from the 1st of the month following that of his enrolment. These are typical expres-

<sup>43</sup> At Bordeaux the qualifying period is one year.

<sup>43</sup> Statuts, Article 5.

<sup>44</sup> Règlement Article 3.

<sup>45</sup> Règlement Arts. 24 and 33.

sions of the desire to reduce labour turnover more or less arbitrarily.

There are, however, funds which take a different view; for instance, at Thizy, though it is true that the monthly allowance is not payable for the month during the course of which the employee joins or leaves his work, yet if he goes from one employer member of the fund to another the allowance is paid for the whole month provided there is not a gap of more than ten days between the two employments.<sup>47</sup>

Again at Roubaix for a long time no qualification period was demanded because: "Il ne faut pas avoir l'air de contraindre l'ouvrier."<sup>48</sup> Certainly the experience of this Fund has been remarkable. During 1920 and 1921 the labour turnover averaged 1,300 a week; of these about 1,000 were "attributaries" of the Compensation Fund, so that, allowing for apprentices, almost the whole of the adults moving must have been married persons. This Monsieur Ley accounted for as follows:—Wages within the Roubaix district are more or less uniform for any given trade (such as weaving, and by moving from one mill to another, a young single man cannot get more than a few centimes extra, while, if he remains for a considerable time in any one mill, he may be granted preference when discharges occur on account of dulness of trade. On the other hand, the position of the family man in receipt of allowances is different. He is accustomed to regard his "allocations" as a sort of "rente" or interest, coming to him regularly whatever mill he happens to be working in, and in times of trade depression as a family man, it does not matter to him whether he has been long in one mill or not, because preference is always given to him on account of his family responsibilities. Thus it might be urged that the effect of the compensation fund at Roubaix was to stimulate the movement of the married man and not to check it. In July, 1922, it was thought necessary to introduce a qualifying period of one month, which is

<sup>47</sup> Règlement Art. 11.

<sup>48</sup> Address by Monsieur Ley to Société de l'Economie Sociale.

stated to have reduced the labour turnover† by 70%. Similarly, the suppression of the allowance for the current month in case of the employee going on strike, has proved to be "un moyen vraiment efficace pour éviter les grèves; avant d'écouter les perturbateurs le personnel allocataire réfléchit, réagit, entre en conversation avec le patron, et ne quitte l'usine que tout à fait exceptionnellement."<sup>40</sup>

Apart from direct restriction of movement, there is also the control indirectly exercised by means of supervision to ensure proper use of the allowances. (Chapter VI., §2, p. 80.)

Another possible point of objection on the score of undue control is that all funds stop the allowances in case of strikes, for a period longer than the actual duration of the strike. For example, much has been made of a case at Roubaix, where, in August, 1922, in sympathy with the Havre dockers, a twenty-four hours' protest strike occurred. All such strikers were deprived of their allowance—not only that part of it due in respect of the twenty-four hours, but the whole monthly allowance.<sup>41</sup> Again at Clermand-Ferrand a workman returning after a strike is in the same position as a new workman and becomes eligible for the allowances only during the month following that in which he rejoins.<sup>42</sup> Even at Le Mans (one of the most liberal of the funds), "Le grève retire dans tous les cas le droit aux indemnités." In some cases employers have been accused of using the machinery of the Funds, in particular the influence of the "visiteuses" for the purpose of "getting at" the wives of the workers. Such methods are clearly not admirable, but surely it is not the Compensation Fund that is to be blamed, but the spirit of such employers; a spirit, which would have found expression, whether or not a fund existed at all.

Other points of objection by organised labour to the family allowance system are dealt with in subsequent chap-

† i.e., the total number of persons that have to be engaged during a period, say a year, in order to maintain a labour force of a given strength.

<sup>40</sup> Paper by M. Ley, 3rd Congrès.

<sup>41</sup> Compare Miss Rathbone's comments in her book "The Disinherited Family," p. 211.

<sup>42</sup> Art. 33 of Règlement. Arts. 16 and 17 of Règlement.

ters, but we have gone far enough to reach one or two conclusions.

The Socialist opposition to the Family Allowance system has been intensive in all the countries under review, but in France and Belgium the character of the opposition has undergone a change during the last year or two and is now directed chiefly against the method rather than the principle.<sup>52</sup> There is recognition of a *fait accompli* and a desire to beat the Christian Unions "on the post" in the race for the credit arising from the advocacy of a successful reform.

At the same time one important underlying cause of opposition is alive and that is fear; fear of the increased control and influence of the employer as a class and distrust of his generosity, a distrust which may well be as ill-founded as the supposed desire of the Unions to foster "healthy discontent."

<sup>52</sup> At the plenary meeting of "Fund" representatives held in December, 1925, Monsieur Mathon actually referred to "la satisfaction qu'éprouvait le patronat à voir ses intentions loyalement reconnues et ses œuvres équitablement appréciées par les organisations ouvrières."

## CHAPTER VIII

### THE BACHELOR STANDPOINT

Is there such a thing as a distinctively bachelor outlook? At first sight the conception may appear unreal, but closer examination shows that it is entirely practical. Memory or an examination of the contemporary press will recall or reveal the fact that in 1915 and 1916 during the working of the "Derby Recruiting Act," some such cleavage between single and married men began to appear. There was a tendency in the papers and outside them to speak and to think of the two categories of people as if they were different political parties or different social classes. If such a state of affairs could be reached in so short a period of time, is it not perfectly reasonable that permanently conflicting economic positions may lead to a similar result.

It has sometimes been suggested that in reality no clear-cut line of distinction exists between single workers and family men. An article in "Der Deutsche"<sup>1</sup> maintains that there are really three groups of single men; (a) those who have only themselves to look after; (b) those who have to give up a part of their earnings to help their parents or brothers; (c) those who, owing to the death or total incapacity of the father, are sole supporters of their families. This is obviously true, and in nearly every case class (c) is recognised by the Compensation Fund, and its members dealt with as though they were fathers of families. Persons in class (b) are in a position similar to that of married men without children, who (except in Germany) do not

<sup>1</sup> 22.11.21. Article by W. Friedebold.

receive any benefits from the fund. Again, in Germany considerable emphasis is laid on the fact that in some respects the single man is in a relatively disadvantageous position, for instance rent (owing to the rent restriction act) has gone up far less than the price of lodgings, and at the same time the single man is far more at the mercy of day-to-day fluctuations in market price.<sup>3</sup> None of these considerations would appear to be of sufficient importance to affect the broad distinction with which this chapter opened.

How far is it possible to discover definite manifestations of a distinct single men's (or married men's) standpoint in regard to the institution of family allowances. In the opinion of one of the officials of the Allgemeiner Deutscher Gewerkschaftsbund single men as a whole are not interested and as single men have no specific view point, their attitude being divided just like that of workmen generally.<sup>3</sup> A similar view is expressed by Monsieur Gilman of the Reformist movement in France. However, it is possible to refer to one or two incidents which do not fit in with this colourless attitude.

One of the most interesting arose out of the adoption by the Berlin metal working employers of the family allowance system. A feeling of jealousy was aroused among the single men and a number of members of the Social Democratic Metal Workers' Union actually threatened to leave their organisation unless steps were taken to oppose the system.<sup>4</sup>

As regards France Monsieur Romanet gives two instances in which similar sectional feeling was manifested. One of the incidents (in a cement works) has been already described in Chapter VII. The other occurred in a paper

<sup>3</sup> *Werkmeister Zeitung* 17.11.22 and Statement of Zentralverband der Glasarbeiter und Arbeiterinnen Deutschland 4.10.22.

<sup>3</sup> Statement 10.11.22.

<sup>4</sup> At a conference of the Metalworkers' Unions at Stuttgart in December, 1921, Herr O. Ziska, the leader of the Berlin (the biggest) locality group declared that "We demand from the employers the abolition of the social allowances." *Der Deutsche* 27.1.22.

mill at Grenoble, where the single men reproached the family men with receiving the employer's charity. The latter, according to M. Romanet, replied in effect: "If you object, you waste your time; if you envy us, go and follow our example." The allowances were maintained. Again, in 1920 at Grenoble, printers affiliated to the C.G.T. refused the allowances offered by their employers on the ground that they might cause a division among the workmen in the shop, which in turn might even extend to the Union.

Is this divergence of feeling between single and married men of sufficient substance to be worked upon by employers with deliberate intent to weaken the power of labour as is asserted in France, Germany<sup>8</sup> and Holland.<sup>9</sup> The Secretary of the National Federation of Textile Workers in France states that the employers intend to use and already have used the family allowance for breaking strikes, and he quotes Mons. Mathon's<sup>7</sup> remark that "l'instrument forgé à Roubaix a rendu au patronat un service considérable en apaisant les conflits." In February, 1923, the Council of the National Federation of Civil Servants' Societies issued an "ordre du jour" protesting against the reduction in the cost-of-living bonus for civil servants without family charges and declaring that this was a method of making the single men pay for the family allowances "qui a pour but d'essayer de diviser le personnel."<sup>6</sup>

It is difficult to obtain particulars of any actual instances where, owing to the existence of family allowances, the resistance of the unions has been appreciably weakened. The Centrale Nationale des Mineurs Belges in fact state, in reply to a question that they do not know of any specific case. From France, comes one definite example. The

<sup>8</sup> e.g. by Friedrich Kubler in "Der freie Angestellte" and also statement by Zentral Verband der Schuhmacher 17.5.22.

<sup>9</sup> e.g. by Dr. Van der Wierden in his pamphlet "Geniastloon en Kindertoelag."

<sup>7</sup> M. Mathon is a textile employer and President of the Comité des Allocations Familiales.

<sup>6</sup> La Journée Industrielle 14.2.23.

Textile Union at Vienne maintains that, in the textile strike of August, 1922, the workmen in those establishments which gave allowances resisted with less vigour than the others for fear of being discharged and of not being able to find work except in one of the small mills not giving family allowances. On the other hand M. Ley's experience at Roubaix points in the opposite direction. He stated that if employers had, as the Unions suggested, introduced family allowances in order to weaken labour resistance, then their efforts had met with singularly little success, for on every occasion at Roubaix, all the "attributaries" had made common cause with their fellows on strike.

Dealing with the matter from a more abstract standpoint, does it not appear probable that such weakening as has occurred is accidental rather than deliberate? Is not the real cause a basic lack of solidarity within the ranks of labour as a whole? There would appear to be already sufficient grounds to lead the family men to agitate for special benefits and so bring about a divergence of interests between themselves and their bachelor colleagues. The first essential is under either system the existence of a spirit of solidarity and unselfishness and a desire to work for the general good, and for the development of such a spirit the allowance system may well be educationally valuable.

It is largely a question of becoming accustomed to a new idea. Monsieur Dethier recalls the acute jealousies and suspicions caused for many years before the war by the prevalence in Belgium in certain engineering trades of piecework, and of the consequential difference between the earning of the best men and those in receipt of the normal conventional "journée fixe." At the present time these jealousies are said to have disappeared, although piecework still remains in force. Public opinion has in the interval become accustomed to the idea of earnings varying according to skill. There is apparently no valid reason why in due course public opinion should not become duly accustomed to the idea of remuneration in accordance with family responsibilities.



It should be remembered that—it was a famous Prime Minister of England who said of differential taxation of earned and unearned income “To think of taxing these two species of income in a different ratio would be to attempt what the nature of society will not admit.”<sup>9</sup> For over a century this view was very strongly held; and yet now, discrimination in favour of earned income is taken for granted. So it may be, and in some measure has been, with family allowances.

A further question arises; how far can the opposition of Trade Unionism to this system of remuneration be attributed to the sectional interest of the single men? Colonel Lemercier (the Belgian writer) considers the spirit of opposition to be nothing more than a reflection of majority interests. Married men with three or more children constitute approximately only about one out of every three adult working men; the majority, who dominate the Trade Unions—take up the position that they do not wish to bear even indirectly the cost of other people's children.<sup>10</sup>

As for France the view was expressed at Mulhouse that such opposition as has occurred has been due partly to the novelty of the idea and partly to the fact that the ordinary standard wage system favoured the young single men, i.e., “those who represent the most combative element of the Trade Union organisations.”

In Germany also, the idea that the Unions are dominated by the young single men is met with fairly frequently. Herr Kulemann in *Soziale Praxis*<sup>11</sup> accounts for the opposition to the allowance by saying that, “it is clear that the leadership of the workers' movement is no longer in the hands of the elder and experienced men.” Again Fritz Reerman in the *Zentralblatt der Christlichen Gewerkschaften*,<sup>12</sup> considers that the active section of the Social

<sup>9</sup> William Pitt, 1798.

<sup>10</sup> The question of whether the cost of allowances is borne by the single man or not is discussed in Chapter X., for the purposes of this argument it is assumed that they do.

<sup>11</sup> No. 26 of 1921.

<sup>12</sup> G.S.22, p. 35.

Democratic unions is dependent on the mass of single men. "Ferner überwiegt das agitatorische Interesse, dass besonders Rücksicht nimmt auf die Ledigen in ihren Massen." Similar views are expressed by Professor Dr. M. Hahn,<sup>13</sup> by the Gesellschaft für Soziale Reform,<sup>14</sup> and by the Association of German Metal Works Employers.<sup>15</sup>

The suggestion has, however, been hotly repudiated by Herr Leipart in an article in *Soziale Praxis* declaring that he and many of his friends who are no longer young all object strongly to the principle of family allowances. But Herr Leipart and his friends may be persons with exceptionally wide views; the point is that the mass of members in the local unions and in the trade federations are concerned with what they conceive to be their own immediate interests and the majority consists of single men.

A general examination of the evidence seems to confirm the view that it is practicable to use the family allowance to create a feeling of class jealousy between single and married men. Yet such cleavage, being largely due to the novelty of the idea of family allowances, will probably only be temporary. While it lasts, however, it may be possible for the single men so to influence their Trade Union organisation that it officially opposes the introduction or maintenance of any system of allowances. As public opinion becomes accustomed to the new conception, opposition to it will weaken and the cleavage between single and married will either disappear or become much less acute. The problem may then be transformed into one of building up suitable joint control.

The aggression has not, however, been all on the side of the employers. It is almost certain that the fear of impairing their capacity for attack has been a real underlying cause of Trade Union opposition. In the past a powerful

<sup>13</sup> Formerly of Freiburg and now of Berlin University.

<sup>14</sup> Statement dated 21.12.22.

<sup>15</sup> A letter from Gesamtverband Deutschen Metallindustriellen dated 28.11.22 states that "the real cause of the Trade Union opposition to the introduction of social allowances is that in the Unions the young and single men play the principal part and hold the chief offices."

weapon of Trade Unionism in demanding wage increases has been the cry of the starving families—the “large-family urge.” With incontestable truth it had been possible to say, “How can you expect a man to support a wife and bring up children on such a wage?” This has very naturally proved to be a powerful lever in winning wage advances, because of its inevitable effect on public opinion. As Professor Diepenhorst picturesquely phrases it,<sup>16</sup> the large family has been used as a sort of battering ram to obtain higher wages for the remainder. It has acted as a “forlorn hope,” and, like all “forlorn hopes,” it has only prepared the way for the others and has gained little or no advantage for itself. In France,<sup>17</sup> Belgium<sup>18</sup> and Holland,<sup>19</sup> it is recognised that fear of relinquishing the support of this argument has been a really important, if partially subconscious factor in determining the attitude of the Social Democratic Trade Union. How far are the Trade Unions justified in their apprehensions?

In the first place, it should be observed that if (as in Holland and in some cases in France and Belgium), the allowance is paid only to the 3rd or 4th and subsequent children, then they are not divesting themselves of any weapon; for Trade Unionism founds its case for the payment of a family wage to all, not on the exceptionally large family, but on the average family. It has never been suggested that a wage adequate for the needs of a man with, say, six or seven children should be paid to every wage-earner. However, admitting this exception, what is the position in the more normal case where allowances are paid to each child?

In so far as the allowances do actually succeed in providing a reasonable standard of life for large families, they will have done all that could be expected of the “battering ram” method. In so far as the allowances are inadequate

<sup>16</sup> *Stemmen des Tijds*, July, 1920, p. 91.

<sup>17</sup> Paris, Chamber of Commerce Conference, 1922, p. 5.

<sup>18</sup> Lemerrier, p. 28.

<sup>19</sup> *Stolk-Gezinsloos*, p. 85.

to provide the required reasonable standard (as has been generally the case where they have been introduced), then surely all that has been done is to emphasise the real needs of the family and to register the justice of the claims made in its name.

