Economic Insecurity and Social Policy

However steady a man may be, however good a worker, he is never exempt from the fear of losing his job from ill-health or from other causes which are out of his control. . . . To the insufficiency of a low wage is added the horror that it is never secure.
—PEMBER REEVES, ROUND ABOUT A POUND A WEEK

We forget how terribly near the margin of disaster the man, even the thrifty man, walks, who has, in ordinary normal conditions, but just enough to keep himself on. . . . The possibility of being from one day to the other plunged into actual want is always confronting his family.
—LADY BELL, AT THE WORKS

One Saturday afternoon in the spring of 1902, Frank Goss’s father arrived home from work early. Giving some coins to his wife, he announced, “That’s the last wages you’ll get for a bit.” He had unexpectedly gotten “the sack.” When his wife said that they had always managed when he was out of work in the past, Frank’s father replied that things were different this time. Too many people were already without work, some for several months. “Before, there was always a chance of getting in somewhere. . . . But it’s not like that now. . . . Once out now, you can’t get in anywhere.” He then added, “If there’s no work in our trade in the winter, Gawd help us.” As Goss recalled, “this was the beginning of our second period of dire poverty.” With his father unable to find work, “gradually every bit of furniture that would fetch a few coppers went to the pawnshop.” Frank’s mother took in washing and occasionally did some dressmaking “at the
lowest rates that she could possibly accept,” and the boys did errands for their better-off neighbors. The family received a bit of help from relatives and friends, and the grocer and milkman allowed them to purchase “small quantities of the bare necessities on tick.” They lived on “crusts and scraps”; the rent went unpaid and accumulated into “a formidable sum.” Finally, after several weeks without work, Frank’s father went on the tramp with another man, but returned home two weeks later penniless. Reminiscing years afterward about that summer, Goss wrote of how the despair of dire poverty “destroys the fibre of a man,” and added: “to feel the patterns and habits of living, in which the future has been envisaged as a procession of normalities, destroyed and replaced by a living fear of greater and greater destitution and want becomes an intermidable [sic] progress into a greater hopelessness that surely breaks the spirit.”

Another example of how a household could fall from relative comfort into poverty in a short time is given by the condition of a Preston family in 1862, during the Lancashire cotton famine. The husband was a middle-aged cotton spinner, and at least one of the five children also worked in a factory. The “thrifty” wife ran a “little provision shop.” Sometime before the downturn began, one of the sons lost two fingers in an industrial accident and was temporarily disabled, and four of the children had been sick for several months. All lost their jobs when the factories shut down. After a few months without earnings and with their shop’s little stock “oozing away—partly on credit to poor neighbours, and partly to live upon themselves,” the family was destitute. They were forced to turn to the Poor Law for assistance; at the time they were interviewed the family was “receiving from all sources, work and relief, about 13s. a week.”

Mrs. Hart was a widow in her sixties when she was admitted to the Bromley workhouse in 1882. She had done “canvas work,” but had been without work for seven or eight weeks and been forced to sell most of her furniture. She had two grown children, but her son had lost a leg and was receiving poor relief, and her daughter offered her no assistance. After less than a year in the workhouse, she left and moved in with her sister, also a widow. Two years later Mrs. Hart was injured carrying some canvas, and after some time in the Bromley Sick Asylum was readmitted to the workhouse, being no longer able to work. Some years later her sister, then 71, applied for relief. She was destitute; her furniture had been sold and she could not pay her rent.

Frank Goss blamed the industrial revolution for his family’s plight. In his words, over the past century and a half “it had come upon an unnumbered host

2. Waugh (1867: 49–51).
like a visitation of a plague destroying their wellbeing, ruining and starving them, and leaving them destitute, crippled and dying in its wake.”⁴ Goss could have benefited from a course in early modern economic history. Economic insecurity was not a new phenomenon in the nineteenth century, nor was it a product of capitalism. Workers in preindustrial Europe were subject “to a myriad of uncertainties and insecurities which could temporarily or permanently undermine the precarious viability of their household economies.” Not the least of these was the availability and price of grain, which fluctuated with the state of the harvest. However, the rise of an urban industrial economy in the nineteenth century led to new forms of insecurity and to a decline of the traditional safety net based on church, kin, and neighbors. In the words of R. H. Tawney, “the peasant is insecure, but he curses the weather, not social institutions.”⁵

