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SECRET

COPY No. 36

W.P. (45) 85
8th February, 1945

WAR CABINET

FAMILY ALLOWANCES

MEMORANDUM BY THE FIRST LORD OF THE ADMIRALTY, THE
SECRETARY OF STATE FOR WAR AND THE SECRETARY OF
STATE FOR AIR

1. The White Paper on Social Insurance (Cmd. 6550) said in connection with Family Allowances that "58. There will be no duplication with allowances payable under other schemes." Nothing was said as to what was meant by this reference to non-duplication. The Service Departments were not consulted on the policy involved in this declaration.

2. The draft Family Allowances Bill prepared by the Ministry of National Insurance provides that, *inter alia*, the family allowance of 5s. 0d. a week, payable in respect of all children of British parents residing in the United Kingdom except the elder or eldest child of the family, should not be issued in conjunction with Service family allowances. This provision is in accordance with a decision of the Reconstruction Committee taken on 22nd January following proposals submitted after an examination at official level of the detailed arrangements to avoid duplication of children's allowances. The Service Departments were not represented at this examination.

3. We do not agree with the decision and we recommend that the universal family allowance should be paid to Service officers and men, in addition to the Service children's allowances, for the following reasons:—

- (a) The White Paper (Cmd. 6550) stressed the universal character of the Social Insurance Scheme which "will embrace, not certain occupations and income groups, but the entire population".
- (b) In our view the payment of universal family allowance concurrently with the children's element of Service family allowances does not constitute a duplication in State allowances. Service family allowances are part of the wages of the officer or the man paid by the State as his employer and, as such, are not the same in kind as family allowances which the State may pay as an insurer or an almoner. If the State intends to pay the universal family allowance to its civilian employees in ordnance factories, in dockyards and in the Civil Service itself, without regard to earnings, it would be inequitable to legislate to exclude the Services from eligibility for the universal family allowance merely because some part of their wages reflects their family responsibilities—an arrangement which has been dictated to them rather than adopted by agreement with them. This argument of principle applies equally whether Service emoluments are high or low in comparison with civilian wages, but is reinforced by the practice, especially marked during the war, of relating and comparing the total emoluments of the man in the Forces, including pay, family allowances and issues in kind to civilian emoluments of comparable classes. They have been freely criticized on this basis. It is true that they have been defended as being adequate for the needs of the Service man and his family without accepting explicitly the comparison with civilian emoluments, but implicitly the Government have in fact recognized the justice of this comparison. There will be serious political difficulty if an added emolument payable to all civilians with more than one child is given without regard to the civilian's earnings and is not paid under equal conditions to the Service man with more than one child.

4. Up to now, the Government have shared this view. On 12th June, 1941, the Chancellor of the Exchequer stated that it would appear to be impracticable to realize any saving on the estimated cost of a scheme of family allowance on account of the family allowances paid in the Services; and he referred back to this reply in answer to a question by Mr. Mander on 22nd April, 1943. The actual allowance payable in the Services are higher now but this makes no difference to the principle. It is to be remembered that when the present rates of allowances were determined, the probability of a universal family allowance being introduced was known and no reservation against concurrent payment of the allowances was made either inside Government circles or outside.

5. Detailed examination of the conditions for the family allowances under the Bill shows that they do not fit exactly with the Service allowances for children in such a way that one can be substituted for the other without hiatus or overlap. The suggested exclusion of Service families would therefore give rise to serious anomalies.

A. V. A.
P. J. G.
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8th February, 1945.