## CHAPTER IX

### EQUAL PAY FOR MEN AND WOMEN AND THE FEMINIST STANDPOINT

ONE of the results expected from the introduction of the family allowance system is the removal of one of the chief obstacles to the universalisation of the principle of equal pay for men and women. At the present time it is often grudgingly admitted that on certain kinds of work the woman is as efficient as the man and that therefore strictly speaking she should receive the same remuneration. In defence of the fact that she usually does not, the opponents of the "equal pay" principle urge amongst other things, that the needs of the average woman are smaller than those of the average man. It is admitted that in certain cases, a woman's responsibilities may be greater than those of most men, though it has to be remembered that many women give up their trade or profession on marrying. If, however, the burden of family responsibilities were dealt with by means of family allowances and a Compensation Fund, then there would be one important reason the less for maintaining that men had any claim to a higher level of pay than women. This was one of the first arguments adduced in support of endowment of motherhood by women writers in this country. Miss Rathbone in an article in the *Economic Journal* in March, 1917, put forward this plea.<sup>1</sup>

<sup>1</sup> See also "The Disinherited Family," by the same authoress, pp. 112 et seq. for an interesting discussion of this question; also M. D. Stocks, *Meaning of Family Endowment*, p. 8; Ernst Tümm, p. 65; also Alice Solomon. *Die Ursachen der Ungleichen Entlohnung von Männer und Frauen Arbeit in den Staats und Sozialwissenschaftlichen Forschungen*, herausgegeben von Schmoller und Schieng. Leipzig, 1906. The authors attribute the lower level of women's wages to their lower average needs.

The present state of this question is a good example of the tendency to allow for the needs of classes and to ignore those of individuals. It is generally assumed that every man has a wife and three children to support, but that no woman has more than herself. An absolutely uniform wage based on a theoretical average family will, as we have seen, leave vast numbers inadequately provided for; while a wage big enough to supply to everyone sufficient for the needs of a large family, would cost more than the industry of this or any other nation can at present bear. Consequently, the principle of the relative family wage may be a possible solution of a most difficult problem. Women would have a much stronger claim to equal pay, and men would be free from the damaging competition of cheap female labour. There remains, however, the question whether wages are to be levelled up or down, i.e., whether women will obtain pay equal to that now given to men or whether a new common lower level will be established. The latter appears the more likely of the two.

In Holland, endowment of motherhood by the state has been advocated for some years by feminists "who see in it a measure of economic development, without which the political advancement of the franchise may prove an empty dignity."<sup>2</sup> Such a financial recognition of the woman's work would, it is thought, greatly strengthen her economic position. It would, however, be wrong to jump to the conclusion that from this more or less political standpoint, family allowances and the establishment of Compensation Funds are necessarily approved of by the women's movement. In Holland, at any rate, a large section of the feminist party is active in its opposition to such a system, which, it is thought would increase the economic dependence of the woman, whereas it is *her* position which requires strengthening to the utmost possible extent. The feminists are, in fact, inclined to regard the allowances as

<sup>2</sup> e.g. See Meuffrouw Naber in "de Amsterdammer" and "Stemmen des Tijds," July, 1920.

"an assault on women's newly gained freedom."<sup>3</sup> It is an illusion they say, that a man maintains his wife; she maintains herself by her work in the house, which would otherwise have to be done by a paid worker; therefore she also should be paid for it and paid directly and in her own right. But, after all, is it right to regard the wife as nothing more than a household help? It is possibly true that the industrial system produces a false idea of the relative value of paid and unpaid work to the disadvantage of the latter, and that therefore to pay for work is to dignify it. At the same time this is surely a very low view of the relationship of husband and wife. Surely it is right and reasonable to regard the family as a unit. Furthermore to say that the man is the head of the family is not to imply any slight on the work of the woman.

To some extent the difficulty is met by the payment of the allowances direct to the mother; but this is not enough, for, according to the feminist view, the mother's remuneration for her social services, should not be in any way dependent on the work or earnings of the father. According to Mevrouw Mansholt-Andrae, women do not realise the extent of their economic dependence; the more a woman has worked before her marriage, the more she will resent any kind of financial dependence on her husband—as in a family allowance system.

Conditions in France do not seem to be in accordance with this advanced view. There most working-class wives have worked in factories before their marriage and continue to do so; but so far as is known, they do not in any way resent the family allowance system, provided that the payment of the allowance direct to the mother supplies the necessary safeguards.

Mevrouw Mansholt advocates a system of "Moederloon"<sup>4</sup> or mothers' pensions, that is, a payment by the State to mothers as remuneration for the definite social

<sup>3</sup> *Stolk-Gecinsloen*.

<sup>4</sup> *Het Volk*, 14.5.21.

work done by them in giving birth to children and bringing them up to be healthy and intelligent citizens. It would be wholly independent of the wage of the husband and even of his employment or unemployment. There would thus, it is held, be no question of violating the canon of equal pay for equal work, since the "Moederloon" would be payment for entirely different work from that of the husband. It is further asserted that, unlike the family allowance, it could not possibly have a depressing effect on the general level of wages, because it has nothing to do with the husband or his pay. Nevertheless, it would clearly be part of the income of the family and by its receipt the family would be able to exist at the same standard as before on a proportionately lower wage, and to that extent there would appear to be no valid reason why a "Moederloon" given by the State should not depress the general level of wages in the same way as any other subsidy.

In the promoter's eyes, this scheme would have the further advantage of increasing the economic independence of the wife, as the force restraining any woman to remain with her husband for economic reasons would be less strong. On the other hand, Professor Aengenent at the Social Insurance Congress at Utrecht in December, 1921<sup>5</sup> stated his belief that most Dutch people regard the tendency to try to make the wife economically independent of her husband as one "dangerous to the community."

The Dutch feminists also prophesy a weakening of the husband's sense of moral responsibility. Under a family allowance system, they say, all the trouble from additions to a family will fall on the wife and the husband not having to work harder and earn more to provide for them, will be unrestrained in his desire for more children.<sup>6</sup> This may or

<sup>5</sup> Congres Referaten, pp. 155-156.

<sup>6</sup> The Annual Congress of the Dutch National Union of Municipal Officials in 1921 expressed the view that under the child allowance system, "with succeeding children the man's work remains the same, whilst the woman's becomes increasingly troublesome, the share of joy in the children remaining equal for each."



may not be so, but the fear of unlimited families seems excessive. After all the husband has still to get work and to keep it and in no case do the allowances represent the full cost of maintenance. They only serve to temper the harshness of the struggle.

What then, may be expected to be the effects of the general introduction of a family allowance system, on the economic position of women? In the first place, such a system recognises the importance of women's work in child-bearing and child-rearing by paying for it. It lays emphasis on the separate social functions implied. It is true that payment is made through the wage-earner or at least on the wage-earner's account, but there seems no reason to take that as any slur on the woman's economic position. Under the present social system such payment is the natural method. As a French woman worker said, "L'argent, c'est l'homme qui sait le faire rentrer et la femme doit seulement empêcher que ça sorte trop vite."

Secondly, payment of a "motherhood wage," the proposed alternative to the family allowance system could be made only by the State, and would therefore be open to all the disabilities applying to any subsidy in aid of wages.<sup>7</sup>

As to the question of equal pay for men and women, this system undoubtedly removes one existing objection to that principle, namely that women's needs are generally less than men's, but at the same time it emphasises the needs rather than the output factor in wage determination, and there is no reason to expect that it will have any very marked effect in raising women's wages to a five-member-family standard. Levelling down is possible as well as levelling up. In point of fact, no very startling changes in women's wages seem to have followed the adoption of this system.<sup>8</sup>

<sup>7</sup> Compare Chapter X., p. 160 *et seq.*

<sup>8</sup> It is noteworthy that in the Textile industry, where male wages are frequently forced down by cheap competing female labour, the allowance system has been unusually widely adopted. This applies to each of the four countries under review.

Meanwhile whatever may be precisely the right speed at which the economic emancipation of women should proceed, it would appear that the social objects of the fund in regard to the reduction of infant mortality make it deserving of support from the women's movement.

## CHAPTER X

### THE EFFECT OF THE FAMILY ALLOWANCE SYSTEM ON THE GENERAL LEVEL OF WAGES

It is one of the most important objections brought against the family allowance system that it will have (and has had) a depressing effect on the general level of wages. A few examples will illustrate the emphasis given to this objection by Social-Democratic Trade Unionism.

In France this was the view expressed officially by the C.G.T.<sup>1</sup> Again "De Rechte Lijn"<sup>2</sup> contains a report on the French Compensation Funds by a Monsieur René Debruyne, in which the author expresses the opinion that it is the policy of French employers to bring the single man's wage down to an individual subsistence level. "The single man's wage is to be reduced in order to pay Family Allowances to those who are married." In the report submitted in April, 1923, to the Congress of the Federation of Belgian Metal Workers, it was held that no family wage system to be adopted, must be allowed to lead to a reduction in the wages of workers with no children.

In Holland as early as the 9th October, 1920, the "Weekblad van de Nederlandsche Vereeniging Van Spoor en Tramwegspersoneel" (the Railway workers' paper) expressed the view that the family allowance system "drukt het loon,"<sup>3</sup> whilst in a statement in August, 1922, the Nederlandsche Verbond van Vakverenigingen put forward a similar opinion. Again the Roman Catholic Master Bakers' Association asserted that the non-Catholic

<sup>1</sup> Statement of the Metalworkers' Union, 24.8.22.

<sup>2</sup> 15.4.21.

<sup>3</sup> "Depresses wages."

workmen in this industry were not opposed in principle to the system, but feared that in practice it would have a bad effect on the general level of wages. Furthermore, Stolk, (a warm advocate of the family allowance) in denying that it will be an influence in raising prices, agrees that "an ampler remuneration of married men with large families can be balanced by an economy in the too ample payments made to single men, so that the total sum paid out in wages remains the same."<sup>4</sup>

In Germany, an article by Hermann Kandeler in "Der Kaufmann in Wirtschaft und Recht,"<sup>5</sup> includes the statement that, "Je höher die Zulage, um so niedriger die Grundgehälter und umgekehrt!"<sup>6</sup> We find in fact that Herr Eckert advocates a "Vergleich" or compensation between single and married workers as necessary in order to prevent an undue rise in costs.<sup>7</sup> In May, 1923, the Central Shoemakers' Union (S.D.) stated that experience had shown that the general wage level remains low in industries where these social allowances are given; whilst the German woodworkers estimate that the level of wages is on the whole lower in the metal industry where family allowances are prevalent than in the timber trades, where they are rare.

It is an extremely difficult matter to ascertain with any degree of precision the effect of the allowance system on standard wages, but there is one misconception which must first be removed. In a certain obvious sense it is quite impossible to deny the truth of this general statement; for any sum given to a comparatively small number of persons selected out of the total, might presumably equally well be spread out over the whole number. If a manufacturer employs a hundred men and gives an allowance of 10/- to each of the 40 married men (£20 in all), he could equally well have divided that £20 among the whole 100 wage

<sup>4</sup> Gezinsloot, p. 83.

<sup>5</sup> September, 1922, p. 375.

<sup>6</sup> "The higher the allowance, the lower the basic wage, and vice-versa." Arbitration Court Decision.

<sup>7</sup> W. Eckert, Familienstandslohn, pp. 72-3.

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earners giving 4/- to each. So much is obvious. The real point, however, is whether, but for family allowances, the employer would have offered or could have been forced to pay, that extra £20 in wages, further, whether the employer's total wage-bill is greater after the introduction of the allowance or less or the same.

There are three possible sources of the allowances; the profits of the employers, the wage of the single men, and the pockets of the consumer. From which then does the cost actually come?

In France the employer is generally inclined to claim the honour and speaks of "L'initiative généreuse du patronat" and of his willingness to undertake the extra burden involved. Many funds state specifically that they consider that the employer bears the cost. Some however (e.g., Le Mans and Vienne) agree that the expenditure on the allowances is included in general production costs; Tours (Familia) refers to them as "like other expenses, in part recovered by inclusion under general costs of production"; and the Chambre Syndicale Metallurgique at Lille points out that "of course family allowances are a part of working costs just like workmen's accident insurance, etc."

The Building Trades Fund at Lille states definitely that employers bear part of the allowance, whilst part is regarded as an element in general costs (i.e., it is charged to the consumer when tendering).<sup>a</sup>

On the whole it seems reasonable to assume that in so far as the cost represents an addition to the wage-bill, that sum is so far as practicable, added to the selling price.

Now we have to examine the question how far it is true that the employers *do* bear the cost even in the first instance. It is maintained that the allowances have nothing whatever to do with wages and that, even if they form an item in general costs, they have no more connection with wages, than any other item such as rent or cost of machinery. This view does not appear to be tenable. The

<sup>a</sup> Letter, 20.12.22.

connection between wages and the allowances will be seen to be very clearly established.

It is, in the first place, interesting to note the immediate causes of the establishment of some of the French funds. For instance in January, 1922, the *Chambre Syndicale des Maîtres Imprimeurs* of the Department of the Orne held a special meeting, to consider a demand for increased wages put forward by the Alençon printers' union. Part of the increase was granted, but at the same time in order to satisfy real needs and simultaneously to *check the rising cost of labour*,<sup>9</sup> the introduction of a family allowance system was contemplated. The *Caisse Alençonnaise* began to operate in July, 1922. In Paris the immediate cause of the establishment of the Building Trades' Fund (or at least one important cause) was the demand of the workmen in April, 1920, for an hourly wage of five francs "ce qui risquait d'arrêter pour longtemps la construction déjà si compromise par la prix élevé de la main d'œuvre et des matériaux."<sup>10</sup> The Compensation Fund at Thizy-et-Cours was formed as the result of a demand for an increase of wages; the employers proposed family wage allowances "et de ce fait consentirent une augmentation inférieure à celle demandée." At Nevers also the fund arose out of a wage dispute. Nor must one forget the important case of Roubaix-Tourcoing, where a wage controversy was settled by giving approximately *half* the advance asked for in the form of an extra allowance of 2 francs per diem per child and the remainder as an addition to the standard wage. In May, 1923, M. Morel in "Le Peuple" pointed out that in many disputes during the first half of 1923, the employers, while refusing a wage advance had agreed to consider the grant of family allowances to meet the increased cost of living.<sup>11</sup>

It is true that in many cases it is specifically stated that

<sup>9</sup> *L'Essor et l'Indépendance des Caisses de Compensation*, Communication de M. Miollais, 10.7.22.

<sup>10</sup> M. Dulac's report of the Grenoble Congress to the Paris Building Trades Fund.

<sup>11</sup> *Le Peuple*, 24.5.23. See also Chap. VI. §1.

the funds were founded not owing to a strike or wage discussion but "as a spontaneous effort on the part of the employers to establish better relations with their employees"<sup>12</sup> or again out of "un sentiment naturel d'humanité et justice"<sup>13</sup> or again as the result of "l'initiative généreuse du patronat picard"<sup>14</sup> or again "bénévolement"<sup>15</sup> or again as a matter of "sentiments philanthropiques."<sup>16</sup>

The essence of these pronouncements, is that the funds were founded as the result of a social or philanthropic impulse, and there can be no doubt that such an impulse was one of the factors in the development of the movement, but it is not possible entirely to exclude the other impelling cause, the wage question, more especially when it is reinforced by the following further evidence.

At the 2nd Congress of Compensation Funds, Monsieur Bonvoisin said, "We could cite examples where family allowances have made it possible to carry out without damage reductions in wages (which had become essential)."<sup>17</sup> At the Assemblée Générale Statutaire of the Amiens Fund held in that town on May 22, 1922, Monsieur Allegre said that family allowances would serve as a moderating factor "when the inevitable drop in wages occurs." Monsieur Romanet argued<sup>18</sup> that family allowances did not add to Production costs but rather tended to diminish them and the statistics given certainly tend to suggest that the allowances are to be made at the expense of the single men.

In December, 1922, the Paris (Région) Fund stated that Family Allowances had never up till then been the cause of a fall of wages, but that they had several times prevented wages from rising."<sup>19</sup> Nor must we forget that Bus the

<sup>12</sup> Lyon (Teinture).

<sup>13</sup> Paris (Grocery Fund).

<sup>14</sup> Amiens.

<sup>15</sup> Tours (Familia).

<sup>16</sup> Fourmies.

<sup>17</sup> Compte Rendu, p. 71.

<sup>18</sup> "Les Allocations Familiales," p. 3 of seq.

<sup>19</sup> "Ont empêché que les salaires n'augmentent."

Belgian sociologist boldly says that, "if to introduce the system it becomes necessary to reduce the wages of single men and of married men without children, we should not shrink from it."<sup>20</sup>

All these statements tend to suggest that the allowances have been and are regarded as a part of labour's remuneration and that the idea of "more allowance, less wage," was familiar to many of the employers and was carried into practice by some of them.

In Holland also the view that the allowance depresses the wage was supported by historical parallels. De Walle<sup>21</sup> objected to the allowances on the ground that they were bound to have an effect on wages similar to that of the poor law allowances given in England at the beginning of the 19th Century. Agricultural wages were then at or near subsistence level, and it was found that, in actual practice after the introduction of the allowances, wages were reduced to the full amount of such sums as were provided.