Industrialization also led to a widespread discussion of the problems associated with having an uncertain income. The conclusions reached by Pember Reeves and Lady Bell regarding British workers’ income insecurity on the eve of the First World War were based on their investigations of working-class households in south London and Middlesbrough, and they were echoed by other commentators. Seebohm Rowntree, the Webbs, William Beveridge, Arthur Bowley, and Llewellyn Smith, among others, wrote about the problem of economic insecurity and how it could be alleviated, and Robert Tressell brilliantly portrayed the extent of insecurity among building trades workers in turn-of-the-century Hastings (Mugsborough) in his novel *The Ragged Trousered Philanthropists.*⁶ Winston Churchill, soon to become President of the Board of Trade, wrote to the editor of the *Westminster Review* in 1907 that “the working classes . . . will not continue to bear, they cannot, the awful uncertainties of their lives.” In a speech the following year Churchill called insecurity “that great and hideous evil . . . by which our industrial population are harassed.”⁷ Insecurity was a major topic examined by the Royal Commission on the Poor Laws and Relief of Distress of 1905–9.

Why is it important to study economic insecurity? The material living standards of British manual workers, as measured by average full-time earnings, nearly doubled from 1850 to 1913—those fully employed in 1913 were far better

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⁴ Goss autobiographical manuscript, 51.
⁵ Wrightson (2000: 319). Tawney’s (1972: 10) quote is from his diary, May 1912. Epstein (1933: 3) asserted that insecurity “has been the bane of mankind” since Adam and Eve were banished from the Garden of Eden.
⁶ See Rowntree (1901), Rowntree and Lasker (1911), Webb and Webb (1909a; 1909b; 1911), Beveridge (1909), Bowley and Burnett-Hurst (1915), and Smith (1910). Tressell ([1955] 2005) wrote between 1906 and 1910, although his unabridged novel was not published until 1955.
off, in terms of the ability to purchase goods and services, than their fully employed grandfathers. However, long-term trends in full-time earnings tell us nothing about the amount of time lost due to unemployment or illness, or about workers’ ability to cope with these periodic losses of income. By focusing on trends in full-time earnings, historians often miss what happened to those in households where the prime-age male breadwinner was unemployed or too sick to work, households headed by female workers due to the death or absence of an adult male, and households where the breadwinner, whether male or female, was too old to work or at least to work full-time.

How did working-class households deal with income insecurity? What role did public and private safety nets play in alleviating insecurity? How did government social policy and workers’ coping strategies change from 1834 to 1940? This book addresses these questions, focusing on workers’ methods for coping with income insecurity and the evolution of social welfare policy during the nineteenth and early twentieth centuries.

Defining Terms

It is useful to begin with a few definitions. Western et al. define economic insecurity as “the risk of economic loss faced by workers and households as they encounter the unpredictable events of life.” Insecurity is associated with income loss caused by “adverse events” such as unemployment and poor health; the negative impact of these shocks on households depends “on the surrounding institutions that regulate risk.” Recent attempts to measure insecurity have been undertaken by Osberg and Sharpe and by Hacker et al. Osberg and Sharpe’s index of economic security is based on “four key objective economic risks”—income loss associated with unemployment, the “risk of health care costs,” and the “prevalence of poverty” among single-parent families and the aged. Hacker et al. construct an economic security index measuring “the share of individuals who experience at least a 25 percent decline in their inflation-adjusted ‘available household income’ from one year to the next (except when entering retirement) and who lack an adequate financial safety net to replace this lost income until it returns to its original level.”

Data constraints preclude the construction of such an index for Victorian Britain. However, the notion of economic insecurity that I use throughout this book is similar to that of Hacker, Osberg, and Western. Insecurity refers to a household’s exposure to declines in income of a magnitude large enough

to create acute financial hardship. The extent of working-class insecurity in Victorian Britain was determined by the interaction of three factors: the probability of large negative income shocks; the ability of households to buffer income shocks with savings or insurance benefits from friendly societies or trade unions, or assistance from kin; and the existence and generosity of government social policies (or charitable institutions) that provided benefits to partially offset income loss.

