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Mid-War Developments in Civilian Family Allowances

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Bureau of Labor Statistics



Bulletin No. 803

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Letter of Transmittal

UNITED STATES DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, D. C., November 20, 1944.

THE SECRETARY OF LABOR:

I have the honor to transmit herewith a report on the mid-war developments in civilian family allowances. Data on the most recent developments in this field are summarized for 23 countries. This information supplements that on the earlier developments contained in Bulletin No. 754. The report was prepared by Mary T. Waggaman, under the supervision of Hugh S. Hanna, chief of the Bureau's Editorial and Research Division.

A. F. HINRICHS, *Acting Commissioner.*

HON. FRANCES PERKINS,
The Secretary of Labor.

(IV)

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Mid-War Developments in Civilian Family Allowances¹

Summary

THE wartime world-wide rise in the cost of living and the measures taken by various individual nations to stabilize wages have forced to the economic forefront the question of family allowances. These supplements to the remuneration of wage earners and salaried workers, to offset variations in family responsibilities, have been granted in one form or another by private employers, States, or municipalities in at least 39 countries.

Among the most recent developments in the family-allowance movement is the passage of new family-allowance acts, in 1944, in Canada and Eire. Mid-war reports on the operation of legislation are available for other parts of the British Empire—Australia and New Zealand. In the fall of 1944 the British Government's social-insurance program, based largely on the Beveridge Report, was released as White Papers on Social Insurance (Cmd. 6550 and 6551). The scheme includes a provision for family allowances, although the cash benefits are not so generous as those proposed in the Beveridge Plan. New laws on family allowances or amending acts extending the coverage of existing schemes have been reported in 1943-44 for several South American countries (Argentina, Brazil, Chile, and Uruguay), as well as for Portugal and Spain. An edict, issued in 1944 by the Supreme Soviet of the U. S. S. R., granted cash benefits for children.

Reports concerning France and Germany indicate that schemes in behalf of wage earners with family responsibilities are still in existence.

The recommendations of the International Labor Conference held in Philadelphia in April 1944 included proposals for family allowances. In the Report of the Director of the International Office to that conference it was stated that such grants in some form "are widely regarded as a necessary element in any comprehensive program to assure a decent 'national minimum.'"

The family-allowance principle is becoming more widely understood through wartime experience with rationing on an individual basis, through the increasing discussions on nutrition and improved standards of living for the masses in which the sizes of families must be given due consideration, and through the fact that immense sums are now being disbursed to the dependents of the armed forces of the United States.

The present article brings together summary data on very recent developments in the family-allowance movement in 23 countries.

¹ For earlier developments, see Bulletin No. 754: Family Allowances in Various Countries, Washington, 1943.

Argentina

Decree No. 2015 (July 3, 1943) authorized family allowances for employees of the National Administration of Argentina whose incomes per month were under 350 pesos, and Decree No. 1065 (November 1943) includes all children under 22 years of age who are under the charge of such employees. The age limit does not apply in the case of disabled children.²

Buenos Aires.—In September 1943, a new measure for family allowances became effective for all salaried employees and workers in the permanent service of the municipality of Buenos Aires, whose earnings per month did not exceed 300 pesos and constituted the entire regular family income. The monthly allowance rate ranges from 10 to 12 pesos, according to the worker's wage or salary rate, for each legitimate child under the age of 15, but wages and allowances combined must not exceed 325 pesos per month. It is estimated that 11,000 families having 20,275 children under the specified age will be benefited.³

Australia ^{3a}

The Commonwealth of Australia began payments under its system of child endowment on July 1, 1941. An allowance of 5s. per week is granted for each child (beyond the first) under 16 years of age. The cost is met in part from the Consolidated Revenue and in part by the elimination of tax exemptions for children after the first, but principally from a tax of 2½ percent of pay rolls exceeding £20 per week.

As indicated below, the number of endowed children in Australia in June 1943 was 908,159, including 16,938 children in institutions.

	<i>Fiscal year ended June 30—</i>	
	<i>1943</i>	<i>1942</i>
Endowed families:		
Number of families.....	491, 121	487, 674
Number of endowed children.....	891, 221	895, 558
Approved institutions:		
Number of institutions.....	315	246
Number of endowed children.....	16, 938	14, 289
Total number of endowed children.....	908, 159	909, 847
Amounts paid to beneficiaries and approved institutions.....	£11, 659, 626	£11, 302, 863
Annual liability for endowment, end of year.....	£11, 806, 067	£11, 828, 011
Average annual rate of endowment per endowed family, end of year.....	£23. 591	£23. 873
Average number of endowed children per endowed family, end of year.....	1. 815	1. 836
Number of endowed children per 10,000 of population.....	1, 256	1, 268

Brazil ⁴

Pay increases for employees of the Brazilian Federal Government were provided under legislative decree No. 5976 (November 10, 1943), which also improved the existing family-allowance scheme. The amendments are applicable to all workers, permanent and temporary.

² Report from United States Embassy at Buenos Aires, February 11, 1944. Exchange rate of peso in 1943=29.8 cents.

³ International Labor Review (Montreal), January 1944 (p. 117).

^{3a} Data are from report of Director General of Australian Department of Social Services, 1942-43, and Wartime Labor Developments in Australia, by Orwell de R. Foenander (Melbourne, 1943), p. 91. Exchange rate of Australian pound in 1942 and 1943=\$3.23.