There are several reasons why this argument is largely inapplicable to the case of an allowance given by employers through compensation funds. In the first place, the old poor law allowances were given by an outside authority to supplement wages whereas the family allowances come from the same source as wages. Moreover, even assuming the grant of family allowances by the State paid for out of taxation, its validity is questionable. To begin with the assumptions of the wage fund theory (as put forward by J. S. Mill) are no longer accepted. We do not to-day admit that the general level of wages is bound to remain at or near subsistence level. We deny the existence of a prearranged fixed amount of capital alone available for wages. Nor does modern experience support the contention that higher wages lead necessarily to an increase in the population. The contrary supposition has greater probability. The level of wages is to-day regarded as indeterminate and largely dependent on the relative bargaining strength of capital and labour. De Walle seems to fail to

<sup>20</sup> *Het Relatief Gezinsloon*, p. 5.

<sup>21</sup> *Het Kinderbijslagstelsel*.



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realise that Mill would have objected equally strongly to any kind of regulatory device for artificially raising the level of wages, even to a legal minimum wage, an institution which he (Mill) regards as an absurdity unless accompanied by some artificial check on population. As regards the Poor Law Allowance system, the fact that it was proportional to family responsibilities was to him merely an additional objection, quite apart from the main principle, namely subsidies in aid of wages. He says "So direct and positive an encouragement to population,"<sup>22</sup> is not, however, inseparable from the scheme; the allowance in aid of wages might be a fixed thing, given to all labourers alike and, as this is the least objectionable form which the system can assume, we will give it the benefit of the supposition." Thus in the sentences which De Walle quotes from Mill's next paragraph, the latter is really not referring to any form of family allowance but to a fixed subsidy in aid of wages. The passage in question is as follows:—

*(Apart from all sorts of objections.)*

A. "But besides the objections common to all attempts to regulate wages without regulating population, A. the allowance system has a peculiar absurdity of its own. This is that it inevitably takes from wages with one hand what it adds to them with the other.

*(It occasions the lowest level of wages at which men can maintain themselves.)*

There is a rate of wages either the lowest on which the people can or the lowest on which they will consent to live."

Mill then goes on to explain that if the labourer is living on 7/- a week and he is subsidised to the extent of 3, his wages will sink to 4/- on account either of the consequent increase of population or of an influx from the workhouse.

The sentences in *italics* represent the version of Mill quoted by De Walle and it will be seen that in two instances he has rather altered the sense of the original

<sup>22</sup> Namely, making the allowance proportionate to the size of the family.

passage. His amendment of the clause marked A—A is rather important, since it obviously includes Trade Union activities under its ban. Considering how long we have outgrown the belief that Trade Union action to raise wages is necessarily futile, the application of this chapter to a twentieth century wage problem does not seem to be very happy. One more quotation from Mill may perhaps be given, he says (a few paragraphs further on in the same chapter) "All subsidies in aid of wages enable the labourer to do with less remuneration and therefore ultimately bring down the price of labour by the full amount, unless a change be wrought in the ideas and requirements of the labouring class."<sup>23</sup>

All supplementary aids to wages are thus necessarily condemned—for example, Old Age Pensions, Unemployment Insurance and Sickness and Accident Insurance, where the premium may easily be larger than for the provision of family allowances.<sup>24</sup> The objection that Old Age Pensions would depress wages was indeed raised at the time when the measure was under discussion in England. "Wages which owing to the poor rate are already much lower than they need be, would be still further reduced by Old Age Pensions."<sup>25</sup> This was the substance of Lecky's views on the subject. In his report he said, "Even if the influence of old age pensions in depressing wages was not directly felt in England in the earlier years of a working-class life, it would at least be felt indirectly in retarding their natural rise and it would be directly and severely felt when the prime of life was past and the period of obtaining a pension drew near." In 1899 the Chaplin Committee on the Aged Deserving Poor, examined this objection and in paragraph 84 of their report they say, "The injurious effect of any pension scheme on the rate of wages has also been suggested as an objection to the system; but the

<sup>23</sup> Principles Book II., Chapter XII., §4.

<sup>24</sup> According to a statement by Professor Aengenent at the Social Insurance Congress at Utrecht in October, 1921, the sickness insurance premium in Holland amounted to 3% of the wage bill as against about 1% for family allowances.

<sup>25</sup> Old Age Pensions, Rogers and Millar, p. 159.

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amount of labour which would be affected by a pension scheme after the age of 65 is so comparatively small, that we do not attach very serious importance to this objection."<sup>26</sup>

Assuming the introduction in some country of a scheme for the provision of child allowances by state subsidy, would not the position be very much the same as above? After all the number of persons in receipt of allowances *at any one time* would not be so very great, and any automatic effect on wages would probably be small. This at any rate is the opinion of the unofficial committee which in 1918 put forward a modified scheme of National Endowment of motherhood applying to children up to five years of age. In a pamphlet describing the scheme they say,<sup>27</sup> "the number of families with one or more children under five is estimated at 2,655,000, the number of occupied males in 1911 was about 11,500,000; thus the two and a half million workers whose homes are benefiting by endowment will be scattered through all industries, and Trade Union solidarity will prevent them from acting as black-leg labour, while the remaining three-quarters of the men in each industry will be getting no benefit from the scheme of endowment, and their attitude on wages questions will only be strengthened by the general raising of the standard of living which endowment will produce."<sup>28</sup>

The position reached is then that arguments against subsidies in aid of wages do not apply to any existing scheme of family allowances, since they are in every case given from the same source as the wages;<sup>29</sup> in so far as they

<sup>26</sup> In the course of the enquiry Sir H. Longley, K.C.B., Chief Charity Commissioner, was asked by Mr. A. K. Loyd, one of the members of the Committee. "During all that time (1870-1898) has it been pointed out to you that the effect of pensions is to lower wages? Have you had any complaints of that sort?" and his answer was, "No, I do not remember to have heard that complaint."

<sup>27</sup> p. 24.

<sup>28</sup> In his book "The human needs of labour," Mr. B. Seebohm Rowntree makes a similar tentative suggestion: "The only remaining solution—and I admit that it is fraught with many difficulties—is to fix minimum wages sufficient to secure physical efficiency for say three dependent children and for the State to make a grant to the mother in such cases and for such a time as there are more than three dependent children."

<sup>29</sup> With certain exceptions, see Chapter XIV.

might apply to any scheme proposed, the influence on wages would probably be but slight.

Returning now to consider what has been the actual effect of the introduction of allowances on wages, we find De Walle quoting cases to show that whenever central and municipal authorities have introduced family allowances it has been with a view to making economies in their wage-bills. At Nijmegen the Mayor and Aldermen made an announcement regarding the wages of municipal employees, to the effect that they had thought it wise to base wages on the cost of living of an average family, and they therefore proposed a child allowance beginning with the third child. They proceed, "If, contrary to expectation, your Council should not accept this idea and should be of the opinion that the additional allowance for children should commence with the first child, we shall be compelled to withdraw our proposals, because the principle upon which they are based would have been put aside. . . ." This seems fairly conclusive as to the close connection between wages and allowances, but it need not necessarily imply anything more than that the total amount paid to labour as a whole is to remain the same whether there are allowances or no. It does not necessarily involve wage-bill economy.

De Walle refers also to the case of the Dutch railways. In March, 1917, a cost-of-living bonus was introduced with allowances for children. In 1920 the government appointed a Wages Board to give advice as to a new and permanent wage system for the railways. At the end of September, 1920, this Board reported to the Director of Railways and to the Government that they considered family allowances undesirable. On November 2nd, 1920, however, the Minister concerned announced to the Railway Directorate that a family allowance was to be established on the same basis as that given to municipal officials. As a result, the Directorate wrote to the Wages Board saying that, owing to two circumstances which the Board could not have known of, they proposed to fix the standard wage lower than proposed by the Wages Board. One of these

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two circumstances was the decision of the Government to introduce a family allowance.

Another example of the intimate connection of wage and allowance was given in the columns of the "Weekblad van de Nederlandsche Vereeniging Van Spoor en Tramwegspersoneel."<sup>20</sup> A Catholic Union presented to a paper-making firm a wages proposal which included the introduction of family allowances. The firm rejected the family allowance system, whereupon the Union asked for a conference, saying that, if the employers persisted in rejecting it, they would reconsider their demands and ask for a further wage increase. The "Weekblad" comments, "Thus, without the family allowance, the Catholic organisation would have asked for a higher standard wage."

In Germany also there is evidence of a similar kind. The "Bergwerkszeitung" of 30.12.20 includes an article by Josef Windschut, which contains the following significant passage.<sup>21</sup> "It is because the young workers live too well that employers are disposed to refuse the demands for a general increase of wages. Even when a rise in the cost of living (which sorely affects the family man) is proved, they are disposed to reply that increases may be given to those most severely affected, but only at the cost of the single worker and young persons who are obviously too highly paid. The total sum available for distribution must remain constant." That is an employer's opinion, and it may be compared with the view of the Dutch master-bakers, who considered that one of the chief advantages of the Compensation Fund and allowance system was that it to some extent made possible the readjustment of the wages of adolescent workers, which in their opinion were too high relatively to those of adult and fully qualified workmen. Similarly the Central Overleg speaks of the "adjustment of the relation of the wages of young and of adult workers in favour of the latter."<sup>22</sup>

<sup>20</sup> 29.5.20.

<sup>21</sup> Quoted in the "Deutsche Werkmeister Zeitung" of 28.10.21.

<sup>22</sup> The Central Overleg is a Federation of 16 Employer Associations. They are wholly neutral in matters religious and political.

Similar again is the view expressed by Dr. Alfred Middel of Essen, who said in the "Bergwerkszeitung" of May 18th, 1920:—"Labour should realise . . . that the family wage is not to be regarded just as a convenient extra to be pocketed when offered, whilst, independent thereof, the wage demands are calculated as though there existed no such thing as family allowances."

The German Woodworkers' Union (S.D.) point out<sup>33</sup> the immense difficulty of proving that allowances have affected wages, because in recent years, wages were continually altering owing to the catastrophic fall of the mark. It is, however, held that under the existing economic system no employer can afford to make extra payments to family men and at the same time pay the same as before to single men.<sup>34</sup>

The next piece of evidence seems to bear rather more closely on the question of *economy* in the wage-bill. So far, we have shown that the employers in many cases have not intended that the total share coming to labour should be increased, but there has been little or nothing to prove that the total share has been decreased or that it is intended that it should be decreased. In the course of 1921 the Employers' Federation of Wholesale Merchant Houses in Cologne made an Agreement providing for family allowances to clerks and workmen, the cost of which were to be spread over the whole of the employers concerned. There were differences of opinion as to whether the individual employers were each bound to bear a share in this general cost. An Arbitration Committee decided on February 7th, 1922, that each was so bound, and in the course of the judgment said:<sup>35</sup> "If the allowances were to be abolished, then simultaneously the basic salaries would experience a very appreciable increase and indeed *an increase of such a magnitude that the total sum of wages and salaries payable by the whole of the members of the Association would be*

<sup>33</sup> See above, p. 156.

<sup>34</sup> William Eckert in Familienlohn; Freiburg, 1922, p. 31, agrees that it is chiefly a question of redistribution of the Gesamtlohnsumme.

<sup>35</sup> "Der Industrie und Handelsangestellte," 21.6.22.

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*considerably higher than is the case to-day,"* and the judgment goes on to say that there is no doubt that those who normally employ only single men are better off under the family allowance regime than they would be under the ordinary system, and that therefore those who employ few or no married persons can reasonably be expected to bear a share of the cost. The impression given by this judgment certainly is that by the aid of family allowances the total wage-bill has been definitely decreased, and that capital as a whole has benefited at the expense of labour as a whole.

Enquiries carried through by the German Textile Workers' Union, afford a certain amount of additional evidence. In this industry in 1922 out of 852,000 persons in Germany occupied in the textile industry, about 202,000 were employed in mills where the family wage was in force. These were divided up between the various districts in the manner shown in Table A. which also shows the wages and allowances given in May, 1923.

TABLE A.

Industrial Agreement for Textile Areas, where the family wage is in force (1923) and the rates of wages and allowances paid in May of that year.

Names of Area.	Persons. employed.	Hourly Wages.		Scale of Family Allowances.
		Men.	Women. Marks.	
M.-Gladbach- Rheydt	34,664	1995	1512	150 Mk. for the wife.
				160 Mk. for 1st child.
				170 " " 2nd "
				180 " " 3rd "
				190 " " 4th "
				200 " " 5th "
Aachen	10,053	2149	1602	160 Mk. a day for the wife and for each child under 14.

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Names of Area.	Persons employed.	Hourly Wages.		Scale of Family Allowances.
		Men.	Women.	
Köln	3,167	2250	1350	100 Mks. per hour for the wife and for each child under 14.
Bedburg	630	1790	1109	3900 Mks. per week for the wife and for each child under 14.
Düren	4,010	1772	1064	
Euskirchen	1,000	1803	1232	
Gummersbach	6,900	1800	1320	1500 Mks. per week for the wife and for each child under 14.
Rechtsrhein	60,000	1820	1430	1750 Mks. per week for the wife and for each child under 14.
Beuel	1,150	2250	1350	100 Mks. per hour for the wife and for each child under 14.
Viersen	2,842	2155	1725	3000 Mks. per week for the wife and for each child under 14.
Münsterland	30,331	1608.50	1214.50	250 Mks. per day for the wife and for each child under 14.
Crefeld	10,343	2155	1725	3000 Mks. per week for the wife and for each child under 14.
Neumünster	3,326	1919	1366	For the wife 10% and for each child 5% of the hourly wage.
Bielefeld	6,948	1531	1168	27 Mks. per day for the wife and for each child under 14.
Harburg a Elbe	1,400	1625	1010	15 Mks. per hour for the wife and for each child under 14.



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Names of Area.	Persons employed.	Hourly Wages.		Scale of Family Allowances.
		Men.	Women.	
Hessen	7,377	1400	1008	1 Mk. per day for the wife and for each child under 14.
Berlin	12,382	2168	1753	60 Mks. per hour for the wife and for each child under 14.
Nordhannover	5,834	1344	896	20 Mks. per hour for the wife and for each child under 14.

The wages in one of the most important of these areas, München-Gladbach (Rechtsrhein) have been analysed and the following Table (B) has been prepared.

### *Explanatory Note:*

There are approximately 34,000 Textile workers in this district; of these 48·5 per cent. are men and 51·5 per cent. women.

The figures in column (1) show the number of textile workers per thousand at each year of age, dividing up the 485 men and 515 women in exactly the same proportions as those shown by the German census of October, 1919.

It is necessary to utilise the census proportions because the actual number of textile workers at each age is unknown. Any variation in the scale, unless very large, would not affect the table to any important extent.

Column 3 shows the amount of the average wage for workers of each age expressed as a percentage of the wage payable to an *adult single man*.

Column 4 is obtained by multiplying Column 3 by Column 1, and represents the percentage of the total wage-bill (per 1,000 workers) payable to boys (or girls) of each age.

Columns 5, 6, 7, 8, repeat columns 3 and 4 for later dates.

In November, 1919, there were no family allowances; in December, 1920, they had just been introduced, and in

## FAMILY ALLOWANCES

July, 1923, they had been in force over two and a half years.

The calculation of the number of allowances payable is based on the fact known to the Union that the allowance is actually paid to 5,000 persons in respect of 16,000 beneficiaries.

TABLE B.

Number of persons employed.	Aged.	November, 1919.		December, 1920.		31 July, 1923.	
		Indi-vidual Wages payable per diem.	Total Wages payable per 1000 workers.	Indi-vidual Wages payable per diem.	Total Wages payable per 1000 workers.	Indi-vidual Wages payable per diem.	Total Wages payable per 1000 workers.
1.	2.	3.	4.	5.	6.	7.	8.
17 maleworkers	15	38·9	661	30·0	510	26·3	447
17 "	16	38·9	661	40·0	680	35·7	607
16 "	17	60·0	960	50·0	800	44·3	709
16 "	18	60·0	960	63·0	1008	57·1	914
16 "	19	80·0	1280	74·0	1184	65·1	1042
16 "	20	80·0	1280	88·0	1408	79·7	1275
14 "	21	100·0	1400	100·0	1400	95·6	1338
13 "	22	100·0	1300	100·0	1300	97·3	1265
360 "	23	100·0	36000	100·0	36000	100·0	36000
	and over						
15 female workers	15	31·4	471	27·0	405	25·1	377
16 "	16	45·7	731	36·0	576	33·9	542
15 "	17	57·1	857	45·6	684	42·0	630
16 "	18	68·6	1098	53·6	858	50·3	805
15 "	19	77·1	1157	60·0	900	56·8	852
15 "	20	77·1	1157	64·0	960	62·9	944
15 "	21	77·1	1157	70·0	1050	74·7	1121
15 "	22	77·1	1157	70·0	1050	74·7	1121
393 "	23	77·1	30300	70·0	27510	75·6	29711
	and over						
147 allowances for wives	-	-	-	3·8	559	1·1	162
324 ditto for children	-	-	-	3·8	1231	1·5	486
Total -	-	-	82587		80073		80348
			= 100%		= 97%		= 97·3%

Several conclusions may be drawn from this table. In the first place the relation of the juvenile rates to adult rates alters to the former's disadvantage after the introduction of family allowances, the inference being that allowances have been given at the expense of these younger workers. It will be observed that in July, 1923, the single man does

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not reach the full wage until the age of 23 instead of 21. Even taking the 21-year-old wage as 100 at the two later dates, the wages of the various juveniles would still show a relative decline.