Any discussion of insecurity has to confront the issue of whether income fluctuations were predictable. Working-class households experienced negative income shocks as a result of unemployment, reductions in wages or work hours, prolonged periods of illness, death, or disability of the chief wage earner, and old age. If most income shocks could be anticipated, why didn’t households protect themselves from financial distress by increasing their savings, joining mutual insurance organizations providing unemployment, sickness, old age, and disability benefits, or, at least, obtaining a stock of pawnable goods that could be used to raise enough cash to live on for a few weeks? Critics of government social welfare programs have raised this issue repeatedly for the past two centuries.

The evidence presented in this book shows that Victorian working-class households did save and join friendly societies, but, despite their attempts at income smoothing, many periodically fell into financial distress. Why? First, while the occurrence of income shocks was to some extent predictable, their precise timing and magnitude were not. It is easier to anticipate that a business cycle downturn will occur every six or eight years than to estimate the amount of time one will be out of work during the next downturn. Severe recessions forced many who had not done so during milder downturns to turn to the Poor Law for help. Moreover, the rise of a globalized economy created additional uncertainty that was difficult to predict. The Lancashire cotton famine, which threw thousands of factory workers out of employment for months, was caused by the sharp decline in raw cotton imports during the American Civil War, an event factory workers could not have anticipated. The great expansion in international trade after 1870 led to a corresponding increase in workers’ insecurity; in the words of Michael Huberman, “instability rose everywhere as economies became more open.”

Workers tried to cope with the additional risk, but many, especially among the low-skilled, were fighting a losing battle.

A household’s ability to weather income shocks on its own depended on the size of its “financial safety net,” determined by how much it saved and whether the head was eligible for insurance benefits from a mutual insurance organization. Some Victorians, such as Samuel Smiles, asserted that virtually

all working-class households could put aside enough money to provide against income loss due to unemployment or illness, but available evidence suggests otherwise. Households headed by well-paid skilled artisans often were able to protect themselves against all but the most catastrophic income shocks. However, as late as 1901 the poorest third of working-class households had little savings and were not members of societies providing sickness benefits, and only one in eight adult male workers was eligible for unemployment benefits through a trade union. The desire to protect oneself against income loss is not the same as the ability to protect oneself. Each of the families described at the beginning of this chapter appeared to be responsible and hardworking, and yet each was plunged into distress by a negative income shock. Low-skilled workers simply did not make enough money to provide against income loss, and many continued to experience acute financial distress at some points in their lives.11

While the extent of insecurity in Victorian Britain cannot be precisely measured, rough estimates of the number of insecure households can be constructed. I define a household as economically insecure if it faced a substantial risk of falling temporarily or permanently into poverty in response to negative income shocks. In current terminology, the insecure include both the poor and the “near poor.” In turn, I define a household as being in poverty if its total earnings were “insufficient to obtain the minimum necessaries for the maintenance of merely physical efficiency.”12 This is Rowntree’s “primary poverty” line. Like all poverty lines, it is to some degree “an arbitrarily defined standard,” but it was the basis of nearly all poverty standards constructed from 1899 to 1939, and historians have used modified versions of Rowntree’s standard to estimate poverty lines for Victorian towns.13

The number of households that were economically insecure at a point in time included not only those with incomes below the poverty line but also those with incomes above the poverty line but at risk of falling below it. This risk was quite real. In Victorian Britain as in present-day America, households were constantly moving into and out of poverty, and many households experienced multiple spells in poverty.14 Because of the dynamic nature or fluidity of poverty, the number of households experiencing at least one spell in poverty over a period of, say, ten years was far larger than the share living in poverty at any point in time. The town surveys undertaken in early twentieth-century Britain

13. Anderson (1971); Dupree (1995). According to Bowley (1932: 70–71), all recent poverty estimates had been “based on Rowntree’s standard, adapted to the prices and circumstances of other times and places.”
counted the number in poverty at a precise moment and therefore missed poverty’s dynamic nature. They greatly understate the extent of temporary spells of financial distress caused by the head or other family members being out of work for more than a few weeks. They also greatly understate the extent of insecurity. Rowntree understood that “the proportion of the community who at one period or other of their lives suffer from poverty to the point of physical privation” was “much greater . . . than would appear from a consideration of the number who can be shown to be below the poverty line at any given moment.” Besides the households that fell into temporary distress as a result of income shocks caused by unemployment or illness, Rowntree also identified life-cycle periods of poverty. The life of a low-skilled worker was “marked by five alternating periods of want and comparative plenty,” as shown in Figure 1.1. The laborer typically lived in poverty for part of his childhood, until he or some of his older siblings were able to work and augment the family income. He again lived in poverty during the period from when his second or third child was born until the oldest child reached 14 and began to work, and finally in old age. A laborer who lived to age 70 could expect to spend upward of 25 years in poverty.\footnote{Rowntree (1901: 136–38).}