⁴ Data are from International Labor Review (Montreal), March 1944 (p. 390); and Report from United States Embassy at Rio de Janeiro, December 7, 1943. Exchange rate of cruzeiro in 1943=6.06 cents.

* * * Family allowances are payable at the rate of 50 cruzeiros for every child under 21 years of age, or beyond that age if incapable of work. Payment of the allowance is dependent on the payment of salary, but not on the employee's output. The allowance is not subject to attachment or deduction; it is taken into account for the purpose of calculating income tax, but is exempted from other taxation and from social-insurance contributions.

As a result of the new decree, Federal employees are now excluded from the family-allowance scheme introduced by legislative decree No. 3200 of 19 April 1941.

Legislative decree No. 6022 (November 23, 1943) gives details of the procedure in making application for the family allowance provided for under the preceding measure, and details concerning its payment, annulment of the benefits if they are not used as intended, and penalties for bad faith in declarations made.

Canada

A law of August 1944 provided for a system of family allowances in Canada. This law is summarized on page 15 of this bulletin.

*Chile*⁵

White-collar employees in Chile are paid family allowances under a Government social-security scheme, to which employers contribute pay-roll taxes. The social-security agency paid 90 pesos per month for each dependent in 1943, but this was reduced to 80 pesos at the beginning of 1944.

The social-security laws do not provide family allowances for wage earners, but in many industries they receive such benefits directly from their employers under collective agreements. A study of family allowances recently made by the Dirección General del Trabajo showed that in 1943 family allowances were paid to 126,725 workers' dependents, including 35,098 wives and 91,627 children. The individual monthly allowances ranged from 10 to 80 pesos, most of these grants being between 22 and 30 pesos. It is estimated that the total amount paid by employers in such allowances for the year was 58,925,272 pesos.

Dependency allowances are more characteristic of the mining industry than of any other. More than 50 percent of the allowances paid to wives were made in this industry. Of the total of 35,098 wives of workers receiving allowances in the country, 20,325 were paid by the mining industry, 3,795 by the textile industry, and 2,784 by the transport industry. Of the 91,627 dependent children of workers receiving allowances, 55,478 or approximately 60 percent were paid by the mining industry, 8,330 by the textile industry, 5,816 by the transport industry, and 3,249 by the food industry.

As an outcome of representations by the Railway Men's Federation of Chile, the Director General of the Chilean State Railways promulgated an order on December 10, 1943, doubling the railway men's family allowances on the basis of the increase in cost of living and wages since the allowances were first granted in September 1939. The new order became effective January 1, 1944, and the benefits have been extended to include the whole staff instead of only the lower-paid members of the personnel. The new allowance is 4 pesos a day for a wife or mother and 2 pesos for each child or stepchild under 18 years of age.

⁵ Data are from Report from United States Embassy, Santiago, April 29, 1944; and International Transport Workers Federation Press Report (Kempston Beds, England), May 15, 1944. Exchange rate of peso in 1943=5.17 cents.

Eire

A new law in Eire, the Children's Allowance Act, 1944, provides for a weekly allowance at the rate of 2s. 6d. for each qualified child under 16 years of age in excess of two, maintained by an Irish citizen or one who for 2 years preceding the qualifying date has been a resident of the country.

The funds for these allowances are to be provided by the Government, which will also supply such money as the Minister of Finance approves, for administrative expenses.

The children's allowances are to be inalienable and are to be excluded in the reckoning of "means," in connection with the unemployment assistance acts and various pension acts.

A person making a false statement, under specified circumstances, in connection with the payment of these allowances is liable on summary conviction to a fine of not to exceed £25 or to imprisonment for a term not exceeding 3 months.

The Minister for Commerce and Industry may make regulations for carrying this legislation into effect.

Finland

In 1943, legal provision was made for the payment of family allowances (in cash or in kind or both) to the heads of families whose means were not in excess of a maximum to be subsequently specified. Beginning with the fifth child, the grants were to be made for children up to 16 years of age, up to 18 years if a child is being trained, and without age limit for invalid children. The State finances the scheme, which is administered by the Communal Assistance Board.⁶

*France*⁷

Following the announcement that family allowances would be raised beginning with January 1, 1944, the average monthly departmental salaries in France on the basis of which the family allowances are calculated were readjusted as follows:

	<i>Average monthly pay (in francs¹)</i>	
	<i>Urban</i>	<i>Rural</i>
Ain, Allier, Cher, Drôme, Indre-et-Loire, Jura, Loire-et-Cher, Saône-et-Loire, Savoie, Haute-Savoie, Vaucluse.....	1, 500	1, 250
Basses-Alpes, Hautes-Alpes, Indre.....	1, 450	1, 250
Ardèche, Aveyron, Charente, Tarn, Haute-Vienne, Vienne....	1, 450	1, 150
Ariège, Corrèze, Creuse, Dordogne, Gers, Lot-et-Garonne, Lozère, Hautes-Pyrénées, Tarn-et-Garonne.....	1, 400	1, 150
Cantal, Haute-Loire.....	1, 400	1, 200
Isère.....	1, 600	1, 250
Landes, Basses-Pyrénées.....	1, 450	1, 200
Puy-de-Dôme, Haute-Garonne (except Toulouse).....	1, 500	1, 200
Toulouse.....	1, 600	-----
Loire, Rhône (except Lyons).....	1, 650	1, 300
Lyons.....	1, 750	-----
Gironde (except Bordeaux).....	1, 600	1, 250
Bordeaux.....	1, 700	-----

¹ Exchange rate of franc in 1940 (latest year for which reported) = 2.08 cents.

