Working with Historical Statistics on Poverty and Economic Distress

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For most of this century, the accepted way of measuring whether economic conditions are getting better or worse, and which regions have the greatest economic problems, has been the unemployment rate. Methods for calculating it are highly contested — under the Conservative governments 1979-97 repeated 'technical' revisions reduced the reported rate and gave rise to critical views of its use as an economic indicator (see Ray Thomas's chapter).

This chapter is concerned not with the last twenty years but the last 150. How best can we study the timing and the geography of hardship over so long a period? This is partly a matter of sources but also raises broader questions about the relationship between statistics and the changing society they document.

Records of unemployment and pauperism

From 1912 onwards, an unemployment rate is available gathered through Employment Exchanges and the National Insurance system (Garside, 1980). As discussed below, National Insurance covered only a few industries until 1920 while middle class occupations were only added in the 1940s. The series plotted in figure 1 also excludes pre-1939 'juveniles under 16', farm workers and domestic servants. The county-level data used in figure 2 were computed from the *Local Unemployment Index*, published monthly between 1927 and 1939 by the Ministry of Labour. The percentages reported are problematic because the count of those registering as unemployed included under 16s and over 65s, and farm workers, while the divisor did not, but the rates used here were adjusted to compensate.

If the study of twentieth century economic hardship has concentrated on unemployment, nineteenth century research has focused on the Poor Law. From the creation of the New Poor Law in the 1830s onwards, central government agencies published voluminous statistics on numbers of 'paupers' — these recipients of Poor Relief were stigmatised, for example losing the right to vote. The system developed its own language for categorising paupers, but figures 1 and 2 are concerned simply with the total number of paupers as a percentage of population; figure 1 plots the average of counts for January 1st and July 1st, while figure 2 uses January data only.

Twentieth century poor law statistics are easily available up to 1939, if little studied. A national pre-1911 unemployment time series is widely known, created by government statisticians but based on trade union data (see for example, Mitchell and Deane, 1962). However, the underlying trade union records have been almost completely neglected even though they provide more detail. Of course, without a 'laying-on of hands' by government statisticians they are 'unofficial', but their history is fascinating:

The earliest known trade union scheme was operated by the London Tin-Plate Workers (1798) but early unions were tiny and mainly helped jobless workers through the so-called tramping system, granting them a meal, a pint of beer and a night's lodging in each town as they searched for work. Reflecting a nationwide recession in the late 1840s, and a more integrated labour market promoted by the new railways, the major artisan unions introduced weekly payments to their unemployed, and *Monthly Returns* based on numbers signing the 'Vacant Book' in each branch: the Amalgamated Engineers from 1851, the Ironfounders from 1854, the Carpenters and Joiners from 1863 and so on. Even in the 1890s almost all unions paying unemployment benefit were in engineering and shipbuilding, construction and printing. Figure 1 shows the official series for 'all unions reporting' while figure 2 was computed from the returns of the two largest, the Engineers and the Carpenters, using January and July only.

Figures 1 and 2 combine trade union and National Insurance unemployment rates with poor law statistics to cover a very long period indeed — but what conclusions can we draw? Let's consider first the pre-1914 period and then the recession years of the 1920s and 30s.

Distress Ecologies

Pre-1914, the trade union series show an almost regular oscillation, peaking every eight to ten years — the trade cycle — while pauperage shows a slow downward trend, accelerating in the 1870s. We can just detect a set of cyclical peaks, typically lagging those in the unemployment series by about a year; the Poor Law peak in the early 1860s is much the largest. Similarly, the maps of unemployment and pauperage in figure 2 suggest two completely different geographies: trade union unemployment was highest in the north, while paupers were concentrated into a belt from Dorset to Norfolk.

What we have here are the records of two very different systems of relief. The Poor Law was primarily intended to relieve farm labourers' families and was well-suited to areas where most workers was only fully employed at seed time and harvest; the band from Dorset to Norfolk was where grain production was most dominant. The system was funded via a local property tax, hence it can be seen as a mechanism whereby land-owners collectively supported their work-force through winters. Conversely, in northern towns it had only been imposed following great resistance and served only as a last resort for the truly desperate (Driver, 1993). A government statistician commented in the 1890s that: 'distress ... will be more acute towards the end of a cycle of depressed trade ... owing to the gradual exhaustion ... of savings and resources' — which explains the lagged relationship between the peaks in unemployment and pauperage (Southall, 1991).

