

July 15, 1942

Dear Mr Harrod,

It was most kind of you to send me such a full letter in reply to mine. The Times have been in the past so kind about publishing letters from me that I always fear to abuse their hospitality; but your letter has galvanised me into drafting one which I fear is inevitably long and difficult to read; two characteristics that must make the correspondence editor hate me.

Anyway, here is a copy of my draft in case it does not come under your eyes in print.

Yours sincerely,

To Sir

The two penetrating letters on the Birth Rate and Family Allowances from Mr R. F. Harrod, ^(June 23 + July 4) give grounds for the hope that this aspect of national reconstruction may receive consideration less casual and high-hazard than one has sometimes had reason to fear; and that the principles of action, both as regards economic and racial betterment, may be explicitly made clear, so that the aims to be achieved may not be frustrated by the timidity which flows from confusion of thought.

On the economic side it may be held that differences in the standard of living between men and men are justifiable for the reason that some men perform services to their community of greater value than others. Family Allowances are concerned to mitigate or abolish differences in the standard of living of another kind; namely, those which exist between the homes of citizens performing equivalent services, and ~~to~~ due to the unequal distribution of the burden of parenthood. Some, possibly, in conditions of excessive reproduction, very different from those of the last 25 yrs in this country, such differences in living standards are devoid of economic or moral justification, and

constitute a widespread social injustice, carrying with it many of the evils of widespread injustice, even though its victims cannot recognize the source of their injury. It is only one aspect of this pervasive in-equity that the proportion of children who grow up in each generation in homes suffering from unmerited indigence, greatly exceeds the ^{actual} proportion of indigent homes. Could we do more to nourish social discontent?

It appears to be well established that citizens at different income levels incur nearly proportional expenses on behalf of the children dependent on them. Allowances which will equalize the standard of living between parent and non-parent must, therefore, if they are to fulfil their simple economic purpose, be proportional to the basic wage or salary rates of those who receive them. It may be expedient to provide allowances for the poorest wage earners by direct State aid. If so, it is essential that such aid should be supplemented, without further cost to the State, by the establishment of a system of contributory allowances for all in receipt of higher ^{correct earnings} ~~earnings~~. Though such schemes are self-supporting the initiative of the State is essential in making adhesion ^{to} such equalization ~~is~~ compulsory in

all forms of employment.

The opinion that family allowances would be ineffectual in raising the birth-rate is based on French experience in the inter-war period. In this connection it should be remembered that the fall in the French birthrate was undoubtedly checked at a considerably higher level than that to which it fell, both in Britain and in Germany, and this in spite of two remediable drawbacks. The Germans undoubtedly can claim some success in raising their birthrate from the period about 1930, when it was almost as low as the British. Their propagandists have tended to overstate this claim and the success achieved certainly owes much to home-propaganda. If we admit that the success of family allowances in this respect might well be slight or slow without the aid of zealous advocacy, it by no means follows that propaganda alone would be effectual without a solid backing of economic support.

The second factor which I believe impeded the effects of family allowances in raising the French birthrate is more subtle and deserves, perhaps, more attention than it has received. It is the factor of social example. The classes slightly better paid

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