⁶ International Labor Office. Inter-American Committee on Social Security. Provisional Bulletin No. 4. Montreal, October 1943.

⁷ Data are from News Digest (London), March 4, 1944 (p. 38); International Labor Review (Montreal), May 1943 (pp. 646 and 665), July 1943 (p. 107), and February 1944 (p. 245); and International Labor Office, Legislative Series, 1942, Fr. 11 (p. 7).

Liberalization of single-wage allowance.—The French act of March 29, 1941, provided for the payment of a "single-wage allowance" to families of wage earners and public officials whose income is derived from only one source of employment. An amending act, dated July 6, 1943, extended and liberalized the measure.

Under the previous provisions, allowances were payable only to legitimate or adopted children and grandchildren. These grants are now made also to illegitimate children acknowledged by the mother; to brothers, sisters, nephews, or nieces for whose support a brother, sister, uncle, or aunt is responsible; and to wards, and children assigned (under legal or administrative decision) to the custody of any person without payment. In order to be eligible for the allowance, the persons having child dependents should be in remunerative employment and permanently responsible for the maintenance of such children.

The allowance is granted only to families in which the children are of French nationality, and is computed as a percentage of the Departmental average wage used as a basis for calculating family allowances in the particular community in which the beneficiary is a resident. The allowances are as follows:

For one dependent child or for the last remaining dependent child, 20 percent of average wage; for an only child of 5 years or more (unless the mother or other female relative in charge of the child maintains it by her own earnings), 10 percent; for two dependent children, 25 percent; and for more than two dependent children, 30 percent.

When there are several children in the family, the allowance is granted until 1 year after the child attains the school-leaving age, or up to the age of 17 if the young person is apprenticed or is incapable of self-support because of chronic illness or infirmity, or up to the age of 20 if the young person's education is being continued. A mother or female relative maintaining an only child entirely from her own wages or salary may be granted an allowance until the child has reached the age of 15 (or 20).

In no case may the single-wage allowance be paid in addition to the "allowance for mothers in the home" provided for by the act of 29 July 1939 concerning the French family and the birth rate.

In the event of the death of the worker entitled to the allowance, it will continue to be paid to his widow if she has children dependent upon her and is not entitled to the allowance in her own right as a wage earner. In case of an interruption in employment, the right to the allowance continues throughout the period for which benefit is drawn under the social-insurance scheme in the case of insured persons, and otherwise for a period of 6 months from the date of the first medical certificate. A woman worker is entitled to the allowance for the 12 weeks preceding and following childbirth, and a worker who sustains an industrial accident, for any period of temporary or permanent incapacity.

The allowance is paid by the equalization funds, the State, local authorities, and concessionary undertakings operating public services, under the same conditions as apply to family allowances.

Workers releasing prisoners of war.—Act No. 903 (September 26, 1942) included a provision that skilled workers taking part in the program for the release of prisoners of war by volunteering for teamwork in Germany were to be entitled under appropriate conditions to the full allowances for which they were eligible under the Family Code. In the case of a married worker with no children, not less than 50 percent of the allowance was to be allocated to his wife.

Family allowances and the Germans.—German enterprises and nationals in France—except when directly responsible to the authorities of occupation—have been subject to French legislation, especially social legislation and the provisions of collective agreements. Under orders issued in 1942 by the German Military Command, for the purpose of standardizing employment conditions of German workers in France, German nationals transferred from the Reich were in principle entitled, in addition to wages, to a daily allowance varying from 1.50 to 5.50 marks, according to their wage or salary class and family circumstances.

Since November 1, 1942, family-allowance schemes effective in French enterprises have covered non-German workers and salaried employees. Family-allowance funds have been organized in each Department for the payment of these benefits.

Miscellaneous provisions relating to family allowances.—To secure the right to family allowances from public or private funds, expectant mothers were required by an act of December 16, 1942 (*Journal Officiel*, Paris, December 22, 1942), to undergo at least two medical examinations during pregnancy.

Family allowances for compulsory labor force.—A French decree of November 25, 1942 (containing regulations on the compulsory-labor act of September 4, 1942), provided that workers allocated to a new job were to be entitled to the normal conditions of employment applicable to the job, and that married workers and those with dependents could claim from the employer a family allowance at a rate proportionate to their responsibilities.

*Germany*⁸

Dependents of transferred Belgian workers.—According to an order of April 24, 1943, the wages of Belgian workers employed in Germany were to be used primarily for the maintenance of their families. Allotments, from wages, to dependents ranged from 750 Belgian francs per month for a wife without children to 1,400 francs for a family with five children. Beyond the fifth child the allowance was 70 francs. Such allotments, being financed entirely by the workers, were not, of course, family allowances in the usual sense.

Provisions for French workers.—An act of September 26, 1942, had provided that trained French workers who volunteered for work in Germany in organized teams should be granted an expatriation allowance in the form of the continued payment of 50 percent of their wages in France plus family allowances, while their contract was in force. An act of May 1, 1943, amending this law, provided that, after June 1, 1943, in lieu of these benefits daily allowances chargeable to the national budget were to be paid to families with a breadwinner of French nationality at work in Germany.