Two other terms that occur at various points in the text, destitution and pauperism, should be defined. Victorian commentators used the term “destitution” to denote deep or extreme poverty; destitute households had incomes well below the poverty line. While anyone who was destitute would be in poverty, many of those who were poor would not be considered destitute. A pauper is a person in receipt of Poor Law relief. The number of persons

\begin{figure}
\centering
\includegraphics[width=\textwidth]{rowntrees-diagram.png}
\caption{Rowntree’s Diagram of Poverty over the Life Cycle.}
\label{fig:rowntrees-diagram}
\end{figure}
receiving poor relief cannot be used as a proxy for the number in poverty, because the standards used by Poor Law guardians in administering relief varied both across locations and over time, and many of those in poverty did not receive poor relief. Some contemporaries quoted in the text used the term “pauper” in a pejorative sense, to denote someone who was irresponsible and dependent on public welfare. This use of the term often was associated with criticism of public or private assistance—it was claimed that generous poor relief or charity “pauperized” a segment of the population.

The Extent of Income Insecurity

What share of the population of nineteenth- and early twentieth-century England was economically insecure? Put another way, what share was either in poverty or in danger of falling into poverty at any time? This question is easier asked than answered. Rough estimates of the number of economically insecure households can be obtained using occupational data from the census or household income data from town-level poverty surveys. The first approach identifies insecurity by the occupation of the household head. It associates insecurity with occupations characterized by low wages or high employment volatility, and assumes that households headed by low-skilled urban workers, skilled or semiskilled workers in highly cyclical industries, semiskilled workers in the building trades, and agricultural laborers were economically insecure. The second approach assumes that a household was economically insecure if its typical weekly income was no more than a certain amount above the poverty line. In the estimates below, I assume that a household was insecure if its weekly income was below the poverty line or above but within 8s. of the poverty line. A family of five with an income 8s. above the poverty line would be about 40% above the poverty threshold in the 1850s and 33% above the threshold in 1912. This corresponds roughly to the current concept of “near poverty,” which typically is defined as having an income above but within 1.5 times the poverty threshold, although some set the top income at 1.25, 1.33, or 2.0 times the poverty threshold.

Table 1.1 presents rough estimates of the share of households or adult males who were economically insecure for several benchmark periods—1688, 1801–3, 1851–67, 1911–14, 1931, and 1951. The data were drawn from differing types of

16. From 1851 to 1912, the poverty line for a family of five was between 20s. and 24.6s.
17. Meyer and Sullivan (2012: 174) and Rank et al. (2014: 206) define “near poverty” as having an annual income above but not more than 150% of the official poverty line. A Census Bureau report by Heggeness and Hokayem (2013) defines the near poor as those with incomes between 100% and 133% of the poverty threshold, but also reports the share with incomes between 100% and 150% of the poverty line.
sources (social tables, town-level poverty surveys, census data on occupational categories), but together they provide a crude index of the changing levels of insecurity over the long run. Where available, the table also reports the share living in poverty, as estimated by the authors. Both the share in poverty and the share insecure declined substantially from the beginning of the nineteenth century to the eve of the First World War. This result is not surprising. What is more surprising is the extent of economic insecurity among the working class throughout the period from 1801 to 1951, and the relationship between the share in poverty and the share insecure. Gregory King’s data, as revised by Lindert and Williamson, reveal that one-half of English and Welsh households were economically insecure in 1688. Colquhoun’s estimates for 1801–3 indicate that 42% of English households were insecure, and social tables for the 1860s constructed by Baxter and Levi show that the share of adult working-class males who were insecure remained above 40% throughout the first two-thirds of the nineteenth century. The extent of insecurity began to decline thereafter. Census data on occupational categories for 1911 indicate that, on the eve of the First World War, about one-third of adult working-class males were economically insecure. However, town-level survey data for 1912–14 show that the extent of insecurity varied greatly across locations. Some 60% of working-class households in Reading and 37% in Warrington were insecure, as compared to 16% of households in Northampton and 13% in the mining town of Stanley. The major cause of the differences in insecurity across towns was the large variation in manual workers’ wages. In Reading, 75% of adult males had a weekly wage below 30s., as compared to 62% of adult males in Warrington, 51% in Northampton, and 25% in Stanley.