Furthermore it will be seen that the additions to the wage-bill in the shape of allowances do not fully compensate for the falling off in the juvenile rates. Hence it may be suggested that the introduction of family allowances has apparently enabled the employers to carry out an economy in the total amount of wages paid out by them per 1,000 workers.

There is also another standpoint from which the matter may be regarded, that of the individual worker. What is the net difference to the family man, assuming that we are concerned only with the question of the redistribution of labour's share of the product of industry, quite apart from any question of an increase in that share? Appendix 4 shows in Column 9 that 1 per cent. of the average wage-bill would produce varying amounts of allowance per child according to the district and industry; where there are a large variety of trades included (as at Paris and Mulhouse), the figure should apparently be about  $2\frac{1}{2}\%$ , that is to say, it would be possible with the same sum of money either (a) to increase the wages of every worker single or married on the average by 1%, or (b) to pay to each married man an allowance per child of approximately  $2\frac{1}{2}\%$  of wages. Now compare the position of a family man with two children under the two systems supposing that one or other of them were in force throughout the whole of his life. Assuming a working life of 40 years and assuming for the sake of simplicity an average wage of £100 a year, then, if there is no family allowance system, this man would get £40 in extra wages, in the course of his life, whilst, if there were such a system, he would get an allowance of £2 10s. a year for 14 years in respect of each child, i.e., £70 in all; thus his net gain from the allowance system would be £30. Above all he would receive the money at the time when he most needed it. Appendix 5

shows the net gain or loss for different sized families and for various industries and areas and for differing lengths of working life.

The evidence thus surveyed seems to tend to show that the introduction of family allowances has not been accompanied by any marked increase in the share of the product of industry coming to labour as wages. Furthermore there are some facts and figures which support the suggestion that economies in the wage-bill have in point of fact taken place after the adoption of the allowance system. Nevertheless even if in some cases cause and effect is to be assumed, there is clearly nothing automatic about the process, in the sense that the effect of the poor law allowances on wages was automatic. Labour's total share in the product of industry depends largely on two factors, labour's productivity, and labour's power of organisation. In the light of modern industrial research, there seems to be good reason to believe that the increased sense of security given to fathers of families should result in a capacity for greater output without undue strain. Again, the fact that great numbers of children will be brought up on a higher and more reasonable standard, must—other things being equal—in the long run, mean the development of a higher level of skill and capacity in workmanship. Moreover, a higher standard of living should surely lead to better and stronger organisation.<sup>36</sup> It is the poorest-paid workers who are the most difficult to organise.

We are dealing with two distinct problems; the increase of labour's share in the product of industry, and the re-distribution of that share more nearly in accordance with the needs of the recipients; it is surely all to the good that the two questions should be clearly distinguished, for the more the various elements in the many problems are analysed and defined, the easier it becomes to concentrate attention on the settlement of any one. Similarly, the prominence given owing to war prices to the cost-of-living bonus as a factor in wages and the consequent use of index

<sup>36</sup> Compare "The Disinherited Family," p. 261.

numbers mark a real advance, because with them began the disentanglement of wage-changes necessary (because of altered prices) to *maintain* a standard, and those desirable in order to *raise* the standard of living or increase the real wage.

That there exists a possibility that the introduction of a system of family allowances may be accompanied either deliberately or inadvertently by a lessening in labour's share of the wealth produced, need not be doubted; but surely such a possibility exists at all times in the numerous rearrangements of the relations between the wages of skilled and of unskilled, between those of men and of women, of adults and of young persons, or again in all the adjustments of scales and tonnage rates, rendered necessary by changes in equipment or the introduction of more efficient plant or the adoption of altered processes. The remedy in every case is surely the same, a more adequate supply of industrial statistics so that light may be thrown where there is now darkness. Lack of information inevitably leads to maladjustments and in many cases to an unjustified suspicion of the ability of the employer to pay a given rate of wages. The amount of detailed information required in order to be properly informed regarding the volume of wages when a family allowance is introduced, is no greater, and often would be less, than that needed in many of the cases above enumerated.

This helps to make it clear how valuable and desirable it is that the cost of any family allowance given should be a fixed and known percentage of wages. Dr. J. van Bruggen considers that, if that essential condition is fulfilled, the adoption of family allowances need have no effect on the united action of the workers for higher basic wages.<sup>27</sup> Thus in suggesting that family allowances must depress wages, we are really mixing up a temporary with a permanent effect.

<sup>27</sup> *Sociale Voorzorg*, April, 1921, p. 268. It is also probably desirable that the individual scale of benefits should be expressed as a percentage of wages. Such an arrangement will be clear and permanent. It will also have the good effect that a wage or salary earner, gaining promotion, not only would obtain a high wage or salary but higher allowances for his family.

At the time of the change-over, a certain amount of confusion is possible, deliberate or otherwise, but when the amount to be paid has been fixed and carefully related to the standard wage, then any evil influence will probably have disappeared.

## CHAPTER XI

### THE FAMILY ALLOWANCE AND THE POPULATION QUESTION

" BUT do they not in some places pay the married men higher than the unmarried ?

" That's a worse trick still, Sir, for it tempts the poor thoughtless boys to get married to the first girl they meet."

CHARLES KINGSLEY—YEAST, Chapter XIII.

We have seen how the fear of a falling birth-rate has (especially in France) been one of the causal factors of the rapid development of the family allowance system; we have now to consider how far deliberate provision for the family is likely to have a stimulating effect on the population of a country as a whole. The seeming clarity of an arithmetic average has been at times in part responsible for some over simplification of this problem; but it is now being realised that a tendency as expressed in the changes in the birth-rate from year to year merely covers up a multitude of different movements, perhaps tending in the same direction at differing speeds, perhaps even in different directions. Furthermore the movement of each of these sectional birth-rates is conditioned by a great number of different causes, some economic, some political, some religious.

There is probably a danger of attributing to a wages system of this kind too great an influence over such a manifold and fundamental matter. As is now well known, the average birth-rate differs considerably not only as between rich and less rich and poor, but as between dif-

ferent occupations.<sup>1</sup> In each of these sub-divisions custom, morality and the economic motive play varying parts and the influence of the family allowance will vary in accordance with the importance of the last of these. Opponents have sometimes objected that the advocates of the family allowance system appear to regard the population question as wholly economic, whereas custom, religion and morality are the deciding factors. As regards the continent of Europe this view is not altogether fair. Most of the supporters of the system do not in any way forget the fundamental importance of the religious motive: they do however realise that it is not practicable to divorce the economic from the religious sphere, but that it is at least possible to remove economic obstacles lying in the path of conscience. The matter will thus if anything be the more closely identified with religious principle since economic complications will tend to be smoothed out.

Many heresies have been attributed unjustly to Malthus, but it is, I think, by general consent admissible to trace to his influence the view that a rise in the general level of wages necessarily leads to an increased population. As is well known, during the latter half of the 19th Century a considerable amount of statistical evidence accumulated showing that the tendency was in the opposite direction, viz., that a general rise in wages coincided with a fall in the average birth-rate. Probably the truth lies somewhere in between. The all important fact is the relation between the customary standard of life and the means available for the provision of such standard.<sup>2</sup> The effect of any given wage change would seem to depend on how far the nature of that change is such as to raise the latter on a level with the former or to raise the former in a greater degree than the latter, with the result that the gap between the two is widened. It may well be that in cases where wages were (or are) at or below the bare subsistence

<sup>1</sup> It is recognised, of course, that the differences may not always exist.

<sup>2</sup> Emphasized by Miss Rathbone, "The Disinherited Family," Chapter VI.



level, a rise had little or no effect on the standard of life. On the other hand, in so far as the introduction of a family wage system may be expected to influence the standard of living in an upward direction, then to that extent the family allowance may be expected to exercise a restrictive influence on the birth-rate.

In discussing the effect of the allowance on efficiency reference has been made to the cycle of poverty and to the fact that the habits, traditions and inclinations which determine the standard are formed in the case of the average worker just at the time when his family is most closely pinched by poverty and that the sudden accession of *relative* wealth on first reaching man's estate tends to be too strong a draught. By economic assistance at the critical period, it seems reasonable to suppose that the customary standard will be improved.

The whole subject of population is a vast and complicated one, and in this and other countries there is a complete lack of unanimity as to the goal to be striven for, a rising birth-rate or a stationary population. In Great Britain, on the one hand, it is maintained that an increasing population has always meant and must mean an intensification of general activity, and on the other it is pointed out that the influx in the labour market is already so large that it is doubtful when, if ever, we shall be able to absorb it, and that it is suicidal to encourage any increase. The question is too vast and far-reaching in its incidence for it to be possible even to attempt to arrive at a decision, but attention may be called to two points. In the first place it is relevant to lay stress on the obvious truth, which however is sometimes forgotten, that an increased supply of labour means also an increased volume of needs, which in turn must mean an increased demand for labour. In the second place much of the divergence of opinion in regard to the right ideal to pursue may be due to that same error which was referred to at the beginning of this chapter, namely that of treating the whole problem on the basis of a single arithmetical average;

when it is really a whole series of questions. One set of persons having their minds concentrated on one section of the whole, advocate encouragement, another with their eyes on another aspect take the reverse view.

This brings us to the question of quality as distinct from quantity. Here we enter a less controversial sphere. Here, too, the answer seems to be clearer. Improvement in average physique and intelligence should of a surety follow the provision of financial assistance at the period when better housing, more nourishing food, etc., etc., are especially needed. By such indirect means the family allowance system should not only diminish infant mortality<sup>a</sup> but should also improve the quality (in every sense) of those who do survive.

It may be asked, however, why this use of the word "should," what evidence is afforded us by the various continental experiments. Unfortunately—very little—the period of time which has elapsed since the introduction of family allowances on an extensive scale has been too short. It is true that just recently (September, 1925) there has been published the results of an enquiry into the birth-rate in a considerable number of the Compensation Funds of France, but the figures given need to be used with caution. They suggest that in the 20 or 30 funds, to which the figures apply, the proportion of families of different sizes seems to have very slightly altered, as the following table shows:—

	1924.	1923.	1922.
Families with one child	29·4 %	32·70 %	36 %
„ „ two children	30·9 „	30·97 „	30 „
„ „ three „	19·6 „	18·74 „	18 „
„ „ four „	10·9 „	10·33 „	9 „
„ „ five „ or more	9·2 „	7·26 „	7 „
	<u>100·00%</u>	<u>100·00%</u>	<u>100·00%</u>

Unfortunately, however, the value of these figures is vitiated by the fact that a few of the funds have since 1922 altered their regulations to omit the payment of allow-

<sup>a</sup> See Chapter XII.

ances to families with only one child. The number of children per contributory was 1.66 in 1922, 1.81 in 1923, and 1.93 in 1924, whilst the number of children per worker also showed a slight advance. The enquiry applied to funds whose members employed over half-a-million persons, and of this number 22.9% were contributories in 1923 and 23.43% in 1924, thus there has been a slight increase in spite of the fact that as stated above several of the funds have abolished allowances in respect of "only" children. One other qualifying circumstance has to be borne in mind and that is the possibility that the funds will have tended to draw to themselves an exceptional proportion of the workers with large families.<sup>4</sup>

On the whole, so far as any conclusion can be reached there seems to be but little reason to anticipate that the family allowance will have any very considerable direct effect on the birth-rate. It is only one of many factors. Qualitatively, however, the possibilities are very much greater. A real lifting of standards of living, not physically only but in every way, is a possibility which employer, trade unionist, militarist and philanthropist can join in endeavouring to transform into an actuality.

<sup>4</sup> The figures however certainly seem to dispose of the argument that the funds while obviating discrimination by individual employers, may merely substitute therefor discrimination by the fund as a whole.

## CHAPTER XII

### THE SOCIAL WORK OF THE COMPENSATION FUND

“ Les Allocations familiales sans restaurer un paternalisme demodé, constituent une heureuse tentative de rapprochement des classes.”

M. BONVOISIN.

REFERENCE has already been made to the steps which some funds take to ensure that the allowances are used for the purpose for which they are intended. This is a negative and perhaps undesirable function; but more constructive efforts have been made by some of the French Funds. Of chief importance is the child welfare work undertaken, work which in England is often carried out by municipal and private initiative, subsidised by individual employers. The nature of this work is fairly well known, but it may be worth while to give a few details of the experiments undertaken at Lyons, one of the most advanced centres. The system began in 1920 as the result of observation of the striking results of child welfare work in diminishing the infant mortality rate amongst members of a firm which had already gone some way in this direction. It is worthy of note that participation in the benefits of the scheme is entirely at the worker's option. The number of persons availing themselves of the advantages offered has, however, steadily increased. The procedure is as follows. After an employee has applied to be enrolled, a detailed medical history sheet is provided and maintained by a doctor and periodical consultations are

arranged in convenient centres. Special care is taken to watch the general development of the child and to advise the parents accordingly. Efforts are made to impress the importance of personal and household cleanliness. Special "visiteuses" are appointed whose duty it is to minister to the needs of the families, not by giving money or assistance in kind but rather by putting necessitous families in touch with the various previously existing organisations which deal with special needs. It was observed in Paris as well as in Lyons and other centres, that existing organisations were not utilised to the extent to which they might be, owing partly to ignorance of their existence and partly to inherent hostility to strange charitable associations. The work of the "visiteuses" is said to have been most successful, earning the confidence of the workers. Various anecdotes are current showing the respect in which they are held by the latter.

In addition to the work already mentioned efforts are made to arrange that the children shall have the benefit of consultations with specialists. Where necessary arrangements are made to send the children to the sea, or to the hills for a change of air, etc. Furthermore whilst the children are away the visiteuses often take the opportunity of imparting a knowledge of modern hygiene and household management, so that the effect of the change may not be wholly lost.<sup>1</sup> [See note on p. 189.]

Some French funds have arranged to continue the allowance to a child over the stipulated age, provided he is apprenticed or going to a technical school. At Le Havre the allowance is continued in such circumstances up to the age of 16; at Marseilles for three years extra to unremunerated apprentices, while Mulhouse, Orleans, Rodez and others give it for two years to children doing "des

<sup>1</sup> Similar systems have been installed in Paris, Roubaix, Troyes, Mulhouse, Belfort, Charleville, Dijon, Lille, Thiry, Orleans, etc. The Nancy Fund keeps a number of beds at its disposal at a sanatorium near by, to which children are sent at the expense of the fund. Employers subscribe 50 centimes per 100 francs of wages paid. As at Lyons the system is entirely voluntary.

études post-scolaires ”; at Lorient the boys' allowances stop at the age of 14, the girls' at the age of 16.

Early in 1921 an enquiry was set on foot by the Comité des Allocations Familiales to ascertain what would be the cost of maintaining the allowance to all boys during the period of their apprenticeship. From this it appeared that on the average only about ten per cent. of the boys became apprenticed and the maintenance of the allowance to these during the whole period of apprenticeship would cost, it was estimated, rather less than 1 per cent. of the wage-bill.

In Germany allowances are nearly always continued until after the period of training is over, even in some cases when such training includes a university course. In Holland a similar though less generous recognition of the importance of technical training is made by the Textile Workers' Fund at Tilburg. In the ordinary way children over 14 are deducted from the total in arriving at the number in respect of whom allowance is payable. If a child is apprenticed to a trade school no such deduction is made.

One fund (Tours-Familia) endeavours to encourage saving by undertaking to double sums deposited by the parents in the name of the children. Except for absolute necessities, of which the administrative committee of the fund is judge, these deposits must not be withdrawn until the child is of age.<sup>2</sup>

We come now to a consideration of that fundamental pre-requisite for all effective work for the improvement of the quality of the new generation—the presence of the mother in the home. It is a matter of common knowledge that in France and Germany, and still more in Belgium, it is fairly usual for the mother to work in the factory. This is an economic fact that has been frequently deplored and it is maintained that the family allowance will prove a remedy for it. Indeed, the effect of the allowance system in decreasing the proportion of working-class mothers employed in factories is put forward in some quarters as

<sup>2</sup> 2e. Congrès, p. 2.

one of the chief arguments in favour of the adoption of the system. The Belgian "Bond der Talryke Huisgezinnen,"<sup>3</sup> for instance, give special weight to this consideration, and the Christian Union of Railway Workers in the same country are of opinion that the allowance if universal would be really effective in combating this evil. In Holland the same argument was put forward in 1921 by Dr. van Bruggen.<sup>4</sup>

In France, in June, 1923, at the 3rd Congress of Compensation Funds in France, resolutions were passed dealing with this point—"que par toutes mesures favorisant en particulier le maintien de la mère au foyer, elles permettent à celle-ci l'exercice de ses droits et devoirs."