Other features of the poor law series must similarly be related to policy. The New Poor Law was designed to achieve greater central control, especially over the perceived abuse of 'outdoor relief' — cash handouts rather than relief in the workhouse. The national Poor Law Board supervised local Guardians, and even though the highest levels of outdoor relief were in agricultural districts, they applied greatest pressure on urban Guardians: agricultural labourers unemployed in winter were somehow legitimate, urban workers jobless due to recessions were not. The one exception was the Cotton Famine of 1862-3, when the American Civil War interrupted Lancashire's supply of cotton, causing vast hardship: the Board suspended the Outdoor Relief Regulation Orders, leading to the blip in figure 1 (Rose, 1977). Conversely, in 1871 the Poor Law Board was replaced by the Local Government Board which launched a crusade against out-relief, hence the sharper decline (Williams, 1981).

The trade union series is less problematic as its behaviour was not driven by administrative changes but we must still bear in mind its origins. The union schemes were created by unionists to meet their own needs. Entry to the artisan trades was limited by apprenticeship, and the unions were often even more selective, only admitting men under 40 and excluding the unhealthy. Consequently, structural unemployment was almost completely absent. Further, unemployment benefit rules were subtly linked to the unions' industrial role; what the rules typically said was:

> Should any free member be thrown out of employment under circumstances satisfactory to the branch to which he belongs ... or non-free member be withdrawn from his situation by [the union], and continue out for three consecutive days, he shall be entitled to the sum of ten shillings per week... [Amalgamated Engineers' rules, 1868]

This benefit, which was as much as an unskilled man's weekly wage, covered men losing their jobs because their employer simply had no further work for them. However, 'circumstances satisfactory to the branch' also covered men refusing pay cuts, while 'withdrawing men from their situation' meant strike action. In fact, the unions issued annual wage books which laid down 'standard rates' for each town, which was the rate below which members were entitled to refuse work. These rates were pushed up during booms but cut in recessions, to prevent the unions' funds being exhausted by benefit payments. The pre-1914 data used by Phillips in his famous study of the relationship between wage inflation and unemployment is largely based on union wage and unemployment data — so we should perhaps interpret the Phillips Curve as a microeconomic phenomenon (Phillips, 1958).

The Poor Law and union benefits were both adaptations to particular economic environments: agriculture, particularly grain farming, which inevitably created seasonal unemployment; and artisans who sought to protect their high wages during the recessions which were endemic to the capital goods industries of the 'workshop of the world'. Once we understand this, the resulting statistics provide real insights into the lives of these groups. However, at least two other sets of environments and adaptations are less easily studied:

Firstly, artisans' skills fitted them to work for many different employers and made them mobile. However, other workers had acquired skills 'on the job' that were only relevant to a particular workplace. In such sectors, most obviously in textiles and mining, industrial communities were often isolated and dominated by a single employer, typically an owner-manager living locally — Mr. 'Ardcastle at t'mill. Such workers had little mobility, but equally employers needed to sustain 'their' community to retain a workforce for better times. Here the normal response to recession was not unemployment for the few but short-time working for the entire firm. This can sometimes be studied locally but there were no national statistics.

Secondly, in the great cities many workers, generally with poorly defined skills, could rely on neither trade union nor employer. In utmost desperation they could turn to the Poor Law, but mostly they moved between different occupations depending on circumstance. Sometimes that occupation meant 'employment' — labouring in a factory, or casual dock work — but often they scavenged a living: collecting and selling firewood, running messages, casual prostitution, petty crime (Stedman-Jones, 1971). This was the world of Dickens' *Oliver Twist* (1837), or Mayhew's *London Characters* (1870) and modern notions of 'unemployment' are inappropriate.

Given this diversity of economic ecologies, how can we best measure overall patterns of distress? There are statistics which tell us something of those outside the union schemes and the Poor Law, such as records of small debt cases and even the marriage rate — which resembled the trade union data (Gilbert and Southall, 1996). However, any real understanding of economic distress in pre-1914 Britain requires use of a range of statistical sources and qualitative data.

What changed in the Inter-War Depression?