The estimates for 1931 and 1951 obtained using census occupational data were calculated precisely the same way as those obtained from the 1911 census. The data indicate that the share of adult male workers who were economically insecure declined substantially from 1931 to 1951, from about one-third of adult workers to about one-fourth of adult workers. This result is not surprising. What is more surprising is the extent of economic insecurity among the working class throughout the period from 1801 to 1951, and the relationship between the share in poverty and the share insecure. Gregory King’s data, as revised by Lindert and Williamson, reveal that one-half of English and Welsh households were economically insecure in 1688. Colquhoun’s estimates for 1801–3 indicate that 42% of English households were insecure, and social tables for the 1860s constructed by Baxter and Levi show that the share of adult working-class males who were insecure remained above 40% throughout the first two-thirds of the nineteenth century. The extent of insecurity began to decline thereafter. Census data on occupational categories for 1911 indicate that, on the eve of the First World War, about one-third of adult working-class males were economically insecure. However, town-level survey data for 1912–14 show that the extent of insecurity varied greatly across locations. Some 60% of working-class households in Reading and 37% in Warrington were insecure, as compared to 16% of households in Northampton and 13% in the mining town of Stanley. The major cause of the differences in insecurity across towns was the large variation in manual workers’ wages. In Reading, 75% of adult males had a weekly wage below 30s., as compared to 62% of adult males in Warrington, 51% in Northampton, and 25% in Stanley.

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<table>
<thead>
<tr>
<th>Year/Location</th>
<th>Share Insecure (%)</th>
<th>Share in Poverty (%)</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1688, England and Wales households</td>
<td>50.8</td>
<td>24.2</td>
<td>Estimated from Gregory King, as revised by Lindert and Williamson (1982; 1983b: 101)</td>
</tr>
<tr>
<td>1801–3, England and Wales households</td>
<td>42.3</td>
<td>19.9</td>
<td>Estimated from Colquhoun, as revised by Lindert and Williamson (1982; 1983b: 101)</td>
</tr>
<tr>
<td>1851, Preston households</td>
<td>≈47</td>
<td>20.0</td>
<td>Estimated from Anderson (1971: 31)</td>
</tr>
<tr>
<td>1861, Potteries households</td>
<td>≈32</td>
<td>9.0</td>
<td>Estimated from Dupree (1995: 74)</td>
</tr>
<tr>
<td>1861, England and Wales working-class adult males</td>
<td>41–47</td>
<td></td>
<td>Estimated from Baxter (1868: 50–51, 82–83, 88–93)</td>
</tr>
<tr>
<td>All gainfully employed males</td>
<td>31–36</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1867, United Kingdom working-class adult males</td>
<td>42–45</td>
<td></td>
<td>Estimated from Levi (1867: 14–15)</td>
</tr>
<tr>
<td>All gainfully employed males</td>
<td>25–27</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1912, Reading working-class households</td>
<td>60.3</td>
<td>23.2</td>
<td>Estimated from Bowley and Burnett-Hurst (1915: 172)</td>
</tr>
<tr>
<td>1912, Warrington working-class households</td>
<td>36.5</td>
<td>12.8</td>
<td>Estimated from Bowley and Burnett-Hurst (1915: 134)</td>
</tr>
<tr>
<td>1913, Northampton working-class households</td>
<td>15.5</td>
<td>8.2</td>
<td>Estimated from Bowley and Burnett-Hurst (1915: 88)</td>
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<tr>
<td>1913, Stanley working-class households</td>
<td>13.4</td>
<td>5.4</td>
<td>Estimated from Bowley and Burnett-Hurst (1915: 157)</td>
</tr>
<tr>
<td>1914, Bolton working-class households</td>
<td>22.8</td>
<td>7.8</td>
<td>Estimated from Bowley and Burnett-Hurst (1920: 238)</td>
</tr>
<tr>
<td>All gainfully employed males</td>
<td>28–30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>All gainfully employed males</td>
<td>21–22</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: See Appendix 1.1.
insecure increased slightly from 1911 to 1931, before declining in 1951 to a level below that of 1911. In the early postwar period, slightly more than one in five gainfully employed males was insecure, about half the share who were insecure in 1801–3. It is important to note, however, that the data for 1931 and 1951 overstate the true extent of income insecurity because of the existence in these years of compulsory social insurance policies, which for most households buffered the effects of income loss due to unemployment, sickness, disability, old age, or widowhood.