How far is it to be expected that the Compensation Fund will be effective in carrying out what is in effect a social movement of considerable magnitude? Its effectiveness is less certain than might at first sight appear. To begin with it is by no means certain that any such result as the disappearance of married women's labour from the factories is universally desired. The Director of the Haut Rhin (Mulhouse) Fund, while agreeing that in isolated cases it has indeed been found that the mother when in receipt of family allowances has given up working in the factory, yet does not think that this is any adequate basis for generalisation, and he adds:—"Moreover, except in the case of young mothers, it is not at the present time desirable that married women should give up the factory, since France as a nation is lacking in labour power." This cannot be regarded as an isolated expression of opinion. There can be no doubt of the existence of a shortage of skilled labour in France, but how far this has any relation to the large proportion of married women in factories, it is hard to say. There seems very little evidence to warrant the conclusion that (apart from war-time) the women have come in because of the lack of other kinds

<sup>3</sup> Union of Large Families, No. 2, p. 27.

<sup>4</sup> Sociale Voorzorg, April, 1921.

of labour. The question is far more intimately related to the matter of the general level of wages. Mr. Seebohm Rowntree says:<sup>5</sup> "The low wages in Belgium make it necessary for a considerable number of working men's wives to add to the family income by working themselves." He ascertained that in East Flanders, where the level of wages was low, the proportion of married women employed in factories was extremely high, being for example in Ghent six times as high as in Liège, while the rate of infant mortality was almost twice as high. Again in Germany, married women's labour in the factories is more common in districts where the level of wages is and for many years has been low, than in the Rhine districts and Westphalia, where better wages are paid. (See Tables Y and Z.)

Opinion in France varies as to the efficacy present or future of the family allowance in retaining the mother at the family hearth. As regards the Textile industry in the North, Monsieur Ley in an address to the Société d'Économie Sociale expressed the view that in Roubaix at any rate the family allowances have been successful in reducing the number of mothers of young children working in factories. A report on the work of this Fund, published early in 1924, asserted that the number of women who did *not* return to work after the arrival of their first baby was continually on the increase. Even those who returned, did so after a far longer interval than formerly.

It is interesting to note that it is the experience of this Fund that in very few cases do mothers with more than one young child work in the mills. This is in agreement with the figures arrived at by Mr. Seebohm Rowntree in his special Belgian study.<sup>6</sup> The number of families investigated was 413,771, and it was found that in 15,000 of these (i.e. 3.6% of the whole), the wife or mother went out to work; the incidence was however very uneven; of the married women without children ten per

<sup>5</sup> Land and Labour in Belgium, p. 77.

<sup>6</sup> Land and Labour in Belgium.



cent. were factory workers,<sup>7</sup> of those with one or two children 4 per cent.; of those with three or four 1 per cent.; of those with five or more children one-half per cent.<sup>8</sup> This evidence, combined with M. Ley's statement, seems to suggest that the prevalent tendency in France, towards omitting the first and even the second child from allowance benefit, will militate against the capacity of the compensation fund to deal effectually with this side of the problem. Clearly an allowance beginning with say the fourth child, as often in Holland, can have little or no influence.

Returning to a consideration of the present position in France, we find that at Bordeaux, the Fund agrees that the allowances will have a favourable effect in diminishing the number of mothers in factories, for it is thought that the allowance may in fact be regarded as the wage of the mother and the equivalent of what she would have got by working in a factory. At Angoulême in the paper mills and at Nevers in the iron and steel industry, the allowance is not considered to have exercised any appreciable influence in this matter, whilst from Les Sablons<sup>9</sup> it is reported that since the advent of the allowance system, the number of mothers employed in the factories has tended to increase.

On the whole, therefore, it would appear that very little influence has been or is likely to be exercised by the allowances except when (as at Roubaix) they are of considerable size. This appears to be the opinion of the Comité des Allocations Familiales, whose director says, "In certain centres where the allowances are exceptionally high a diminution of the amount of female labour in factories has been observed."

Generally speaking, in Germany, when the wife is also

<sup>7</sup> Land and Labour in Belgium.

<sup>8</sup> A statistical enquiry carried out by the German Textile Workers' Union, in 1922, covering 46,000 married women members of that body produced the following results. Of the total 42.6% had no children, 29.3% had one child, 16.3% had two, 7.4% had three, 2.8% had four, and 1.4% five or more. The enquiry dealt with children up to the age of 14.

<sup>9</sup> The position at Le Mans is similar.

working in a factory, the allowance normally payable to the husband in respect of the wife is not given and the child allowances are paid at less than the normal rates.<sup>10</sup>

The Christian Unions hold strongly that the allowances do diminish the proportion of married women employed in the factories. The "Zentralblatt der Christlichen Gewerkschaften" asserted<sup>11</sup> that "the family allowance system will at the very least have the effect of preventing an increase in the volume of married women's and children's labour. Unless the married men get help, the huge rise of prices will impose on many wives the necessity of earning a wage." More definite was the evidence put forward by the "Textilarbeiterzeitung" (Christian)<sup>12</sup> which pointed out that, as regards the Textile industry, the percentage of married women employed is smaller in the districts where family allowances are paid. The figures given (for members of the Christian Unions only) are as follows:—

TABLE X.

District where family allowances are paid.	Percentage of members of Christian Unions that are married women.	Districts where family allowances are not paid.	Percentage of members of Christian Unions that are married women.
1.	2.	3.	4.
Crefeldt District ...	11·94	Hanover ...	10·96
Aachen ...	11·13	Silesia ...	24·29
München-Gladbach ...	10·09	Saxony ...	34·82
Rhine—Rt. bank ...	11·43	Bavaria ...	31·80
Barmen, Elberfeld and Westphalia ...	7·04	Baden ...	20·25
		Württemberg ...	17·91

The following figures for textile workers generally, collected by the Social-Democratic Textile Workers' Union, differ considerably, but there are important points of resemblance.

<sup>10</sup> Reichs-Arbeitsblatt No. 1 of 1923, p. 5. The wife is considered to be employed if she does more than four hours paid homework.

<sup>11</sup> 6.2.22, p. 34.

<sup>12</sup> 25.3.23.

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TABLE Y.

District.	No. of persons employed in textiles.	No. of those who are married women.	Representing a percentage of total employees of	Representing a percentage of total female employees of
Hannover (N.W. Germany) ...	45000	8382	18.6	31.4
Cassel (Hesse-Nassau) ...	33100	4893	14.8	24.5
Barmen (Rhineland, Westphalia) ...	151000	21711	14.3	28.1
Stuttgart (Baden Würtemberg Bavaria)	86000	19000	22.2	33.1
Augsberg (Bavaria without Palatinate)	57000	18994	33.4	54.2
Gera (Thüringen) ...	33298	8698	26.1	45.4
Dresden (Saxony) ...	284227	66613	23.4	34.9
Liegnitz (Silesia province) ...	59808	20682	29.6	43.1
Berlin (Brandenburg) ...	59000	22213	37.7	58.2
Aix la Chapelle ...	8000	1895	25.2	41.5
Barmen ...	25685	4162	16.2	37.5
München-Gladbach ...	33178	3378	10.2	19.8

TABLE Z.

District.	% who are sole bread-winners.	% whose husband's earnings are inadequate.	% who work to provide furniture, etc.	% whose husband is unemployed.	% whose husband is invalid or in illness.	% having family relations to maintain.	% whose husband neglects his family.
Hannover	40.9	39.6	10.7	2.2	4.8	1.1	0.7
Cassel	36.2	46.4	7.2	3.5	5.8	0.4	0.3
Barmen	20.3	61.6	9.9	0.9	6.0	0.8	0.5
Stuttgart	21.5	69.5	3.7	0.9	3.9	0.4	0.1
Augsburg	16.8	79.5	0.5	0.5	2.4	0.2	0.1
Gera	33.9	55.4	4.3	1.2	3.8	1.2	0.2
Dresden	32.2	59.7	2.7	1.1	3.6	0.6	0.6
Liegnitz	27.4	67.2	1.2	0.9	2.7	0.6	0.07
Berlin	40.8	52.4	1.8	1.5	2.9	0.6	—
Average	29.5	61.6	3.4	1.1	3.7	0.6	0.11

It will be seen both tables show an exceptionally large proportion of married women in Bavaria, Saxony and

Silesia and a particularly low proportion in the Rhine districts and Westphalia. Undoubtedly the figures do produce a very striking cleavage between the "allowance" districts and the "others," though it would be unwise to assume cause and effect. In the first place, it is necessary to allow for the existence in the Rhineland of certain textile industries which are unsuited for women,<sup>18</sup> though this objection can be met by pointing out that the proportion even of married women to total women employed is low in these districts relatively to others.

There are complicating factors. We are confronted with the reverse side of the phenomenon of low wages and plentiful married women's labour to which reference was made above. In Saxony and Bavaria this level has always been low. Then again the fact that in Saxony, Silesia and Bavaria, the textile industry stands either alone or predominant, is of some importance. Finally, it has to be remembered that a large part of the Rhineland population is engaged in mining, i.e., in most cases on shift work—alternate day and night work, which makes it very difficult if not impossible for the wife to work in a factory. The exceptionally low figure shown by both tables for München-Gladbach is accounted for by a peculiarity in the local customs. There it is the usual thing for all the children even when over age to hand over practically the whole of their earnings to their mother instead of only a bare sufficiency for cost of board as is elsewhere generally the custom. Consequently the wife is less disposed to undertake outside factory work.

This analysis has shown at least one thing—the extraordinary difficulty of isolating any single cause. Nevertheless, neither in Germany, nor in France or Belgium does there seem to be strong ground for assuming that the institution of family allowances will have a powerful direct influence in restricting the work of the mother to the home, unless the rate of benefit is considerably increased. Indirectly the position is perhaps more hopeful, it is quite

<sup>18</sup> e.g. Towelling at Aachen and carpets at Crefeldt, Düren.

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conceivable that the social work of the funds may so educate the wife or mother as to the evils of factory work that she may be disinclined to undertake such work, preferring where possible to devote herself to the care of her own household.

**NOTE.**—Attention may be called to the most recent manifestation of this social endeavour, namely, the "allocation maladie." This was inaugurated in 1924 at Roubaix, where an allowance of 5.25 francs a day is given to all workers, from the 9th day of illness for a period of 90 days; various other special sums are allowed in case of surgical operations, etc. There are also allowances to the wives of workers in respect of operations. The scope of the work is undoubtedly increasing, but in 1925 the amount expended at Roubaix was 287,988 francs as compared with 19,666,092 for family allowances. Similar systems have already been established in Paris, Lyon, Toulouse, Beauvais, Cholet, Fourmies, Lille, and Thizy, and the matter is now (February 1926) under discussion in a large number of others. The experiment seems everywhere to be meeting with success.

## CHAPTER XIII

### THE FAMILY ALLOWANCE IN AGRICULTURE

IN agriculture the family allowance has received a rather less extended application than in industry and commerce generally. Perhaps this may be accounted for by the difference in the conditions. As a rule in agricultural districts workmen are not employed in such numbers together. Often the social organisation is entirely different, owing to the existence (in France for example) of large numbers of peasant proprietors, to whom the extra child may be an additional resource rather than an economic burden. On the other hand, there are reasons which would have led one to expect that, in France, at any rate, the allowance would have been introduced at an early date and developed very extensively.

The desire to increase the population which has been so powerful a motive in stimulating interest in the allowances, is of essential importance as regards agricultural workers. A plentiful and vigorous supply of such workers is of the greatest value, both for the wealth and for the security of a country, and apart from the general fall in the French birthrate, the proportion of the total population employed in agriculture has notably declined during the last 70 years. Of the total occupied population in France:—

In 1850—	24·6	per cent.	was urban	and	75·4	per cent.	rural.
„ 1866—	31·1	„	„	„	„	„	„
„ 1896—	39·1	„	„	„	„	60·9	„
„ 1911—	42·2	„	„	„	„	55·8	„
„ 1921—	about	50	per cent.	was urban.	<sup>1</sup>		

It is true that this tendency, like that towards an increase

<sup>1</sup> All persons inhabiting communes of over 2,000 inhabitants are classed in the French Census as urban. It has even been stated that the total number of pupils in rural schools decreased between 1911 and 1922 by as much as 50%.

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in the proportionate number of persons employed in commercial occupations has revealed itself in many countries. It is no doubt in part due to the fact that years ago many persons residing in the country and so included in the agricultural population were really engaged in various separate occupations, such as the making of certain agricultural implements or other subsidiary work, which is now done in factories in industrial areas. This, however, is not enough to account for the big change in the ratio, *vis.*, from 75.4 to less than 50.

Up to 1923 there existed only three agricultural funds, but during the years 1924 and 1925, there have been signs of much wider development and in June, 1925, there were as many as 16 agricultural funds in existence.<sup>3</sup> Seemingly this increased application of the principle to rural districts is largely the result of the competitive pressure of the allowances given in the industrial districts, that is to say it was found impossible to permit the family allowance to be added to the numerous other circumstances drawing the population into the towns. It has been stated authoritatively that the French peasant has for some time tended to purchase a greater and greater proportion of the food he consumes, so that his economic position approximates more and more closely to that of the factory worker in a town. As a result it has become more and more difficult for the agricultural worker to support a family on the wage he receives. It is true that in a few isolated cases efforts were made before the war to assist the father of large families, but nothing on a large scale was done until the foundation in 1920 and 1921 of the three funds of Bordeaux, Tours and the Ile-de-France.

The earliest fund, that in the Touraine, was founded in May, 1920, as might be expected, in a district of large estates where the organisation could be practically on the lines of an industrial fund. It is in districts where peasant proprietors and medium and small holdings are the rule that difficulties have arisen. The Touraine

<sup>3</sup> Bordeaux, Tours, Ile-de-France, Orleans, Evreux, Arras, Chateaudun (Eure-et-Loir), Eu (Eure-et-Loir), Soissons, Montpellier, Pays de Caux (Seine Inf.), Nancy (Meuse), Laon, Meaux, Lisieux (Calvados), Rouen.

Fund includes one rather interesting provision. Allowances are payable to all labourers, who have at least three children alive, those who have died whilst in military or naval service are counted for this purpose as living. But in order to check the exodus from the country, children who abandon agricultural work are not counted, exception being made, however, in favour of the trades of harness maker, wheelwright, blacksmith and cooper, provided they are exercised in a rural district.

One of the great (perhaps the greatest) decision, which the agricultural funds have to take is as regards the treatment of foreigners, who are forming an ever-growing proportion of France's rural population.<sup>3</sup> Some funds confine their benefits to Frenchmen, but the best opinion seems to be that this is unsound, since it is vital that every effort should be made to assimilate the immigrants, rather than to label them permanently as outsiders and perhaps drive them into independent organisations.

Considerable discussion has centred round the question of the basis of contribution; the obvious, and in fact the most general one, is the hectare. It has, however, been found that in certain cases such a system tended to bear too hardly on farms where cultivation was extensive rather than intensive in character. In the Bordeaux district for example the area covered by the Fund included both vineyards and a part of the "Landes," and as a result the personnel basis was adopted. Apart from this and one or two other cases, the hectare basis is universal.

The amount of the benefits granted has varied considerably. In the majority of funds a scale of allowances is fixed and the contributions of the members are set at a level sufficient to provide such scale, but in one or two cases, the benefits given have been in the nature of a "share out,"<sup>4</sup> i.e., the employers' contributions have first

<sup>3</sup> In the Soissons area it was found that 45% of the agricultural labourers affiliated to the fund were foreigners. It has been recently stated that the number of foreigners in France has increased during the last three or four years from about 1½ millions to 2½ millions. D.O.T. Report on France by J. R. Cahill, p. 168.

<sup>4</sup> e.g. Tours and Bassigny.



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been fixed and then whatever money was available at the end of the year has been divided amongst the family men concerned. The benefits given vary considerably. Some funds grant no benefit to the first two children. A moderate scale of benefits is for the first child monthly 10 francs, for the second 15, for the third 20, for the fourth 20, for the fifth 25 francs and so on.<sup>8</sup>

As regards the cost of these allowances to the employers it is of interest to note the results of a special examination made by the Société des Agriculteurs de l'Oise; the enquiry covered 23 farms representing an area of 11,401 hectares of arable land and 1,044 of meadowland, i.e., 12,445 in all. The total number of workmen in this area was 794, that is, approximately one man per fifteen hectares. It was calculated that a subscription of four to five francs per hectare is equivalent to 1 to 2 per cent. of the annual labour cost per hectare.<sup>9</sup>

As already pointed out, these funds exist in districts where the large estate is the prevailing type. More difficult is the problem where there is a large proportion of peasant proprietors and where, as Monsieur Pinat said,<sup>7</sup> of the Grenoble rural area, "les terres sont morcelées, les gros domaines sont rares, les ouvriers agricoles font exception." How is the fund to be supported? It is clear that the institution will have to take some form of mutual insurance, and the difficulty is so to arrange the attractions of the scheme that the proportion of "risks" shall be a fair one. In M. Pinat's view the peasant is of a somewhat cautious and calculating character, and consequently "S'il est sans enfant, il ne marchera pas; s'il a limité sa famille,

<sup>8</sup> The qualifying period of service is generally about six months, though longer in certain cases for foreigners.