The figures show clearly that both unemployment and pauperage moved to a higher level. However, how much of the change in unemployment was due to the shift from trade union to National Insurance sources? Similarly, was the reversal of the long-term downward trend in numbers on poor relief yet another consequence of administrative changes?

Many writers have claimed that the First World War marked the end of a golden age, particularly for the north of England (for examples, see Southall, 1988). Two pieces of evidence support this erroneous view. Firstly, most contemporary poverty researchers were London-based and concentrated on the East End — 'Darkest London'. The most extreme disparities in pre-1914 Britain were within London; for example, in 1911 the two urban districts with the highest and lowest numbers of domestic servants, a measure of affluence, were Hampstead and Bethnal Green. However, this tells us nothing about the **regional** disparity between north and south. Secondly, if we see the Poor Law system as the precursor of National Insurance, as do most histories of the Welfare State, and then wrongly compare pre-war pauperage with inter-war unemployment — i.e. the top right and bottom left maps in figure 2 — we do find a striking reversal in the geography of distress.

Once we understand that there were two parallel systems, contributory insurance and means-tested poor relief, we must examine change in each. The change in insurance is most obvious: a voluntary union scheme was replaced by a compulsory state system. However, the continuities were substantial: the union schemes grew during the 1900s to include non-artisan sectors, while the state scheme of 1911 borrowed much of its detail from the unions and was largely limited to building, shipbuilding, engineering and vehicles — sectors already covered by union schemes. In 1920 it was extended to all employees over 16 excluding, principally, agriculture, domestic service and non-manual workers earning over £250 per annum; by 1931, the system covered approximately two-thirds of the working population.

The government continued to gather trade union statistics until 1926, and figure 1 shows that between 1913 and 1926 the union and National Insurance statistics behaved very similarly. It therefore seems fairly clear that unemployment **was** much higher in the inter-war period, and more sustained. However, two provisos should be noted. Firstly, while the union schemes pre-1914 were not only largely limited to artisans but also selective, the unions doubled in size between the 1900s and 1920s. Pre-1911, the ability of unions to deny blacklegging members their sick pay and superannuation, and to grant unemployment benefit to members rejecting wage cuts, strengthened them in industrial conflict. Post-1911, industrial strength depended far more on sheer size, while sickly or incompetent members were less of a problem provided they were admitted to new classes of membership outside the benefit system; increasingly, unions withdrew from welfare provision and became more purely industrial organisations. Therefore, in comparing pre-1914 union rates with the early 1920s, we are not entirely comparing like with like.

Secondly, once National Insurance became almost universal, other mechanisms for dealing with reduced labour demand became uneconomic. Industries which relied on short-timing working were still required to pay into the scheme, but men had to be unemployed for at least three **consecutive** days to claim — so short timers got nothing out. Unsurprisingly, 'unemployment' became increasingly prevalent in sectors which had previously relied on short-time, although even in the 1930s short-time was common in the midlands, Lancashire and Yorkshire — while casualism and underemployment were still common on Merseyside, for example (Whiteside, 1991).

If we accept that the pre-1914 trade union unemployment data are **broadly** comparable with the inter-war National Insurance data, figure 2 shows considerable continuity in the geography of unemployment. This is particularly true when we examine sub-county rates: in April 1909, rates among engineers were 30.9% in Howden on Tyneside and 24.2% in Greenock, while the *Labour Gazette* gave a rate of 38.8% for shipbuilding on Wearside; meanwhile, new centres of light engineering in the Midlands had much lower rates: 4.1% in Derby, 3.8% in Coventry. Broadly speaking, the geography of unemployment in the inter-war period is best described as an intensification of pre-1914 patterns, not a reversal. Other statistical evidence, for example on infant mortality and over-crowded housing, shows clearly that the late 19th century was scarcely a 'golden age' for the north.

The Poor Law is associated with the nineteenth century but the inter-war Depression gave it new life. Unlike National Insurance, it was locally administered by elected guardians and that meant by the 1920s it was often Labour-controlled. While the initial National Insurance system was modeled on the self-financing union systems, with clear entitlements, during the 1920s the depth of the recession and its extension to other groups meant it ran at a large loss, and consequently politicians intervened to limit expenditure. This blurred the divide between insurance and welfare, and meant that in some areas a generous Poor Law was preferable to an insurance system which, for example, denied millions of claims on the grounds that claimants were not 'genuinely seeking work'.