The other major finding from Table 1.1 is the relationship between the share in poverty and the share economically insecure. For the early social tables constructed by King and Colquhoun, the share insecure was roughly double the share in poverty. In the cotton-producing town of Preston in 1851 there were 2.4 times as many economically insecure households as households in poverty; in the Potteries, the share insecure was 3.6 times the share in poverty. Finally, for the five towns surveyed by Bowley and Burnett-Hurst, the share insecure was 1.9 to 2.9 times the share in poverty. Those who focus on the poverty rate substantially understate the extent of economic hardship among the working class.

**Causes of Income Fluctuations**

The main causes of negative income shocks for working-class households were unemployment, wage and hours cuts, and prolonged periods of illness of the main breadwinner. To these should be added old age, when individuals were no longer able to work, or at least to work full-time. I will briefly discuss each in turn.

From 1870 to 1913, the industrial unemployment rate averaged 6.6%, and exceeded 8% in 12 years. Unemployment data are less reliable before 1870, but what data exist suggest the unemployment rate was 8% or higher in more than a quarter of the years from 1835 to 1913. Unemployment varied greatly across sectors, being highest in mining, shipbuilding, metals, and unskilled labor, and lowest in clothing and footwear, transport, and printing and bookbinding.22 Even during prosperous years, large numbers of skilled workers suffered income losses due to unemployment. For example, from 1887 to 1895, the unemployment rate among members of the Amalgamated Engineers trade union

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22. Unemployment estimates for 1870–1913 are from Boyer and Hatton (2002) and below, Chapter 4. Estimates of unemployment rates from 1856 onwards were calculated from trade union data by the Board of Trade and revised by Feinstein (1972: T125–26). I adjusted Feinstein’s estimates for 1856–69 to make them compatible with Boyer and Hatton’s estimates. On the severity of downturns from 1835 to 1850, see Gayer, Rostow, and Schwartz (1953: 342–56) and Lindert and Williamson (1983a: 12–16).
CHAPTER 1

was 6.1%, but on average nearly 30% of engineers were unemployed during a calendar year, for an average of 10.5 weeks. While the majority of workers were fully employed at any point in time even during downturns, a substantial number were unemployed for a month or more every year.23 Some industries with relatively high average wage rates, such as iron and steel and coal mining, experienced frequent fluctuations in nominal wages as a result of agreements between workers and employers linking wages to product prices.24 The volatility of wages in these sectors was an additional source of income insecurity.

The extent of year-to-year fluctuations in workers’ purchasing power could be quite large. Figure 1.2 presents unemployment-adjusted real wage series for workers in coal mining, shipbuilding, and the building trades for 1870–1913.25 The figure shows that comparing trends in wage rates masks a great deal of year-to-year volatility in true wage income. Coal miners’ expected income increased by nearly 50% during the boom of the early 1870s but then declined sharply in the late 1870s. It did not regain its 1873–74 level until 1890–91, only to fall again before rising in the late 1890s. Movements in shipbuilders’ expected income were similar to those for miners. The income series for building trades workers was less volatile. Still, expected income peaked in 1876 and did not regain that level until 1884, after which it increased slowly to a peak in 1896–99, then declined for a decade until in 1908–10 it had returned to its level in the late 1880s. On the eve of the Great War the real income of construction workers was nearly 10% below what it had been in 1896–99. These fluctuations in purchasing power created high levels of insecurity for workers, one of the costs of which was defaulting on debts. Miners’ income volatility was matched by large fluctuations in the number of local court cases initiated for the recovery of small debts; their high wages did not protect them from periodic times of economic distress.26