<sup>9</sup> The contribution is as a rule from 3-6 francs per hectare, though in some cases it is as low as 1.25 and as high as 10. One or two funds include an arrangement whereby members having themselves a number of children are excused a portion of their contribution. In the Orleans district the member pays 1½% of the wages bill.

<sup>7</sup> and Congrès, p. 51.

ou compte la limiter, il ne marchera non plus. Seuls consentiront à s'associer les jeunes ménages solides, vigoureux et décidés à avoir des enfants sans compter."

It is evident that such a state of affairs would quickly bankrupt any fund, since nearly all the members would ere long draw out more than they paid in. Monsieur Pinat therefore proposed the following plan as the only one practicable; any form of compulsion being regarded as entirely out of the question. Any head of a family may become a member, whether he is a landowner or a shopkeeper. Each head of a family pays an annual subscription in proportion to the size of his "domaine." In addition, if he employs labour other than that of his own family, he pays an extra sum in respect of each of such outside persons. Furthermore, each agricultural commune is invited to subscribe in proportion to the number of its hearths; in addition, honorary members are to be accepted. The rate of subscription proposed were as follows: from 3 francs per hectare for the smallest properties, up to 5 francs per hectare for properties of more than 25 hectares; in addition, for each "stranger" 15-20 francs a year. Each shopkeeper pays the rate for 15 hectares of land (60 frs.), and in addition in accordance with the number of his employees. A commune pays 10 francs per inhabited house. The benefits are to vary from 5 francs a month for the first child to 30 francs for the 6th. It is proposed that heads of families who do not join the Fund within the first six months but who do so subsequently, should only be entitled to allowances in respect of those children who are born subsequently to the date of their joining the Fund. Such was in outline the proposal<sup>a</sup> made by Monsieur Pinat for the provision of family allowances in those districts where the large farm or property is rare, and where the wage-earning agricultural labourer is the exception rather than the rule. It is obvious that such an institution has very little in common with the ordinary type of Compensation Fund. Allowances of this kind can have little or no reaction on the wages question, and they cannot be called an expression of the principle of distribu-

<sup>a</sup> A fund on these lines was brought into existence in 1924 at Bassigny.

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tion in accordance with needs. Such an institution is really in part a question for the philanthropist and in part one for the actuary.

In Holland the family allowance system is fairly general among agricultural workers; allowances are provided sometimes in kind and sometimes in money. No compensation fund exists. The conditions under which the allowances are given vary considerably; generally every child is eligible, up to 13 years, but in some cases the limit is as high as 15 or 16. At Mill every agricultural labourer is entitled to 250 Kilogrammes of winter potatoes in respect of each child *over* six years of age. Workers in the flower-bulb industry also get child allowances in kind.\*

In Germany there are really two types of agricultural labourer, regular workers who live on the estate (chiefly found on the big properties of Northern Germany), and secondly day labourers employed more or less permanently. The former class receive a large part of their wages in kind and, in fixing these, allowance is made for a family of an agreed size, as a rule for two to four children; for each child in excess of the agreed number the amounts of milk, grain and potatoes are increased.

It has for many years been the custom to give these extra supplies to the family man, but it must be realised that this by no means constituted a family wage in the modern sense, for the labour contract was not between landowner and worker, but between landowner and *family*, that is to say, the other members were expected to work as well as the father, so that the large family meant a larger yield of work for the employer. Thus a true family wage can be said to exist only where there is a clause in the agreement laying down that the wife and other members of the household are not bound to work whenever called upon by the employer. The case of the free labourer is different; and the labour agreement in his case approximates to that normal in industry. Allowances are fairly

\* The first Belgian Agricultural Fund was in process of formation in the Autumn of 1925.

common, and are paid sometimes wholly in money, sometimes partly in cash and partly in kind. In most agreements it is laid down that the allowances are given subject to the worker coming regularly to work; in certain cases a minimum number of hours is expressly stipulated for.<sup>10</sup> As in Holland, there are no agricultural compensation funds.

<sup>10</sup> Deutscher Landarbeiter Verband. Statement 4.10.22, also Ernst Timm, Familienstandslohn, pp. 35 *et seq.*, and Reichs-Arbeitsblatt No. 1 of 1923.

## CHAPTER XIV

### STATE COMPULSION

**"Une fois de plus les mœurs auront précédé les lois."  
MONSIEUR MATHON.**

If it be considered desirable that allowances should be paid to wage-earners in proportion to the number of children dependent on them, then is it not the duty of the State to ensure that such allowances are paid to *every* wage or salary-earning worker? If such allowances are essential elements of a satisfactory minimum standard, then it may be contended that the state should insist on their provision just as it enforces other elements in essential minimum industrial standards, e.g., in this country by Trade Board Acts, Factory Acts, etc.

An obvious distinction must first be emphasised. The State may either itself pay for the allowances, i.e., force all the taxpayers to pay for them, or it may simply compel the employers to pay allowances without itself contributing anything towards the cost.

What then is the true function of the State? On the one hand we may take Monsieur Romanet's view that responsibility is split into three, it is the duty he says of the parents to provide food, lodging, nursing and "le bon exemple"; of the State, to provide for the child's general education and also to assist by giving to large families partial exemption from taxation, while it remains for the employer to provide wage allowances and so make it possible for the parents to do their work adequately.<sup>1</sup>

<sup>1</sup> Les Allocations Familiales, p. 7.

On the other, we may accept a broader view of the State's responsibilities, a view that is well exemplified in a considered statement made by Professor Aengenent at the Social Insurance Congress in 1921.<sup>3</sup> The State, he considers, has a two-fold function. Negatively, it should see to the maintenance of all just rights, for failure to obtain just rights is a primary cause of discontent. If the child allowance could be shown to be a strict right, then, in Professor Aengenent's view, it would be the duty of the State to enforce the payment of such allowance, but in point of fact he does not come to that conclusion. He holds closely to the principle of equal pay for equal work. However, he attributes to the State a further function; social questions, he says, must be settled not by strict justice alone but in accordance with the general community interest, and it is the duty of the State to give expression to this general community interest. After setting forth his demand for an absolute family wage for every wage-earner, i.e., a wage adequate for the maintenance of an average family, Professor Aengenent goes on to maintain that in Holland the general sense of the community is in favour of allowances in respect of children above the average number. Private initiative, he says, cannot satisfactorily provide these allowances because of the danger that some employers will discharge their family men in order to obtain a competitive advantage. This, therefore, he considers, is ground for State intervention, but not for State subsidies. It is the State's business to see that individuals do their duty but not to do it for them.

One cannot but feel, however, that the State should be slow to move, for experience has frequently shown that legislation which precedes rather than follows public opinion is ineffective. In this as in other matters, there appears to be considerable truth in the old view that a new idea or new principle is best developed by private initiative, and that the State should intervene only when a condition of stability has been reached, and then only to generalise a

<sup>3</sup> Verzamelde Referaten—Rijkskindertoelagsfonds.

minimum standard, beyond which the best firms will already have passed.

Perhaps the most obvious argument in favour of State compulsion and the institution of State compensation funds is that indicated above by Professor Aengenent; that it is undesirable that the conscientious and humane employer should be placed at a disadvantage relatively to his less scrupulous competitor, or to any competitor who chooses to limit the number of family men he employs. Private Compensation Funds can do something to meet this danger, but their capacity for good is dependent on an employer's willingness to join such a fund. A big firm may be in a sufficiently powerful position to refuse to have anything to do with family allowances, and in consequence it may be impelled to obtain a competitive advantage by paying only the same standard wages without any allowance as the other firms that are members of the local fund. In France this is stated to have occurred on various occasions.<sup>3</sup> Surely this is rather a matter of defective organisation or the lack of a collective agreement, since there seems otherwise no reason why labour should tolerate less favourable working conditions in one firm in this particular matter and not in others. Possibly, as in the case of Trade Boards, compulsion would stimulate improved organisation.

Another argument in favour of compulsion is that it obviates any possible weakening of labour's power of resistance, since, if every employer pays family allowances, then no worker need be afraid that, if he loses his job, he will be unable to get back to a firm paying such allowances.

At the present time in France organised labour, as represented by the C.G.T., favours the introduction of State compulsion. It has been urged that, even with the establishment of a Compensation Fund, it would still be advantageous to every employer belonging to such a fund to

<sup>3</sup> In discussing compulsion it will be convenient to deal at first specifically with the situation (past and present) in France, where this question has been more prominent than elsewhere.

keep down as low as possible the number of family men he employs, so as to reduce the amount of his subscription to that institution. In practice, however, this has not proved to be the case.<sup>4</sup> For one thing the effect of the introduction of the allowance system has been to call attention to the disadvantageous position of the family man and to stimulate a sentiment in favour of giving him preference, e.g., by discharging him last. Again attention should be given in this connection to the Werister coal mine in Belgium where, although substantial family allowances are given, the number of employees with large families is exceptionally high.

More compelling than any of the arguments so far adduced, has been the fear in France of progressive depopulation. There is a reaction against the individualist tendency of most French legislation since the Revolution<sup>5</sup> in favour of laying greater stress on the importance of fostering the "cellule familiale" the basis of modern society.<sup>6</sup>

The universalisation of the family allowance is regarded as one of the more important of a series of measures aimed at the encouragement of the large family. It is not forgotten that the problem of population is moral and religious and not merely material; but it is thought that the family allowance will at least remove all material and economic obstacles to the functioning of moral and religious principles. The population question in France being so urgent, it is felt that if the family allowance is to prove an efficacious remedy, it must be generalised quickly.<sup>7</sup>

<sup>4</sup> The figures given by Colonel Guillermin in his address at Rouen in July, 1925, are significant; they relate to 30 funds whose members employ nearly 600,000 persons; the number of "attributaries" was 22.9% in 1923 and 23.43 in 1924. See also page 213.

<sup>5</sup> "L'état a concentré ses efforts pour élever des électeurs et non des pères et mères de famille." M. Mathon, 1921.

<sup>6</sup> "Une famille nombreuse est la première école de la solidarité, elle développe le dévouement qui fait le fond de l'esprit civique et militaire." Arsène Dumont, Natalité et Démocratie.

<sup>7</sup> The opening passage of the preamble to M. Bokanowski's Bill makes this clear: "Le Problème du relèvement de la Natalité Française est devenu d'une telle urgence, que personne, en dehors d'un petit nombre l'aveugles volontaires qui se désintéressent en principe de la grandeur et de la sécurité de ce pays, ne conteste plus la nécessité de la résoudre rapidement et par les moyens les plus énergiques, quelques sacrifices qu'il en puisse coûter aux particuliers et à la Nation."



Persuasion and propaganda are inadequate; therefore, recourse must be had to legislative compulsion.

Before describing in detail the provisions of the Lokanowski Bill, it may be well to enumerate shortly the various laws in operation in France for assisting the family and especially large families.

- 1) The laws of 7th and 14th June and 3rd July, 1913, give to every woman deprived of all resources other than her own work 28 francs before confinement and as much afterwards, the money being paid out of communal funds. These laws also give a nursing allowance of 14 francs for the first child and since October, 1918, a monthly allowance of 15 francs for 12 months, if the mother nurses her baby herself.
- 2) They also give to every father of at least four children, who has no resources other than his own work, 5 francs a month from communal funds and 10 francs from the State Funds, a total of 15 francs for 4 children.
- 3) By Article 92 of the Finance Act of 30th April, 1921, departments and communes may institute a confinement allowance, one-third of the cost of which will be borne by the State. In 1922 thirty Departments had taken advantage of this. (Communes have in a few cases refused to pay these allowances, when persons are in receipt of family allowances from Compensation Funds.
- 4) On July 22nd, 1923, a law of "encouragement to large families" was passed which provides :—
  - (1) That an allowance of 750 francs a month should be paid by the State in respect of every child beyond three, whether legitimate or not.
  - (2) That the allowance is to be paid up to the age of 14, and continued for a further two years if the child is apprenticed.
  - (3) That Communes may, if they wish, form their own funds to increase the national allowances.

This Act came into force at the end of 1923.

A scheme for throwing on the State a part of the burden of family allowances was put forward as early as 1919 by Monsieur Brenier, a deputy. Each working class child under 13 was to receive an annual allowance of 220 francs. The number of children that would benefit he estimated at 2,630,000 and the cost in consequence at about 580 million francs; this was to be borne as to half by all employers, their contributions being arranged on a steeply progressive scale. The employer of an individual worker would pay 20 francs, the employer of 100 workers would pay 50 francs a worker, of a 1,000 workers 80 francs, of 2,000 90 francs and so on up to 110 francs per worker for a firm employing 2,000 to 10,000 persons. The other half of the cost was to be borne by the State, the departments and the communes, in certain fixed proportions. The great objection to such a scheme would seem to be that all are entitled to the benefits whether they make any attempt to obtain work or not, the only qualification being the absence of income exceeding a certain minimum, e.g., 3,000 francs p.a. in a commune of less than 10,000 inhabitants.

Much more important is the Bokanowski Bill introduced by a deputy of that name in February, 1920. It was proposed that it should be compulsory for every employer to belong to a compensation fund giving a certain minimum level of family allowances. In so far as in any locality there was no fund which a firm could join, then the State would establish a district or regional fund. The minimum subscription payable by the employer was fixed at 5 per cent. of the wage-bill. The benefits provided by the bill consisted of (1) Confinement Allowances amounting to two-thirds of the monthly wage or salary for the first child and one-third for each subsequent child; (2) A nursing grant to each mother nursing her child herself, the grant to be one-tenth of the monthly salary per month for ten months; and (3) Monthly allowances for each child up to the age of 14, the allowance for the first child to be not less than 5% of the monthly wage or salary, and for each subsequent child not less than 7½%. The funds were to be administered by the employers. The costs of administra-

tion were to be borne by the State. (The text of the bill will be found in Appendix 7.) This proposal met with the most violent opposition from practically all employers' associations and other bodies concerned including such Compensation Funds as then existed. In June, 1920, the Congrès des Sociétés Industrielles de France pronounced against the bill; three months later the Congrès de la Natalité assembled at Rouen expressed the view that "Considérant qu'il est nécessaire, surtout au moment où il faut trouver les solutions les plus efficaces, de laisser à l'initiative privée toute liberté pour rechercher dans quelles conditions les employeurs doivent verser les allocations familiales et que dès là l'ingérence législative ou administrative est de nature à décourager bien des bonnes volontés. Que, notamment, la proposition, de M. le Député Bokanowski . . . inspiré par un souci généreux du progrès social irait dans la pratique, à l'encontre du but envisagé."

In November, 1920, the Assembly of Chambers of Commerce (134 chambers represented) expressed its agreement with these views. In March, 1921, the Assemblée Plénière du Congrès des Agriculteurs de France, resolved that "le parlement rejette la proposition de loi Bokanowski." At the end of the same month, l'Union des Intérêts Économiques passed a similar resolution, which was adopted by over a hundred and fifty employers' associations.

In the course of 1921 the matter was referred to the consideration of the Conseil Supérieur du Travail, which on September 17th, 1921, having considered a favourable report by M. Pralon, adopted a resolution declining to take up any definite attitude on the question of compulsion until after the Social Insurance Bill had been examined. As a result the proposal was indefinitely shelved.

On March 7th, 1922, a meeting of presidents of Chambers of Commerce (125 Chambers represented) was held at Paris and after discussion recommended:—

- (1) That Parliament reject this Bill or any other similar bill. . . .

- (2) That in any case the discussion should be postponed in order to enable the system to spread without compulsion and in order that the general method of application should be determined in the light of longer experience.
- (3) That all available means of propaganda should be utilised in order to enlighten employers, who have not yet become members of compensation funds, as to their objects and method of operation and to induce such employers to take their share in this social duty by becoming members of these funds.<sup>9</sup>

Other similar manifestations of opinion followed. For example, in August, 1922, the Chamber of Commerce at Le Mans<sup>9</sup> resolved that in view of the remarkable development of this institution during the last two years "les caisses d'allocations familiales puissent continuer à se développer librement à l'abri de toute contrainte administrative et que les employeurs de toute catégorie adhèrent en masse au principe de la compensation, devenue une modalité normale du régime du travail." Two months later the district Committee of Chambers of Commerce of the XIth Economic<sup>10</sup> Area passed a similar resolution, whilst in November the 15th Congress of the Confédération des Groupes Commerciaux taking into consideration the continued satisfactory progress in the number of compensation funds and the adequate evidence of their vitality, decided that "Toute loi rendant le sursalaire obligatoire soit rejetée."<sup>11</sup>

What then are the reasons for this determined opposition to and fear of compulsion? In the first place, it is urged that any form of State action must necessarily mean rigidity and lack of ability to adapt the institution to vary-

<sup>9</sup> Industrial and Labour Information, 24.3.22.

<sup>9</sup> La Journée Industrielle, 16.8.22.

<sup>10</sup> La Journée Industrielle, 26.10.22.