The Poor Law therefore became the last resort for workers who had exhausted their six months entitlement to unemployment benefit, and for women and many others who almost automatically failed the 'seeking work' requirement, while remaining the first resort for those outside the insurance system, notably agricultural workers, and for those outside the labour market such as the chronically sick and the elderly. The headings used in classifying Poor Law statistics reveal a system slowly adapting to an industrial society. Pre-1914, the dominant divisions were firstly into indoor and outdoor relief, and then into able-bodied, not able-bodied and lunatics — implicitly defining the causes of their being on relief in terms of personal characteristics; pre-1858, they tabulated the marital status of adults and the legitimacy of children. In 1884, they began to divide able-bodied male paupers into those 'relieved on account of their own sickness, accident or infirmity' and those 'relieved for other causes', while in 1913 the able-bodied/not able-bodied distinction was dropped altogether. From 1922, those on 'domicilary relief' — i.e. outside workhouse institutions — were divided into those relieved 'on account of unemployment' and others, mainly the sick.

The inter-war Poor Law map covers all paupers and shows a system in transition. High rates in East Anglia and parts of the south-west are a relic of earlier patterns, but now the highest rates appear in the industrial north and South Wales. The system had clearly changed, accepting industrial unemployment as legitimate grounds for relief. Mapping those relieved 'on account of unemployment' still more closely resembles the map of inter-war National Insurance data, but even here there are differences, notably much higher rates in east London. Note that while the pre-1900 maps cover quite separate groups of people, there is a complex overlap between the unemployed count, based on numbers signing-on at Labour Exchanges, and the Poor Law statistics, based on benefit recipients.

The Poor Law has never really gone away, but it has been nationalised. In 1934, responsibility for everyone on poor relief through unemployment was passed to an Unemployment Assistance Board, justified by the 'irresponsibility' of local authorities, then the post-war Beveridge reforms eliminated local democracy completely: Poor Relief and the 'dole' became National Assistance, Supplementary Assistance and now Income Support — as many name changes as Sellafield, but essentially the same system. Accountability seems to have been thrown out along with democracy: very detailed Poor Law statistics were published as part of a system of surveillance of supposedly spendthrift local administrations, but statistics on the detailed geographical distribution of recipients of Income Support are far less easily available.

Unemployment and the Labour Market

Statistics of unemployment and poverty were and are moulded by the rules of relief systems; the government does not always act as an impartial gatherer of facts. However, there is a still deeper problem inherent in any use of statistics spanning long periods of time: statistics are a social product, and just as society changes so do the meaning of social statistics. We may be able to graph unemployment for Britain from 1851 to the present, but the profound changes in **employment** over that period must affect the measurement of **unemployment**. The superficial criticism of pre-1911 statistics is that they cover only unionists in certain sectors, but the real question is whether unemployment was a meaningful concept in other sectors. Rural land-owners, through the Poor Law, and mill- and mine-owners through short-time knew they had to sustain their localised workforces; while the urban poor had to sustain themselves somehow, rarely having the continuing status we understand as 'employment', and in the deepest recession had somehow to scavenge an income — they might well starve to death but were never 'unemployed'.

In the mid-twentieth century, labour law and welfare rules made 'employment' a near-compulsory part of earning a living while macroeconomic 'full-employment policies made it almost universally attainable. Unsurprisingly, unemployment became the dominant and unproblematic measure of society's economic success. However, since the 1960s economic restructuring has transformed labour markets and made unemployment once again a highly problematic measure. More and more workers are self-employed, not employees; work for a succession of small firms rather than a single lifetime employer; work part-time or flexible hours. Both the numerator and the denominator of the unemployment rate become more and more problematic, and arguably tinkering with unemployment measures serves to distract attention from this deeper transformation. However, these are **not** new challenges. All these problems and more are to be found in the analysis of historical statistics. Back to the future!