A later act (June 21, 1943) extended the above provision to include also families with a breadwinner of French nationality who had been conscripted for compulsory work in France. The amount of the allowance and the circumstances under which paid were the same as for families of the armed forces. These grants were to be equal to the family allowances provided by the act of July 20, 1942, for families

⁸ Data are from *International Labor Review* (Montreal), December 1943 (p. 770), January 1944 (p. 48), and March 1944 (p. 376).

of prisoners of war, and were to be paid under the same conditions. In the Paris area, for example, the allowance was 20 francs for the wife and 15.50 francs, 16 francs, 18 francs, and 25 francs for the first, second, third, and fourth child, respectively; a grant of 7 francs was also made for each dependent relative in the ascending line.

Provisions for families of shifted German workers.—Special arrangements were made for workers involved in cases in which German industries had to transfer all or parts of their plants to other sections of the country. A worker so transferred might be paid in his new place of work a wage or salary substantially below his previous remuneration, whereas his family still had obligations to meet based on the higher rate. In such cases the employer was required to pay, to married workers only, a maintenance allowance for the family.

Great Britain ⁹

The Beveridge Plan,¹⁰ submitted to the British Parliament in November 1942, recommended, among other things, children's allowances at an average rate of 8s. per week per child (except for the first, when the parent is earning), financed entirely by taxation. The premises for the proposal were as follows:

First, it is unreasonable to seek to guarantee an income sufficient for subsistence, while earnings are interrupted by unemployment or disability, without ensuring sufficient income during earning. Social insurance should be part of a policy of a national minimum. But a national minimum for families of every size cannot in practice be secured by a wage system, which must be based on the product of a man's labor and not on the size of his family.

Second, it is dangerous to allow benefit during unemployment or disability to equal or exceed earnings during work. But, without allowances for children, during earning and not-earning alike, this danger cannot be avoided. * * * The gap between income during earning and during interruption of earnings should be as large as possible for every man. It cannot be kept large for men with large families, except either by making their benefit in unemployment and disability inadequate, or by giving allowances for children in time of earning and not-earning alike.

In addition to these two arguments, arising directly from considerations of social security, there are arguments arising from consideration of numbers of population and care of children. With its present rate of reproduction, the British race cannot continue; means of reversing the recent course of the birth rate must be found. It is not likely that allowances for children or any other economic incentives will, by themselves, provide that means and lead parents who do not desire children to rear children for gain. But children's allowances can help to restore the birth rate, both by making it possible for parents who desire more children to bring them into the world without damaging the chances of those already born, and as a signal of the national interest in children, setting the tone of public opinion. As regards care of children, whatever possibilities the future may hold of larger families than now, the small families of today make it necessary that every living child should receive the best care that can be given to it. The foundations of a healthy life must be laid in childhood. Children's allowances should be regarded both as a help to parents in meeting their responsibilities, and as an acceptance of new responsibilities by the community.

On December 17, 1942, the labor movement through the National Council of Labor accepted the principles set forth in the Beveridge Plan and asked the Government to introduce the requisite legislation promptly. The trend of the labor speeches in Parliament emphasized

⁹ Data are from Labor Press Service (London), March 3, 1943; Newsweek (New York), June 21, 1943 (p. 88); Canadian Labor Gazette (Ottawa), December 1943 (p. 1735); and Labor and Industry in Britain (British Information Services), April 1944 (p. 57).

¹⁰ Report by Sir William Beveridge. Great Britain [Interdepartmental Committee on Social Insurance and Allied Services], London, 1942. (Cmd. 6404.) For summary, see Monthly Labor Review, February 1943 (p. 272).

the advisability of appointing a Minister of Social Security to take charge of the preparations for the proposed plan. Other sections of the House of Commons took a similar position.

The British Trades Union Congress (representing unions with 6,024,000 members) at its 1943 meeting adopted a resolution deploring the "hesitating attitude" of the Government and demanding the immediate preparation of legislation on the subject.

In the fall of 1944 the social-insurance program of the Government, following largely the lines of the Beveridge Report, was released as White Papers on Social Insurance (Cmd. 6550 and 6551). The scheme includes a provision for family allowances, but the benefit is 5s. per week per child (other than the first) under 15 (or 15 and 16 if at school), instead of 8s., as proposed in the Beveridge Plan. However, recommendation is also made for an extension of services in kind, including school meals and milk.

According to *The Economist* (London) of September 30, 1944, the total estimated cost for 1945 of family allowances under the Beveridge Plan is £113,000,000 and under the Government scheme, £59,000,000.

Italy

On October 28, 1942, at the celebration of the twentieth anniversary of the Fascist revolution, the Italian Government reported on social-security expenditures during the 2 decades 1922-42, which included 12,965 million lire for family allowances.¹¹

Luxemburg

It is announced in the *International Labor Review* of July 1944 (p. 84) that a recent report of the Minister of Labor and Mines of Luxemburg proposes "as a long-term recommendation" the reorganization of the social-insurance system of that country in line with the Beveridge scheme for Great Britain. An outstanding feature of that program, as already noted, is the provision for children's allowances.