<sup>11</sup> Entirely in accord is the view expressed early in 1923 by the recently constituted Belgian Comité d'étude des Allocations Familiales, who said, "Ce ne serait plus l'accomplissement spontané d'une idée sociale généreuse, mais au contraire l'accomplissement d'une obligation qui constituerait un véritable impôt."

ing local needs and conditions. The innumerable differences between one fund and another, differences in plan of administration, basis of contribution, method of payment, amount of allowances, etc., offer evidence of this diversity, and it is claimed that, if the compensation fund fails to adapt itself to local conditions, it will be disastrously checked in its development and probably will meet with the fate of some French social laws. This was the standpoint of Monsieur Bernard, who at the 1921 Congress of Compensation Funds pointed out that the institution had not had time to stabilise, but was still developing and changing, and that consequently it would be a mistake to fit over it the iron framework of a uniform law, which would stop all initiative and improvement; "*plus d'effort nouveau ni d'un côté, ni de l'autre, mais la douce paralysie qu'apportent partout les règles stables de l'administration.*"

Again it is objected that the cost will be much greater, since the bill proposes the payment of larger allowances than are at present customary. (See Appendix 2.) One of the few funds in favour of compulsion is that of Roubaix, where the average contribution is  $6\frac{1}{2}$  per cent. of the wage-bill.

It is also held that the cost of administration of State funds would be greater than that of local funds, on account of the numerous checks and counter-checks necessary, and these, added to the cost of control and supervision, would, it is claimed, mean the imposition of an additional and unnecessary burden on industry.

There is also the difficulty of fixing a suitable minimum benefit; any uniform benefit selected would probably be equivalent or nearly equivalent to that given by the richer or more generous firms and would be unfair to those in a less strong position. Some industries, it is urged, are not yet in a position to give allowances at all. Furthermore, if too high a benefit were fixed, export trade would be handicapped by the difficulties of foreign competition, which would be intensified by higher French costs of pro-

duction.<sup>12</sup> Two points arise. In the first place, in so far as the allowance can be regarded rather as an improved method of distribution than as an additional remuneration for labour, (and we have seen that it should be largely so regarded), to that extent the question of foreign competition and of inability to pay the necessary allowances does not arise. Secondly, it is difficult to reconcile professions of generosity with fear of foreign competition owing presumably to increased costs and increased prices. Earlier in this very speech M. Deschamps had spoken of "le merite qu'a eu le patronat francais de se taxer spontanement en faveur des familles ouvrières."

In the course of the debate in the Conseil Supérieur du Travail on M. Pralon's report, M. Patois enquired whether the allowances were charged against general costs of production or against profits. With apparently superfluous scorn, the rapporteur replied that the two things were really exactly the same. It is true that M. Patois framed his question badly, but his meaning was clear. It is true, of course, that it makes no difference whether the cost of the allowance is shown as part of producing costs or as a separate item diminishing (or increasing) the profit or loss balance, always assuming that the selling price is arbitrarily fixed by independent factors, but in the home market there seems no adequate reason to assume any such thing. The important point is the intention of the employer. If all employers in, say, the textile industry pay family allowances, is it the intention of the manufacturers, where possible, to increase selling prices to cover any expense involved in the grant of the allowances, and so to leave the level of profit untouched, or is it their intention so far as they have control to leave prices alone and allow the extra expenditure on family allowances to come out of profits? In discussing the merits of the Bokanowski Bill in July, 1922, M. Miollais, a Master Printer, questioned the desirability of adding 5 per cent. of the wage-bill to the retail price of everything when the result aimed at could

<sup>12</sup> La Journée Industrielle 18.8.22. M. Deschamps, Semaine Sociale.

be obtained by an expenditure amounting to no more than a per cent.—no question here of “bienfaisance.”

More important is the argument that the introduction of compulsion will deprive the employers of the moral and psychological benefits of their “*geste de solidarité sociale*.”<sup>14</sup> The workman, says Mons. Bernard, would lose sight of the real source of these allowances,<sup>15</sup> viz., the employers. The allowances would cease to be of value as a means of improving the relations of capital and labour. They would come to be looked upon, like health or accident insurance, as a kind of tax. Compulsion would mean the substitution of obligation for a social duty, and obligation is generally unfruitful. This objection has, however, probably carried very great weight not only with the employers in causing them to oppose State intervention but inversely with the Trade Unions in causing them to advocate it.

Great emphasis has been laid on the desirability of giving opportunity for the further free development of individual initiative, which has achieved so much success. It is, perhaps, true on the other hand, that “individual initiative” sometimes covers not very worthy motives. M. Ley mentioned a case at Tourcoing, where some of the members of the Chamber of Commerce who gave this reason for voting against compulsion were themselves actually not members of the local Compensation Fund.<sup>16</sup>

Care must also be taken to avoid an erroneous impression that the Funds are unanimous in their opposition to any form of compulsion. There is a minority which approves of some form of compulsion, in certain cases even of the Bokanowski Fund. As M. Ley said in May, 1922, “*Nous nous trouvons donc en présence de profondes divergences de vues entre les patrons eux-mêmes.*” M. Deligne of the Master Printers' Association, for example, points out that the action of the Central Comité in utterly rejecting the Bokanowski Bill was not approved by all members. He

<sup>14</sup> Letter from Bordeaux Fund, 18.12.22.

<sup>15</sup> 1st Congress, p. 71.

<sup>16</sup> *La Réforme Sociale*. November, 1922, p. 619.

himself expressed the view that persuasion would not be sufficient to make all employers join funds. He suggested an alternative plan. The State should fix the amount of the allowances, which should not be related to wages, but should be a fixed sum and the same for all. Having done this, the State should leave each fund entirely free to settle all details of administration and the method of distributing the cost. In his opinion the employer's contribution should be based not on wages, but on days worked and number of workmen. This, he considers, would be a reasonable combination of State activity and private initiative entirely in accordance with the French mentality. It would develop the "esprit syndical."

Some modified form of compulsion has met with a certain amount of approval. For example, at the Strasbourg Semaine Sociale, Monsieur Deschamps interpreted the sense of the meeting as follows:—Legal obligation will ultimately be made necessary by the lack of understanding or the selfishness of some employers. It is not desirable to wait for that day, it is better to seek the help of the State at once; but the intervention of the State should be confined to insisting on the payment of allowances through some kind of private compensation fund, and not by State Funds. M. Rey of the Haut Rhin was of the opinion that some form of compulsion was necessary, if the compensation fund were to be a permanent institution, but the Bokanowski Bill was not that form; the Angoulême fund expressed itself as favourable to the principle of compulsion, provided only that the State did not take any part in the government and administration of the funds. Even Monsieur Romanet of Grenoble said that compulsion would be desirable in a year or two, if by that time all employers were not enrolled in Compensation Funds. The Administrator of the Bordeaux Agricultural Fund stated not only that he was personally in favour of compulsion, but also that a considerable number of members were in agreement with him. At Lille, the Building Trades' Fund stated that they were not opposed to the Bokanowski Bill, provided that the Funds continued to be governed by private initiative.



Both at Lille and at Paris, the Building Trades' Funds were for special reasons strongly in favour of compulsion. In tendering for building contracts in the North of France, prices being cut rather finely, it was found that those who did not give family allowances were able to outbid those who did. Monsieur Ley also pointed out at the discussion following his address to the Société d'Économie Sociale in May, 1922, that in certain cases contractors at Paris and in the Nord had charged the 2 per cent. extra<sup>17</sup> in their "cahier" for family allowances and then had omitted to pay them. The Building Trades' Federation therefore urged that a clause should be inserted in all public works contracts, insisting on the payment of family allowances. This suggestion was embodied in a resolution adopted by the Conseil Supérieur du Travail in November, 1921, and just over a year later the Chamber of Deputies passed a Bill carrying out this suggestion which was voted by the Senate on December 12th, 1922. This Act was permissive in character, but on July 13th, 1923, a decree was issued, providing that in the case of State contracts the payment of allowances to workers shall be compulsory in all but exceptional cases, when the Minister must state his reasons for the exception. The contractor, if employing 2,000 workers or less, must be affiliated to a compensation fund approved by the Minister of Labour. For larger firms affiliation is optional.<sup>18</sup>

In Belgium a similar form of pressure has been brought to bear on Building trades contractors by the Liège municipality, who insist that preference shall be accorded to those contractors who are affiliated to a Compensation Fund giving an allowance of not less than 10 francs per child. For purposes of comparison the tenders of those not affiliated to a Fund are increased by 2 per cent. If the

<sup>17</sup> In the Lille Building Trades Fund the total cost of the allowances is 3 per cent of the wage bill and Article 2 of the second part of the Règlement lays down that two-thirds of the cost of the allowance is to be included in the contract prices, and the other third is to be at the cost of the employer.

<sup>18</sup> La Journée Industrielle, 9-4-23.

contractor pays allowances direct to his workers and does not belong to a fund, he must render to the authorities a statement showing the family position of all his workers; and in this case the allowances must not be less than 50 centimes a day. Furthermore he must notify the municipal authorities regarding any modification of his labour force from the point of view of family distribution. If the allowances are not paid, the commune will pay them and will stop the cost out of the sum due to the contractor.<sup>19</sup>

Compulsion was advocated in Belgium by the Christian Unions as early as 1921. At their Congress in that year they adopted a resolution to the effect that allowances should be paid in respect of each child above the average (three) and paid by national trade Compensation Funds administered by joint Committees and subsidised by the State. The 6th Christian Trade Union Congress held in May, 1923, repeated the demand for an "absolute family wage and for the payment of allowances to all children beyond the average number." While desiring that the funds should be national and that the State should have a certain measure of control, they did not welcome its intervention with unbounded enthusiasm. "Nous n'avons jamais été des vénérateurs de la toute puissance de l'état. Nous avons toujours estimé qu'il ne faut demander l'aide de l'État que si l'objet que nous nous sommes assignés, ne peut pas être atteint d'une autre façon."<sup>20</sup> They would have preferred "l'institution et l'administration des allocations familiales par le libre collaboration." Such voluntary co-operation is, however, (it is admitted) very difficult to obtain, owing to the attempt of some employers to use the family allowances for unsocial selfish purposes. Consequently it becomes necessary to call upon the State: but its rôle should be as restricted as possible. Organisation of the system and application of the law should be left to the separate industries. A State subsidy to the Compensation Funds would probably be the best way of giving the

<sup>19</sup> Journal Officiel, 16.7.23. I.L.L., 3.8.23, p. 20.

<sup>20</sup> Jules Roscam, p. 23.

State a certain measure of control.<sup>21</sup> Employers are not the only class that should be concerned with the workers, the public also has its duties. This view of the function and desirable scope of State intervention seems quite akin to that underlying most social legislation in this country, where it is regarded rather as a possibly necessary evil than as a remedy for universal application.

It is also worthy of note that the Christian Federation of the Middle Classes of Belgium has closely studied the whole question and has reached conclusions which are at many points in agreement with those just given. They propose an absolute family wage and desire that allowances should begin with the third child and should be given to all families whether wage or salary earners. Whatever the amount of their incomes, the allowance should be 25 francs a month for the third child, 30 francs for the fourth, etc. Allowances should be paid up to the age of 14. The Fund should be national and should cover all trades, but should be confined to Flemish districts on account of the huge difference in the birth-rate between Flemish and Walloon districts.<sup>22</sup>

In Holland also the question of legislative enforcement of family allowances has received considerable attention. Dr. Aalbersee, Minister of Labour in 1923-4, was the first to suggest in 1915 the establishment of a national Compensation Fund,<sup>23</sup> and he repeatedly advocated it in the States General. The question was discussed in the second chamber in 1921 in connection with a motion introduced by two Catholic members, who proposed the establishment by law of a national fund based on the principles of compulsory insurance. The Social-Democratic party supported the payment of children's allowances, but desired that they should be paid out of public funds to all families

<sup>21</sup> " Il nous semble que l'octroi de subsides aux Caisses de Compensation serait peut-être la meilleure façon dont l'Etat pourrait intervenir, puis qu'elle lui assurerait tout naturellement un droit de contrôle vis-à-vis des Caisses de Compensation."

<sup>22</sup> Les Allocations Familiales et leur application; par Jules Roscam, p. 9.

<sup>23</sup> Katholieke Sociale Weekblad, p. 476.

not possessing sufficient income, and opposed inclusion of wage-earners only. With their support the first part of the motion expressing the general desirability of establishing a children's fund was passed, but the concrete proposal was rejected. In May, 1923, the Minister of Labour stated that a bill for the establishment of a children's allowance fund had been prepared, but would not be introduced until an improvement in the industrial situation occurred. Apparently it was proposed that 1 per cent. of the wage-bill should be contributed by the employers.<sup>24</sup> The Joint Catholic Central Works Council in the Rapport previously mentioned<sup>25</sup> held that a central fund was desirable and, (on the ground that other members of the nation besides employers and workers have an interest in the maintenance of large families) consider that the State should contribute towards the cost.

What, then, is to be the conclusion regarding State Compulsion and State subsidies? Compulsion has been demanded in France, Belgium and Holland, in each case with a greater or less measure of State subsidy. Everything actually achieved so far, has been by individual initiative or in some cases by the initiative of public bodies. It is true that any form of voluntary effort tends to press hardly on the loyal and the conscientious, while compulsion would ensure an even division of the burden. At the same time, we have to remember that to be effective, a law must largely follow public opinion, only to a very small extent can it safely afford to lead it. In the case of an entirely new institution like the family allowance Compensation Fund, it seems desirable that the idea should grow by its own momentum and the enthusiasm of its advocates, and should not become dependent on statutory enforcement. When it has created, as it is creating, a favourable public opinion, then will be the time for the State to set the seal of its authority on the maintenance and universalisation of the institution.

<sup>24</sup> I.L.I., 3-8-23, p. 19.

<sup>25</sup> Kindertoelag Rapport, p. 19.

## CHAPTER XV

### CONCLUSION

For human good depends on human will.

DRYDEN, ABSALOM AND ACHITOPHEL.

THE foregoing examination of the family allowance system seems to show that its rapid and sustained development during the last five or six years has been due to a fortuitous combination of three independent impulses, a desire to compensate for the rapidly mounting cost of living, the fear of depopulation and the philanthropic world impulse towards the attainment of better conditions of life for large families.

It may be urged that the rapid and sustained war and post-war advances of retail prices are now matters of past history; this may be so, but we are face to face with an analogous problem—how to provide what present-day public opinion regards as a satisfactory minimum standard of living for all the workers in an industry and yet leave such industry strong enough to meet the fierce blast of world competition. Thus more and more clearly comes the realisation that industry or some parts of it may not be able to afford the support of mythical children, while at the same time leaving unprovided for a large proportion of those that do exist.

The second factor, the falling birth-rate, has been and is now of considerable importance. There would appear to be much reason in the view that any redistribution of labour's share of the product<sup>1</sup> such as a family allowance system effects, should combine with the welfare work which the funds are in every case doing to produce a

<sup>1</sup> Apart from the question of increasing it.

higher survival rate; whether such a system can be expected to have a substantial influence on the birth-rate is a much more doubtful question. The problem is complex and there is as yet a lack of adequate evidence.

There is little doubt that the relative family wage would have made but little progress had it not been for the extended use of the Compensation Fund. Without that institution the family allowance is always liable to damage those whom it is intended to protect. This method of pooling resources seems capable of laying stress on the essential community of interest throughout a district or industry. The Compensation Fund has already shown considerable power of adaptation to different conditions, but in some form or other has generally<sup>2</sup> been found necessary except of course in the Civil Service and amongst other classes of workers where employment is permanent or quasi-permanent.†

Although the Compensation Fund minimises one of the chief dangers of the allowances, it has not, as we have seen, by any means dissolved the strong opposition manifested by large sections of Trade Unionism. It has been held that the allowances will tend to lower standard wages, that they will sap the independence of the workers, that they will give the employer too good an opportunity of interfering in the private affairs of the workers, that they will weaken the worker's power of resistance. The character of the opposition has however changed and is changing. The family allowance is recognised as something good and desirable in itself, whose dangers can be avoided by taking suitable precautions. There is reluctance to allow to the Christian Unions the whole credit of having been the first to realise the value of the new plan.

Hand in hand with this dislike of existing methods, we find an increasing demand for methods of joint control of the Funds. In this way difficulties might be overcome and suspicions cleared away.

Alternatively State compulsion and control is proposed

<sup>2</sup> Excepting in Germany.

† It must not be forgotten that of late the allowance has (particularly in France) made considerable progress amongst commercial salaried employees.

but does not seem anywhere likely to be adopted in the near future.

Undoubtedly the two most important questions raised in criticism of the allowance system are first the contention that allowances tend to depress standard wages and secondly that they will bring about a fall in the level of productive efficiency. As regards the former, sufficient evidence has been adduced to demonstrate that there has in practice been a very close interaction between wages and allowances and furthermore that sometimes the one has diminished when the other has increased. The question of efficiency is qualitative and not numerical. The reply to the criticism falls into three heads, in the first place that under all existing systems a man has still to keep his job in order to get his allowances, secondly that under an allowance system there remains an incentive not only to keep his job but to achieve something better since the allowance in no case covers the whole cost of a child's maintenance. Finally by assisting the family at the time of stress and so enabling its members to be brought up during the most vital years at a better standard, it must surely be admitted that in the course of time, outlook, mentality and intelligence may be considerably altered.