Income insecurity was highest for workers in “casual” occupations subject to sudden and irregular fluctuations in the demand for labor. Casual jobs were characterized by “short engagement” and “want of selection.” The economic distress suffered by those with fluctuating and uncertain incomes was vividly described by Henry Mayhew in his classic study *London Labour and the London Poor*. Mayhew focused on “the poorest of the poor”—street sellers, sweatshop workers, dock laborers, scavengers, “cleansers,” and street entertainers. These were, in the words of J. R. T. Hughes, “unfortunates” pitifully trying “to make a place for themselves” in a labor market that did not want them and

for which they had little to offer. Mayhew estimated that in the 1840s London street sellers and their families totaled about 50,000 persons (2.5% of London’s population), but went on to show that the total number of casual laborers was much larger. Four decades later Booth estimated that casual laborers and their families made up roughly 8.4% of the population of London.27

Another major cause of insecurity was loss of employment due to illness or disability of the chief breadwinner. Work time lost due to sickness increased significantly with age. Data obtained from friendly society records indicate that adult males aged 25–35 lost, on average, about a week of work time per year due to sickness, while workers aged 50–59 lost 2–4 weeks per year, and workers aged 60–64 lost 4.6–6.3 weeks per year. These estimates probably understate average work time lost for all manual workers, as sickness rates were higher for unskilled than for skilled workers, and few low-skilled workers were eligible for sickness benefits.28

Like unemployment, sickness affected some workers within age groups more than others. Data on the duration of sickness among members of the Steam Engine Makers union in 1852–72 show that 18.9% of workers aged

![Figure 1.2. Unemployment-Adjusted Real Wages, 1870–1913](image)


28. Money (1912: 169). On the other hand, friendly society members might have been more likely to miss work when sick, due to the existence of sickness benefits.
50–54 collected sick benefits for at least 10% of a calendar year (about five weeks), and 5.1% collected sick pay for more than six months. Among workers aged 60–64, nearly a quarter collected sick pay for at least five weeks, and 9.1% received sick pay for more than six months.29

Throughout the second half of the nineteenth century nearly 5% of the population of England and Wales was aged 65 or older. An individual surviving to 65 could expect to live another 10 to 12 years.30 Most manual workers continued to work as long as they were physically able, and many made some attempt to plan for old age by saving and joining friendly societies and trade unions offering pension benefits. Still, few low-skilled or semiskilled workers were able to support themselves in old age, and a large share of the aged lived in poverty. The Local Government Board’s pauper census for 1891–92 found that 29.3% of all persons 65 and older received poor relief at some point during the 12-month period. The share of aged working-class persons assisted by the Poor Law in 1891–92 was even higher, and almost certainly exceeded 40%.31

The Changing Role of Social Welfare Policy

The extent to which workers suffered financial distress from income shocks depended in large part on the social safety net—the existing institutions of public and private assistance. For nineteenth-century England and Wales, the main social welfare institution was the Poor Law, a system of public relief administered and financed at the local level. The Old Poor Law of 1795–1834 was “a welfare state in miniature,” relieving the elderly, widows, children, the sick, the disabled, and the unemployed and underemployed.32 While most European countries had systems of public relief, the English Poor Law differed from continental systems in several ways—it was “uniform and comprehensive in its spatial coverage . . . [and] relatively generous and certain in its benefits.” The Poor Law was national in scope, although administered at the local level, and the English poor had a well-defined legal right to relief. On the continent, the right to relief was more tenuous, and often “entirely at the discretion of local authorities.” Peter Lindert calculated that in the first third of the nineteenth century English poor relief spending was 2.0% or more of national product, compared to less than 1.5% for the Netherlands, France, and Belgium. The

31. The data for 1891–92 are from Parl. Papers, Return . . . of Paupers over Sixty-Five (1892: LXVIII), pp. 621–31. The estimate in the text assumes that 70% of persons 65 and older were from the working class.
English social safety net, though small by twentieth-century standards, was far larger than those elsewhere in Europe.33

After 1830 the Poor Law’s role in assisting the needy declined substantially. In 1832, the British government responded to the widespread clamor for Poor Law reform by appointing the Royal Commission to Investigate the Poor Laws, whose 1834 report recommended that able-bodied adults and their families be granted relief only in well-regulated workhouses. The resulting Poor Law Amendment Act ushered in a major shift in social welfare policy. The Poor Law Commission created by the act did not eliminate outdoor relief for the able-bodied, but it succeeded in restricting relief for able-bodied males and in reducing relief spending.