New Zealand

Under an act of August 25, 1943, amending the New Zealand Social Security Act of 1938, family allowances were raised from 4s. to 7s. 6d. per week for each dependent child. The lower rate had been increased by 50 percent beginning May 1, 1942, under emergency regulations which were no longer in effect.¹²

The basic act was also amended to provide that allowances payable to aid in the education of a child between 16 and 18 years of age could be granted, whether or not a benefit was paid for such child before he or she reached 16 years of age.

According to the annual reports of the New Zealand Social Security Department payments in family benefits under the New Zealand Social Security Act of 1938, as amended, for the 12 months ended March 31, 1944, totaled £876,858, as compared with £790,719 in 1942-43.

The August 10, 1944, issue of *The Standard* (the official organ of the labor movement of New Zealand) announced that the Minister of

¹¹ *International Labor Review* (Montreal), June 1943 (p. 790). Exchange rate of lira in 1941 (latest year for which reported) = 5.07 cents.

¹² *International Labor Review* (Montreal), December 1943 (p. 787). Average exchange rate of New Zealand pound (20 shillings) in 1943 = \$3.24.

Finance of that country in his recent budget speech proposed that the allowable gross income in relation to family benefits be raised from £5 to £5 10s. and that the weekly benefit for each child be increased from 7s. 6d. to 10s., effective October 1, 1944.

Norway¹³

A decree dated January 26, 1944, issued by the Quisling Minister of Social Affairs, provides that Norwegians conscripted for "national labor contribution" be granted, during the period of such service, a family allowance in the form of "a contribution toward apartment rent of spouse, children, and parents who depend for sustenance on the conscripted person." A person conscripted for work which is for the most part of the same or corresponding character as his or her usual occupation is not eligible for the allowance. The contribution for apartment rent may be all or part of the amount by which the apartment rent exceeds one-fifth of the person's wages during his conscripted labor service.

Salary directives recently issued to the municipalities by the Norwegian Interior Department include one requiring that all municipal civil servants be granted children's allowances, in accordance with State regulations.

In a discussion of reconstruction problems in Norway, the Norwegian Minister of Finance in Exile commented in an article in the June 1944 *International Labor Review*: "No doubt developments abroad such as the implementation of the Beveridge report in Great Britain will deeply influence public opinion on these matters in Norway." He noted that a report made in 1938 by a Norwegian official committee proposed a State-financed system of children's allowances, while those opposing such a system were in favor of various subsidies in kind, such as wider provision for school meals, reductions in price of foods, rent, etc., for families with children.

Paraguay

In Paraguay, where a legislative decree (No. 620) of October 5, 1943, instituted the principle of the minimum wage,¹⁴ the measure is supplemented by a legislative decree,¹⁵ under which an allowance of 5 percent of wages is granted under specified conditions, for each legitimate child up to the age of 18, of both public and private employees (and manual workers) who have had at least 1 year of service.

Portugal¹⁶

System for public, etc., employees.—A legislative decree of February 22, 1943 (as amended January 29, 1944), instituted family allowances to civil and military State officials, employees in autonomously administered State services (postal, telegraph, and telephone services,

¹³ Data are from Communication from U. S. Interdepartmental Committee for Acquisition of Foreign Publications (Washington), August 10, 1944, and enclosure in letter of March 24, 1944, from United States Legation at Stockholm, Sweden, entitled "Concerning Regulation No. 5 (Family Allowance)" supplementing Law No. 1 in execution of the law concerning general national labor contribution.

¹⁴ *International Labor Review* (Montreal), July 1944 (p. 43).

¹⁵ Decree of December 8, 1927, amended December 24, 1937.

¹⁶ Data are from *International Labor Review* (Montreal), December 1943 (pp. 775 and 792), and June 1944 (p. 689). Exchange rate of escudo in 1941 (latest year for which reported)=4 cents.

arsenals, etc.), employees of local governments and salaried employees of social-welfare, family-allowance, and other associations.

Allowances are granted for dependent legitimate or legitimated children under 14 years of age, dependent grandchildren, and "ascendants who cannot support themselves," whether these dependents are members of the employee's household or not. In the case of dependents continuing their secondary education, allowances may be granted until such children reach 18 years of age; for dependents pursuing their higher education the age limit is 21 years. No age restrictions in regard to family allowances are provided for dependents wholly and permanently incapacitated for work.

If the wife and husband are both public employees, the allowance may be granted only if they reside in different localities. The allocation is made only to the employee with the higher salary, but is computed on "the basis of the number of persons dependent on and living in the household of both husband and wife."

For purposes of the allowance, employees are divided into 5 salary groups, the benefits ranging from 30 escudos per dependent per month for persons with monthly salary of less than 400 escudos to 70 escudos for those with salary of 2,000 escudos and over. Besides marriage, childbirth, and nursing bonuses, and meal and clothing vouchers, family-allowance funds may also pay education, rent, and funeral allowances up to 10 percent of their total receipts.

The financing of this new project is different from that of the general scheme (to which both employers and workers contribute),¹⁷ as, for the time being at least, the State and local Government authorities alone meet the cost of these subsidies. The appropriation of 30 million escudos per annum, originally provided in the 1943 budget, was afterward raised to 60 million escudos, representing approximately 9 percent of the salaries of the group concerned.

The decree of February 22, 1943, provides that the right to family allowances cannot be alienated and exempts such grants from all fees and taxation and from seizure. Fraudulent declarations are subject to penalty, as is also failure to fulfill the conditions for the payment of these benefits.