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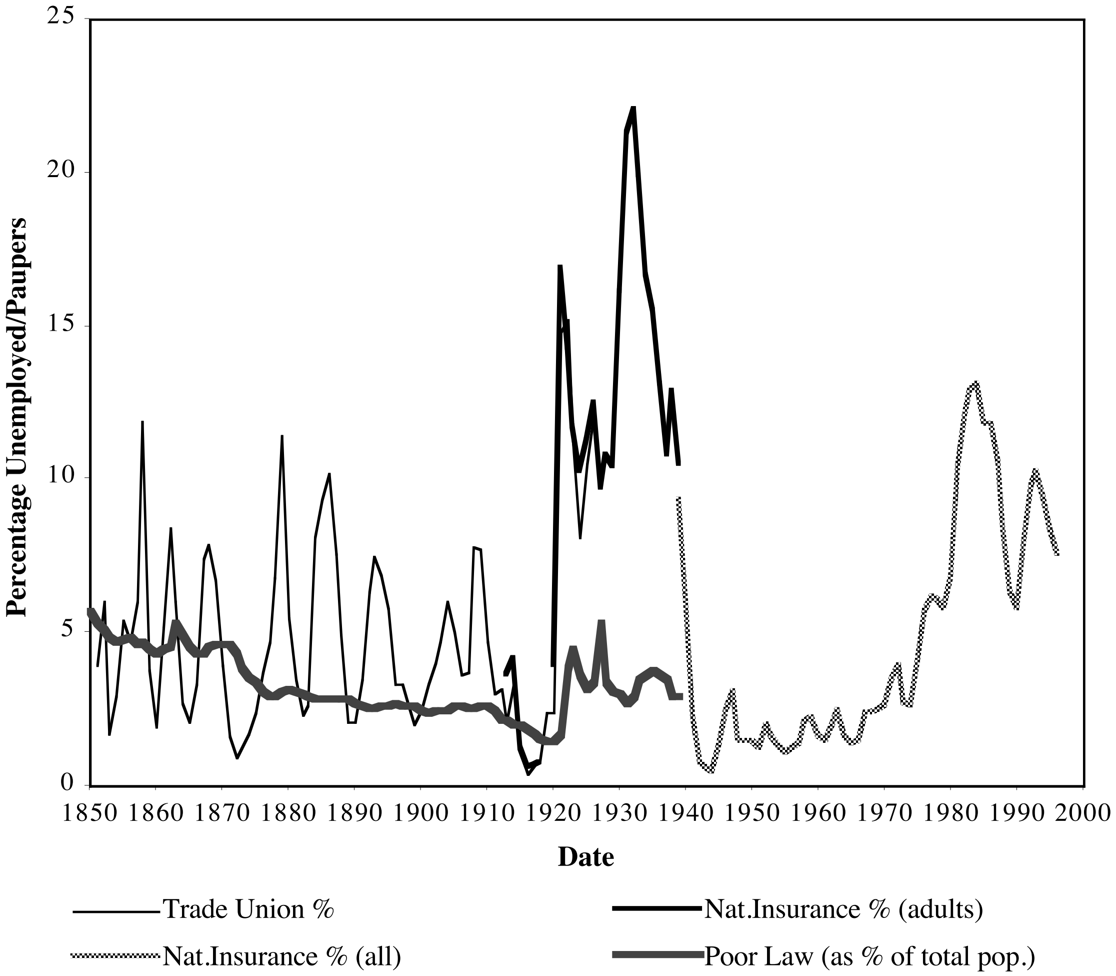
Figure 1:
Unemployment and Pauperage, 1850-1996



Sources: The trade union series for 1851 to 1880 comes from B.R.Mitchell and P.Deane, *Abstract of British Historical Statistics* (Cambridge: CUP, 1962), p.64, Column A; and thereafter from *British Labour Statistics Historical Abstract, 1886-1968* (London: HMSO, 1971), p.303. The Poor Law series is taken from K.Williams, *From Pauperism to Poverty* (London: Routledge, 1981), table 4.5 (pp.158-62). The 1913 to 1939 National Insurance series for adults comes from *British Labour Statistic*, p.306, table 160. The National Insurance series for all workers was taken from: (1939-47) *British Labour Statistics*, p.306, table 161; (1948-68) *British Labour Statistics*, p.316, table 165; and thereafter from either *Social Trends* or the *Employment Gazette*. This last series is an annual average of the monthly claimant count for both men and women in the United Kingdom.

Figure 2:
County-level Measures of Economic Distress