

June 27. 33

CRIPPS'S CORNER,
FOREST ROW,
SUSSEX.

My dear Fisher

I was very glad indeed to
get your letter. It pleased me much.

I have had no reply from
Goddard. He was secretary of the
Surveyors' Institute, & consequently in
touch with the kind of advisers you
want. He retired some little time ago,
and may be away from home. I do
not see that I can help you any
more. There are representatives of the
Surveyors on the Council of the
Professional Classes A.C.; but I do not
know them, they are not keen on it,
and such advice can only really be
asked of them in cases of distress. So
I think it would hardly be wise to bother

them. Sir T. Chambers was in that line
of business, and his son is now -
a clever young man, about whom I
know but little. I don't know if you
are in touch with them. I don't abso-
lutely trust Sir T.C. If you have any Society's
friend, he could help.

The photo of my father was
reproduced, but not verbatim
published, in a Darwin pedigree
printed some years ago. I do not
know if it has been reproduced
elsewhere. It may have been, for I
have given it away fairly freely.

Let me know when you take
your seat in Gower St.

Yours sincerely

D. Darwin

27 June 1933.

Major L. Darwin, Sc.D.,
Cripps's Corner,
Forest Row,
Sussex.

Dear Major Darwin:

I am just writing a note on a small technical point, connected with graded or flat-rate family allowances, because I fancied that in your letter you were taking for granted that the only difference between such schemes lay in how much the wealthier members subscribed towards the support of the poorer. I want to make it clear that this is not so, i.e. that if you have a scheme with allowances proportionate to income, and super-impose upon it a tax on the wealthy, for the benefit of the poor, the result could not be made equivalent to a flat-rate scheme. Indeed the tax, whether the rich were taxed for the benefit of the poor, or vice versa, would not make the smallest difference in this respect. The point is one of real importance in respect of the salaried professions, where the salaries often have a range of about ten-fold, with corresponding differences in the expenditure actually incurred on behalf of dependent children at different levels of income. Now the economic purpose of family allowances, as I understand

it, is to equalise the standard of living between parents and non-parents doing equivalent work. That is to say, that, provided the services they actually perform are equivalent, to make sure that parents and non-parents shall, on the average, equally be able to afford the material advantages which constitute the reward society has to offer for these services. It is not essential, at the moment, to my argument that this object is worth pursuing, the only point needed being that it is attainable by a system of graded allowances, but quite unattainable by any flat-rate system within the profession, with or without the addition of a tax on the wealthier for the benefit of the poorer members.

For if, at the lowest end of the salary scale, the average cost of a child over his or her period of dependence is £24 a year, we can clearly equalise the economic situation of parents and non-parents of this grade by adding £24 a year for each child to the basic salary, before making the contributory deduction by which the scheme is supported. (You will spot a slight fallacy in my accountancy here, since if the deduction was 6 per cent., the difference after deduction would be only about £22 . 10, but I don't think this need worry either you or me). The point is that if, at the top end of the salary scale, the average cost of a child, during its dependent period, is £240 a year, an allowance of about this

amount is needed to equalise the position of parents and non-parents of this grade. If the allowance is not of this amount their economic position will not be equalised, and a tax on all members of this grade will do nothing to equalise them.

In fact family allowances and differential taxation perform two such entirely different functions that the objects of the first can only be frustrated if an attempt is made to make it perform the functions of the second.

Perhaps the best analogy is that of super-annuation benefit, where a deduction is made with a view to equalising, or doing something towards equalising, the standard of living before and after retirement. The deductions are proportional to salary at different levels and are therefore very unequal, as also are the benefits. I have had a good deal to do with the Federated Superannuation System for the last twelve years, but I have never heard it suggested that it was or could be a cause of discontent that people with lower pay received smaller benefits, either as life-insurances or annuities, than people with higher pay.

The chief real difference between the two systems lies in the fact that the superannuation deductions are prudential. They are destined for investment, with accompanying risk of loss, and this risk is taken, for a margin to cover risks and

profits, by insurance companies who handle the bulk of the superannuation business. In consequence the benefit must depend on the aggregate of past contributory payments. With a family allowance pool, on the other hand, it would not need the whole time, even of a single accountant, to close the accounts every year, reimbursing those institutions which had paid out more in allowances than they had retained in deductions, and extracting the surplus from those who had paid out less, and calculating a percentage rate of deduction afresh for each year.

I have made this letter much longer than I meant to. I am in bed at the moment with a bit of a fever, but I expect to be better in a few days. Please give my kind regards to Mrs. Darwin. We are not forgetting, but only delaying, to get the children photographed.

Yours sincerely,