Compulsory contributions authorized.—A legislative decree of April 15, 1943, empowers the Under Secretary for Corporations to "fix compulsory limits for salaries and wages when superior economic interests or social justice so require." In the fixing of salaries and wages "provision may also be made for compulsory contributions by undertakings and employees for the purpose of family allowances and social-welfare allowances."

*Soviet Union*¹⁸

A recent edict has been issued by the Presidium of the Supreme Soviet of the U. S. S. R. on liberalizing State aid to expectant mothers, mothers of large families, unmarried mothers, etc.

The Government had already been granting substantial assistance to expectant mothers and other workers for their children. As war-time economic hardships and the prospect of post-war difficulties which will confront many families accentuated the need for the further

¹⁷ For summary of general system, see U. S. Bureau of Labor Statistics Bulletin No. 754 (p. 43).

¹⁸ Data are from Information Bulletin of Embassy of the Union of Soviet Socialist Republics, Washington, July 25, 1944.

extension of State aid, it was decided that State allowances would be granted to the mother of a large family (whether or not the husband is living) on the birth of the third and each subsequent child.

The allowances range from a single grant of 400 rubles on the birth of a third child and 80 rubles per month (or a single grant of 1,300 rubles) on the birth of a fourth child to 250 rubles per month (or a single grant of 3,500 rubles) on the birth of a tenth child. For each child after the tenth, monthly allowance of 300 rubles (or a single grant of 5,000 rubles) is made.

The monthly allowances for mothers with many children are to begin after the child's first birthday and to continue until he is 5 years of age. Mothers who had three, four, five, or six children at the time the edict was published will be granted allowances under this measure for each child born after the issuance of that edict.

Mothers having seven or more children when the edict was made public, hold the right to large-family allowances in accordance with the provision and in the amounts specified in the decision of the Central Executive Committee and the Council of People's Commissars of the U. S. S. R. of June 27, 1936.

Taxes for the support of the system are to be imposed upon male citizens between 20 and 50 years of age and female citizens between 20 and 45 who have no children, as well as upon families with two children or less. Among those exempted from the taxes are Red Army men and their wives, parents who have lost children on fronts of the war, students under 25 years of age, and invalids.

Increasing privileges are to be extended to expectant and other mothers, and measures are to be taken for broadening the network of institutions (including nurseries and milk kitchens) for the benefit of mothers and children.

*Spain*¹⁰

A decree of November 10, 1942, extended the system of family allowances to home workers, who had been provisionally excepted under the decree of October 20, 1938.

Under a decree of July 27, 1943, the previous scale of family allowances, which had been increased by a decree of February 22, 1941, was further liberalized. The new rates rise more rapidly, per child, for the larger families.

Under the 1941 scale the monthly allowances ranged from 30 pesetas for a family with 2 children to 290 for 12 children plus 50 pesetas for each additional child. The range under the 1943 decree is from 40 to 1,080 pesetas, plus 200 pesetas for each child above 12. According to the 1943 decree, family allowances granted on a daily basis in the case of casual laborers are to be similarly increased.

The 1943 measure did not change the other details of the system; thus the allocates include employed persons, home workers, employers, farmers, and those receiving accident pensions. The allowances are paid for each child under 14 years of age, and without age limit if the child is disabled.

The system is financed by contributions by employers of 5 percent of pay rolls and contributions by employees of 1 percent of their wages.

¹⁰ Data are from *International Labor Review* (Montreal), May 1941 (p. 588), May 1943 (p. 665), and December 1943 (p. 791). Exchange rate of peseta in 1940 (latest year for which reported) = 9.13 cents.

Sweden

In the war crisis the social policy of Swedish public authorities has been concentrated more than ever before on family and child problems. In all cases the aid to the families of men assigned to defense service—food discount cards, removal allowances, sick benefits, and unemployment insurance—has been extended in ways advantageous to persons with family responsibilities, particularly persons with many children.

In the judgment of the Under Secretary of State (Ministry of Social Affairs) of Sweden, “undoubtedly Swedish policy will pay much more attention to the family than it used to do, partly also for demographic reasons.” He adds that uneasiness over the low birth rate has stimulated interest in the country’s population problems. A new committee is already studying the subject, and will apply wartime experience to social action in the coming years.²⁰

Switzerland

In the metal and engineering industries of Switzerland, wages have been regulated in accordance with an agreement of July 19, 1937, which was extended to July 19, 1944. Wage adjustments were made in part through a family-allowance fund which, according to a report published in 1943, granted 8 francs per month for each child after the third. The employers were requested to pay 5 francs per month for the first two children.

In the agitation by the Swiss workers’ organizations for wage increases to meet the higher living costs, attention has also been called to the fact that in industries already granting family allowances, the benefits have frequently been substituted for cost-of-living bonuses.²¹

Union of South Africa

The Social Security Committee, appointed by the Government of South Africa in January 1943, published a White Paper in February 1944 proposing a comprehensive social-security scheme with cash benefits. Among these proposed benefits were family allowances (regardless of family means) for the third, fourth, and fifth child under 16 years of age, at an annual rate of £12 for a European child, £6 for a colored or Asiatic child, and £6 for a native child. The adequacy of the rates would be subject to examination every 3 years.

Establishment of a Social Security Fund was also proposed, to which members of the social-security scheme would contribute and for which State appropriations would be made.²²

²⁰ International Labor Review (Montreal), March 1943 (p. 311).