One principle at least emerges. There are really two separate questions to be dealt with, first what proportion of the total product of industry should be given to labour and secondly, how is the amount when once determined, to be divided amongst the individuals concerned? What is to be the relation of the wages of skilled and unskilled, of young and adult, of single and married. It is important that the two matters should not be confused.

The former problem involves a consideration of the productive capacity of the industry; the strength of foreign competition and the rights of capital. The latter is a matter rather of expediency, social purpose and productive efficiency.

The result of laying emphasis on this distinction will be to draw attention to the need of precision in establishing

the exact standard of living to be aimed at. Family men, it is said, are to have sufficient to enable them to live at a certain standard and, in the minds of some, the wherewithal should be provided out of the surplus of the single men; but the single man may maintain that he has no surplus. Thus it will become needful to give a more precise significance to that loose expression "a reasonable minimum standard."

Such greater precision may in turn lead to greater publicity which should prove a valuable solvent of economic friction. The policy of secrecy has before now been responsible for the creation of an entirely false idea of the magnitude of profits. Publicity has obvious dangers to the single firm or industry but the more generally such a policy is adopted, the sooner its difficulties will evaporate.

The family allowance system does not in truth introduce a new principle. It simply extends the influence of needs as a factor in the determination of wages and particularises it so that it deals with the needs of individuals and no longer merely with those of classes.

The system does not offer a remedy for all evils, or a means of settling the whole wages problem. It does, however, seem to suggest a means whereby it may be possible without unduly straining the resources of industry to enable that section of the wage-earners, in whose hands lie the upbringing of the coming generation to live at a higher and from a national standpoint, a more desirable standard.

That would appear to be the true mission of the family allowance and it is in accordance with its capacity for attaining that end that it should be judged.

"L'élément fondamental de la richesse d'une nation est son capital humain; les autres biens ne valent que par lui et ne subsistent que par lui."<sup>3</sup>

<sup>3</sup> Lemerrier, *Famille Nombreuse*.



## APPENDICES

Owing to considerations of expense it has been found necessary to omit a number of the tables, but a typewritten copy of them has been deposited in the Library of the London School of Economics, where it may be consulted. These tables are marked with a \*.

## APPENDIX 1\*

Tables showing for a large number of Funds in :—

- (a) France
- (b) Belgium
- (c) Holland
- (d) Germany

the date of foundation, the number of members, the number of workers concerned, the basis of compensation, the qualifying period of service and certain other particulars.

## APPENDIX 2

- (a) i. Table showing particulars of the allowances given by a large number of Funds in France.\*
- (a) ii. Table showing the relation in France of allowances and wages.
- (b) i. Table showing particulars of the allowances given by some of the Belgian Funds.\*
- (b) ii. Table showing the relation in Belgium of allowances and wages.\*
- (c) Table giving details of some of the allowances given in Holland and showing their relation to wages.
- (d) Table giving details of allowances paid at various periods in Germany and their relation to wages.\*
- (e) Table giving details of some of the allowances given in the Belgian Coal Mines.\*

## APPENDIX 3\*

Table showing for certain Funds the cost to the employers of the family allowances paid.

## APPENDIX 4

Table showing Number of Families of various sizes in Different Trades and Areas in Western Europe and average number of children per worker and per family as well as the Allowance provided by 1% of the wagebill.

APPENDIX 2a (ii).—FRANCE.

Name of Fund.	Average wages in area or trade.	Percentage of wage represented by the Allowance.	
		For one child.	For each child of a family of four.
Amiens - - -	2 to 3 francs an hour - - - - -	—	4.0 to 6.0
Angoulême - - -	1921—10.40 a day Unskilled, 19.80 a day Skilled (Metals) - - - - -	2.0 to 3.7	3.5 to 6.4
Bourges - - -	Printing 1922, 24 francs a day - - - - -	1.6	3.6
Elbeuf-Louviers - - -	Textiles 1923, 2.50 francs an hour - - - - -	7.6	8.0
Grenoble (Engineering)	12.50 to 21.00 francs a day - - - - -	3.6 to 6.3	4.7 to 8.2
Lille (Text.) - - -	Feb. 1923. 20-25 francs a day - - - - -	—	4.0 to 4.8
Lille (Metals) - - -	Spring 1923. Boilermakers 3.50 to 4 Fitters 2.75 francs an hour - - - - -	—	3.0 to 4.3
Lille (Bldg. Trades)	Spring 1923. 2.50 to 4.00 francs an hour - - - - -	2.8 to 4.8	2.8 to 4.8
Lyon (Région) - - -	17 to 25 francs a day according to skill and trade - - - - -	2.3 to 3.5	3.8 to 5.8
Mulhouse† (Haut-Rhin)	1922-23. 1.50 to 2.50 francs an hour - - - - -	4.8 to 8.0	4.8 to 8.0
Mulhouse† (Haut-Rhin)	Iron Mines—Underground 29.50 frs. a day, Surface 24 frs. 1925 - - - - -	3.0 to 4.0	3.0 to 4.0
Nevers - - -	24 to 26 francs a day for skilled metal workers - - - - -	2.2 to 2.9	3.8 to 5.0
Paris (Région) - - -	3-4 frs. an hour, 1924-5 - - - - -	1.5 to 2.5	3.4 to 5.6
Paris (Bldg.) - - -	March 1923. 26-28 francs a day - - - - -	2.7 to 2.9	4.4 to 4.8
Paris (Agric.) - - -	Average for 1922. 15 francs a day - - - - -	—	1.25
Roanne - - -	March 1923. Textiles 11.90 a day - - - - -	—	6.5
Roubaix-Tourcoing*	1922-23. 2.50 to 3 francs an hour - - - - -	8.3 to 10.0	12.5 to 15.0
Thizy - - -	March 1923. 12 francs a day for Textiles - - - - -	—	6.5

APPENDIX 2c.—HOLLAND.

Name of Fund	Whether regional or Trade	Periodical Allowances paid					Average Wages in area or trade.	Percentage of Wages represented by Allowance.	
		1st child	2nd child	3rd child	4th child	5th child		For 1st child	For each child of family of four.
Bakers Fund (National)	T	—	—	1.00	1.00	1.00	1922—30-40 florins a week for adults.	—	1.25 to 1.66
Cigar-Makers	T	—	—	—	1.00	1.00	1923—33 florins a week.	—	0.7
<sup>S</sup> Shoemaker† (Catholic)	T	—	—	—	0.75	0.75	1.1.23—1.7.23— Wage Class 1 24.70 florins " " 2 21.70 " " " 3 18.80 "	—	0.75 to 1.0
Limburg Brick and Tile Making	T	—	—	1.00	1.00	1.00	1923—25-30 florins a week.	—	1.6 to 2.0
Tilburg Textiles	T	—	—	—	1.00	1.00	1923—25-30 florins a week.	—	0.8 to 1.0
Coal Mines (No Fund)	T	4.00	4.00	4.00	4.00	4.00	1925—5.00-5.50 florins per shift—22 shifts a month assumed.	3.2-3.5	3.2 to 3.5

† Chiefly N Brabant.

### APPENDIX 4

The following table collates a number of different sets of statistics, some of which are the results of special enquiries. The percentages in Columns 3, 4 and 5 all relate to the total number of workers concerned. Column 7 is an indication of the average number of children under 14 years of age per family. The number of "attributaries" will not necessarily correspond with the number of married persons, because of the cases where both husband and wife work factories belonging to the same fund or even in the same factory. The number of unmarried persons with dependent children however a compensating factor. Column 8 shows what percentage of the total number of children are "only children."

Column 9 shows what allowances\* can be provided with 1 per cent. of the wage bill, assuming an equal allowance for each child whether 1st, 3rd or 5th, etc. Clearly to a worker with wages below the average the allowance will represent an increase of wages above that indicated in the Table. Column 9 is the reciprocal of Column 6. Columns 10 and 11 show what greatly increased allowances can be paid without additional expense if the first child is omitted and still more so, if the first two are omitted.

\* Expressed as a percentage of wages.

Area and Nature of Enquiry.	Number of workers covered by the Statistics.	Percentage of total workers that are married.	Percentage of total workers married and without children.	Percentage of Families having respectively					Average number of children per worker.	Average number of children per attributary.	Percent- age of "only" children.	Allowance provided by 1% of wage bill, expressed as a per- centage of wages.	Same as Column 9 but assuming the omission of the 1st child of each family	Same as Column 10 but assuming the om- mission of the 1st 2 children of each famy.
				1 Child	2 Children	3	4	5 or more.						
Strasbourg, 1919-20 - - -	99650 <sup>a</sup>	63.1	24.2	21.2	11.04	4.03	1.6	1.0	0.67	1.97	37.5	1.5	3.5	9.8
Aut-Rhin, Mulhouse, 1921 -	53164 <sup>a</sup>	—	74.93 <sup>(1)</sup>	14.06	6.67	2.61	1.08	0.65	0.43	1.72	32.6	2.3	5.4	14.0
Mulhouse, 1922 - - -	56735	—	—	—	—	—	—	—	0.42 <sup>n</sup>	1.70	—	—	—	—
Strasbourg Région—Sept., 1921 -	156626 <sup>b</sup>	—	74.1 <sup>(1)</sup>	—	—	—	—	—	0.41	1.57	—	2.4	—	—
Strasbourg Noble Metal W'rk'rs, 1922	4886	—	73.7 <sup>(1)</sup>	—	—	—	—	—	0.46	1.78	—	2.08	—	—
Strasbourg Lyons Special Enquiry -	100 families	—	—	27	27	10	3	3	—	1.71	57.0	—	—	—
Strasbourg Mulhouse-Tourcoing, 1921-22	68,000 <sup>a</sup>	—	77.94 <sup>(1)</sup>	12.8	5.33	2.21	1.01	0.60	0.33	1.70	37.5	3.0	8.0	22.0
Do. (Textiles) 1925	—	58% of attributaries had 1 child.	—	—	—	—	—	—	—	1.71	34.12	—	—	—
Strasbourg Lille—Building Trades - - -	8,000	Total No. attributaries, 2,400	—	—	—	—	—	—	0.54	1.80	—	1.85	—	—
Strasbourg Lille—(Textile) - - -	35000 <sup>a</sup>	Total No. attributaries, 2,188	—	—	—	—	—	—	0.15	2.3	—	6.6	11.12 <sup>b</sup>	—
Strasbourg Pierzon - - -	3472	33% of workers were	—	—	—	—	—	—	0.47	1.42	—	—	—	—

		32.1% of all workers	14.9	6.9	5.8	1.5	1.16	0.59	1.93	25.8	1.69	3.5	8.0	
Utrecht, July, 1922 -	11220*	—	—	—	—	—	—	—	—	—	—	—	—	
Holland, Amsterdam, Municipality, 1920 -	8438*	—	—	—	—	—	—	—	—	—	—	—	—	
Germany, Cologne (Angestellten) -	per every 100 clerks per office in whole and houses.	22%	—	—	—	—	—	0.26	—	—	3.8	—	—	
Do. do. -	per every 100 in banking	26%	—	—	—	—	—	0.28	—	—	3.5	—	—	
Germany Textile Workers (Christian) -	92,012 members	36.5	—	—	—	—	—	0.40	1.09*	—	2.5	—	—	
Belgium, Tamines Coalmine	1180	69.5	23.05	22.3	13.4	5.6	5.3	—	0.85	1.83	25.8	1.17	2.2	4.8
Font-de-Loup Coalmine -	1160	—	—	17.5	11.6	5.3	3.9	—	0.79	2.03	22.4	1.26	2.1	5.2
Belgian Mines <sup>1</sup> -	6760	—	—	16.7	11.4	5.6	5.8	—	0.88	2.2	18.8	1.13	2.2	3.8
Netherlands, Building Trades	10,000	—	—	11.6	7.2	3.5	—	2.7	0.51	2.05	—	1.9	3.8	7.7
Urnai (Quarries) -	5461	580	20.4	19.9	9.6	4.4	3.2	—	0.70	—	—	—	—	—
Perret's figures <sup>2</sup> -	of every 100 workers 25 are parents.	—	—	14.6	6.25	2.6	1.0	0.55	0.41 <sup>o</sup>	1.66	3.4	2.44	6.0	16.0
de-France Enquiry by the Société des Agriculteurs de l'Oise -	of farms covering area of 12,045 hect- ares and on which 100 workmen were found to be em- ployed.	65.7	18.7	12.8	12.1	8.06	5.7	—	0.87	2.1	—	1.1	1.7	3.4
Northern France Winegrowers' District, 1921-2 -	884 wage earners.	—	—	58.2	24.8	11.4	5.8	—	0.37	1.86	—	2.7	—	—

Men, mostly of the metal and engineering trades.

Workers employed by members of this Fund.

Per cent of attributaries.

If basic figures are correct.

The reduction was stated to be due to the depression in the Engineering and Shipbuilding Trades.

Male and female persons who were made the subject of a special enquiry.

Workpeople divided into 5 wage classes.

This figure however includes as attributaries all married men without children. Probably not less than one-third of total married persons.

If allowance is made for this the average figure becomes 1.64.

Tamines, Font-de-Loup, De-Gilly, Fleurus, Werlister.

Paper read at 3rd Congress of Compensation Funds.

\* The following figures for individual trades in the Haut-Rhin area are of interest:—

	Average No. of children per worker
Engineering (Guebwiller) - - - -	52
" the district - - - -	58
Mines (Potash) - - - -	64
Chemicals - - - -	75
Brewing - - - -	88
Textiles - - - -	34

o Dr. Perret's figures for individual trades were as follows:—

	36.5 per 100 Workers.
Textiles - - - -	36.5
Engineering - - - -	53.3
Food Trades - - - -	67.0
Chemicals - - - -	78.0
Paper - - - -	41.0

**FAMILY ALLOWANCES****APPENDIX 5**

Table comparing purchasing power received in wages under family allowance system and where such sum is distributed equally without regard to family charges.

**APPENDIX 6\***

Text of Resolution carried by the Confédération Générale du Travail at their Annual Congress in February 1923.

**APPENDIX 7\***

Text of the Bokanowski Bill.

**APPENDIX 8\***

Specimens of forms in use in Compensation Funds.

**APPENDIX 9.**

List of Authorities.

This table attempts to compare the purchasing power received during the whole working life under the family allowance system with that which would have been received if a precisely similar sum had been equally divided amongst all workers without regard to family charges. The average wage is assumed throughout to be one hundred units per year; thus if the average working life is taken as 40 years, one per cent. of the wage bill would give the single man under equal division a total of 40 units, and under a family allowance system 0 units, therefore his position under that system is — 40: similarly if one per cent. of wages produces an allowance of 2% for each child for 14 years, then a man with one child receives during the whole course of his working life ( $2 \times 14$ )=28 units, but under the normal wage system he would have received 40, therefore he is 12 units worse off under the family allowance system (i.e., — 12). At the same time it must not be forgotten that the 28 units come to a man during the period when he is specially in need of assistance.

#### LONG PERIOD EFFECT OF ALLOWANCE SYSTEM ON INDIVIDUALS.

Area or Industry.	Allowance provided by 1% of Wagebill for each child up to the age of 14 years.	Taking Average Working Life as 40 years Net gain or loss for a family man with				Single Men.
		1 child	2 children	3 children	4 children	
Paris and Mulhouse in each case covering the fund as a whole.	{ Paris 2.4 } { Mulhouse 2.3 }	— 7.8	+ 24.4	+ 56.6	+ 88.8	—40
All industries - - - -						
Grenoble—Engineering - -	2.08	—10.6	+ 18.8	+ 48.2	+ 76.5	—40
Lille—Building Trades - -	1.85	—14.1	+ 11.8	+ 37.7	+ 63.6	—40
Roubaix—Textile Predominant -	3.0	+ 2.0	+ 44.0	+ 86.0	+ 128.0	—40
Lille—Textile - - - -	6.6	+ 52.4	+ 144.0	+ 237.0	+ 329.0	—40
Nantes—Mixed whole Fund -	1.9	—13.4	+ 13.2	+ 39.8	+ 66.4	—40
Paris—Engineering - - -	1.5	—19.0	+ 2.0	+ 23.0	+ 44.0	—40
Lyons—Dyeing - - - -	4.34	+ 20.8	+ 81.5	+ 142.0	+ 202.0	—40
Cologns "Angestellten" in Commerce and Banking - - -	3.5	+ 9.0	+ 58.0	+ 107.0	+ 156.0	—40
Brussels—Building Trades - -	1.9	—13.4	+ 13.2	+ 39.8	+ 66.4	—40
Belgian Coal Mines - - -	1.13	—24.2	— 8.4	+ 7.4	+ 23.2	—40



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