²¹ International Labor Review (Montreal), May 1943 (p. 653). Average exchange rate of franc in 1941 (latest year for which reported) = 23.2 cents.

²² International Labor Review (Montreal), June 1944 (p. 683). Average exchange rate of South African pound in 1944 = \$3.98.

*United States*²³

Among the very restricted experiments in paying cash supplements to earnings of married men, because of family responsibilities, in this country have been those with teachers in the public-school systems. In the school year 1940-41, such schemes were in effect in 75 cities and towns, according to a report of the National Education Association released in September 1941.

Probably the social service most closely related to family allowances or child endowment is Federal-State aid to dependent children, under the Social Security Act. The principal difference between the grants under this measure and the usual family allowances is the act's stipulation of lack of parental support as a condition of eligibility, and, consequently, a more direct implication of poor relief.

The estimated total amount paid out to recipients under the Social Security Act for assistance to dependent children in the month of April 1944 was \$11,339,349 (excluding figures for Nevada and Alaska, which do not participate in the Federal program). The number of children aided was 660,822.

In connection with the advocacy of family allowances in kind, may be noted the Congressional authorization of the War Food Administration to continue its financial aid to school-lunch programs for the fiscal year 1944-45 to an amount not exceeding \$50,000,000.

Although this article is not concerned with military allowances, it may be said in passing that in the period July 1942-June 30, 1944, the War Department disbursed \$2,865,241,131 (including \$1,162,924,-305 contributed by the soldiers) in family allowances for the service personnel under its jurisdiction.²⁴

Child and family security continue to receive attention from various sources. Family allowances as a post-war objective were recommended by the Most Reverend Karl J. Alter, Bishop of Toledo, at the Catholic Conference on Industrial Problems in March 1944. Research is being undertaken by the Federal Security Agency in collaboration with a few other Federal agencies on the relative possibilities of promoting child security through (1) family income, (2) direct financial aid to families, and (3) public services (such as school lunches, etc.).

*Uruguay*²⁵

Grants for dependent children of workers with monthly wages or salaries not exceeding 200 pesos are provided for in Uruguay by an act of November 12, 1943. The Chief Executive of Uruguay is directed to create tripartite boards representing employers, workers, and the Government. These boards are to administer the "salary funds" through which the system is to be operated.

²³ Data are from Social Security Bulletin (Washington), June 1944 (p. 28); Education for Victory (U. S. Office of Education, Washington), August 3, 1944 (p. 17); Allowance and Allotment Expenditures as of June 30, 1944 (War Department, Office of Dependency Benefits, Army Service Forces, Newark, N. J.); Round Table on Implications of Population Trends for Post-war Policy, held in connection with Twenty-first Annual Conference of Milbank Memorial Fund, New York, April 14-15, 1943; and National Catholic Welfare Conference News Service (Washington), April 3, 1944.

²⁴ No published data are available on Navy Department expenditures for this purpose.

²⁵ Diario Oficial (Montevideo), November 25, 1943; for further details, see *Monthly Labor Review*, February 1944 (p. 346). A average exchange rate of peso = 65.8 cents (controlled) and 52.9 cents (uncontrolled).

Compulsory contributions from employers will support the scheme. Until the boards were created, employer contributions were fixed at 3 percent of pay roll and thereafter at 1½ to 3½ percent, being determined every 3 months on the basis of estimated benefits, expenses of administration, and maintenance of a reserve fund.

Benefits are payable only for dependent children of families in which the salary of the head of the family (or of both husband and wife, if the latter is also employed) does not exceed 200 pesos per month. The allowances are to be paid to the person responsible for support, for each dependent legitimate or legally recognized child up to 14 years of age (16 in cases where the child is still in school). The rate of benefit per child is tentatively set at 6 pesos.

International ²⁶

Among the recommendations of the Twenty-sixth International Labor Conference held in Philadelphia, April 1944, was one (No. 67) on income security, containing the following:

Supplements for each of the first two children should be added to all benefits payable for loss of earnings, provision for further children being left to be made by means of children's allowances payable out of public funds or under contributory schemes. * * * Society should normally cooperate with parents through general measures of assistance designed to secure the well-being of dependent children.

As one of the "guiding principles" it is stated that—

(1) Public subsidies in kind or in cash or in both should be established in order to assure the healthy nurture of children, help to maintain large families, and complete the provision made for children through social insurance.

(2) Where the purpose in view is to assure the healthy nurture of children, subsidies should take the form of such advantages as free or below-cost infants' food and school meals and below-cost dwellings for families with several children.

(3) Where the purpose in view is to help to maintain large families or to complete the provision made for children by subsidies in kind and through social insurance, subsidies should take the form of children's allowances.

(4) Such allowances should be payable, irrespective of the parents' income, according to a prescribed scale, which should represent a substantial contribution to the cost of maintaining a child, should allow for the higher cost of maintaining older children, and should, as a minimum, be granted to all children for whom no provision is made through social insurance.

(5) Society as a whole should accept responsibility for the maintenance of dependent children insofar as parental responsibility for maintaining them cannot be enforced.

The Acting Director of the International Labor Office reported to the Conference that the wartime upward trend in the cost of living has accentuated the utility of family allowances by the imposition of heavy burdens on large families. He added that opinion favoring the introduction of such allowances is obviously growing in certain countries in which no scheme is in operation, and that "family allowances in some form are widely regarded as a necessary element in any comprehensive program to assure a decent national minimum."

* Data are from International Labor Office, Official Bulletin (Montreal), June 1, 1944 (pp. 4-24), and Director's Report to International Labor Conference, Twenty-sixth session, 1944 (p. 50).

Canada's Family Allowances Act, 1944

A LAW was enacted in August 1944 to provide family allowances in Canada. This law, which becomes effective from July 1, 1945, was passed after prolonged consideration in Parliament and much public discussion. Public opinion was divided on the subject, as was also the case among the trade-unions, which have traditionally been opposed to the family-allowance idea. Two Canadian labor organizations (the Canadian Trades and Labor Congress and the Confédération des Travailleurs Catholiques) both looked upon the measure with misgivings, as tending to keep wages down. A third organization, however, the Canadian Federation of Labor, was of the opinion that the question was no longer that of being able to afford children's allowances, "but whether we can afford * * * to do without them."¹

During the Parliamentary debates it was reported that—

According to the 1941 census, of the gainfully employed, 48 percent are single; 39 percent of the married or widowed have no children under sixteen and 40 percent of those with children under sixteen have only one child. * * * In other words, the major burden of raising the next generation and perpetuating the Canadian nation falls on less than one-fifth of our working population.²

The number of children in Canada under 16 years is estimated at approximately 3,500,000. The number of families with such children is estimated at approximately 1,500,000. Over half of these families benefit in part or in whole from income-tax exemptions for children. The families in the lower-income brackets, however, do not benefit at all from such exemptions.³

Provisions of the Law

Benefits.—Under the act and the regulations made by the Governor in Council, there may be paid out of unappropriated moneys in the Consolidated Revenue Fund from July 1, 1945, a monthly allowance, according to the following scale, for each child (up to four per family) resident in Canada and maintained wholly or substantially⁴ by the parent:⁵

	<i>Amount per child</i>
Under 6 years of age.....	\$5
6 and under 10 years of age.....	6
10 and under 13 years of age.....	7
13 and under 16 years of age.....	8

For a fifth child maintained by the parent the above rates of allowance are reduced by \$1; for the sixth and seventh children, by \$2 each; and for the eighth and each subsequent child, by \$3 each.

The benefit is payable to the parent or other person authorized under the act to receive it.

The allowance is to be discontinued (1) when the child reaches the age of 16, (2) at any time (after attaining 6 years of age) when the

¹ Labor Review (Canadian Federation of Labor), June 1944.

² Canada. House of Commons Debates (Ottawa), July 27, 1944 (p. 5620).

³ *Ibid.*, July 25, 1944 (p. 5450).

⁴ The meaning of "substantially" is to be defined in the regulations.

⁵ "Parent" means a father, stepfather, adoption father, foster father, mother, stepmother, foster mother, or any other person who maintains or has the custody of a child; the term does not include an institution.

child, though physically able to attend school, fails to do so or fails to receive equivalent training under the provisions of the act, (3) when the child dies or is no longer a resident of Canada, or (4) when a female child marries.

The allowance shall be applied by the person receiving the same exclusively towards the maintenance, care, training, education, and advancement of the child, and, if the Minister or such officer as is authorized by regulations in that behalf is satisfied that the allowance is not being so applied, payment thereof shall be discontinued or made to some other person or agency.

The allowance provided under the act is not subject to taxation nor to laws relating to bankruptcy or insolvency. The benefits cannot be assigned, charged, attached, anticipated, nor given as security. The deductions allowable for dependent children under the Income War Tax Act may be adjusted to avoid duplication of benefits under the two acts. Further—

The Governor in Council may by regulation provide for the reduction or withholding of the allowance payable to any person receiving aid from the Government of Canada for the maintenance of a child in respect of whom the allowance is payable under this act, provided that such reduction or withholding shall not be made by reason of a pension under the Pension Act or dependent's allowance payable in respect of a dependent child of a member of the naval, military, or air forces of Canada.

Violations.—Persons who knowingly make false statements, orally or in writing, with the intention of influencing the payment of benefits under this act, or who cash checks for allowances to which they are not entitled, or who are guilty of certain other offenses under the act, are, upon summary conviction, liable to imprisonment for a term of not over 6 months with or without hard labor, or a fine of not over \$500, or both such fine and such imprisonment.

Administration.—The Minister of National Health and Welfare is to administer the Family Allowances Act, and with the approval of the Governor in Council, may make arrangements with any Provincial Government to facilitate its effectuation. Regulations may be made by the Governor in Council.

The Minister of National Health and Welfare is required to report annually on expenditures and administration in connection with the act. The necessary expenses for administration, other than the payment of benefits, are to be paid from appropriations by Parliament.

Estimated Cost of System

The Department of Finance estimated that the outlay as a result of the passage of the bill would be \$250,000,000 per annum, of which \$50,000,000 or \$60,000,000 would be recovered by the reduction of exemptions for child dependents under the income-tax act.⁶ It is anticipated, however, that the measure will add to the revenue of the country by bringing about a substantial expansion in production and employment, which will be a factor in raising the national income.⁷

⁶ Canada. House of Commons Debates (Ottawa), July 26, 1944 (p. 5457).

⁷ *Idem*, July 28, 1944 (p. 5673).