The 1870s saw a further restriction of public assistance, known as the Crusade Against Outrelief. Encouraged by the newly formed Local Government Board (LGB), which issued an 1871 circular stating that generous outdoor relief was destroying self-reliance among the poor, local authorities throughout England and Wales reduced outdoor relief for all types of paupers, and in particular able-bodied males and the elderly.34 The LGB was aided in convincing the public of the need for reform by the propaganda of the Charity Organisation Society (COS), founded in 1869. The COS maintained that most low-skilled workers earned enough to set aside some income in anticipation of future interruptions in earnings, and that their failure to do so largely was caused by the availability of generous poor relief. Restricting outdoor relief and offering the poor assistance in workhouses would improve workers’ moral and economic condition in the long run.

Public opinion regarding social welfare policy shifted once again in the decades leading up to the First World War. Beginning in the 1880s, the British public became increasingly aware that there were holes in the existing public-private safety net. The poverty surveys of London in the 1880s and York in 1899 undertaken by Booth and Rowntree showed that there were large numbers of underemployed, sick, and old people living in poverty, the majority of whom were poor because of economic circumstances rather than personal failure.35 The growing middle-class understanding of workers’ economic insecurity helps to explain why, in the decade before the First World War, Parliament did a major about-face and adopted several pieces of social welfare legislation


34. The circular is reprinted in Rose (1971: 229–30).

35. See Booth (1888; 1892b) and Rowntree (1901).
collectively known as the Liberal Welfare Reforms. The extent to which the Liberal government had moved away from the views on social welfare policy expressed during the Crusade Against Outrelief can be seen in a speech by Winston Churchill, then President of the Board of Trade, in May 1909:

Unemployment, accident, sickness, and the death of the bread-winner are catastrophes which may reach any household at any moment. Those vultures are always hovering around us. . . . It is our duty to use the strength and the resources of the State to arrest the ghastly waste not merely of human happiness but of national health and strength which follows when a working man’s home which has taken him years to get together is broken up and scattered through a long spell of unemployment, or when, through the death, the sickness, or the invalidity of the bread-winner, the frail boat in which the fortunes of the family are embarked founders, and the women and children are left to struggle helplessly on the dark waters of a friendless world. I believe it is well within our power now . . . to establish vast and broad throughout the land a mighty system of national insurance which will . . . embrace in its scope all sorts and conditions of men.36

Under the leadership of Churchill and Lloyd George, the Chancellor of the Exchequer, Parliament adopted the Old Age Pension Act in 1908 and the National Insurance Act (which established compulsory sickness and unemployment insurance) in 1911. These acts, along with the other Liberal reforms, greatly extended the social safety net and reduced economic insecurity for workers and their families. Government social transfer spending increased during the interwar years, largely out of necessity, and then greatly expanded with the adoption of the welfare state after the Second World War.

The extent to which the safety net declined from 1834 to 1900 and then grew as a result of the Liberal Welfare Reforms and their extension between the wars is clearly seen in Figures 1.3 and 1.4. Figure 1.3 shows the percentage of the population receiving social benefits from 1829 to 1938, and Figure 1.4 shows social welfare spending as a share of gross domestic product from 1816 to 1960. The only source of public assistance through 1908 was the Poor Law; beginning in 1909 an additional source is included, old age pensions. For the interwar period, the sources of social benefits, in addition to the Poor Law, include old age pensions, unemployment benefits, sickness and disability benefits, and, from 1926 onward, widow, orphan, and old age contributory pensions.

In the five years preceding the adoption of the Poor Law Amendment Act, an average of 15.6% of the population annually was in receipt of public

assistance. During the “hungry” 1840s, the share receiving relief averaged 12.2%. The peak occurred in 1848, the year of the Communist Manifesto and revolutions in Europe, when 14.6% of the population and perhaps 20% of the working class were in receipt of relief. In the 1850s and 1860s the annual share on relief fluctuated around 10%. It then declined sharply in the 1870s, largely as a result of the Crusade Against Outrelief, and more slowly thereafter,
until from 1900 to 1908 only 4.9% of the population received public relief. The small increase beginning in 1909 was a result of the implementation of old age pensions.

The situation was completely different between the wars. From 1922 to 1938 an average of 22.1% of the population received public assistance. In 1933, the peak year, nearly 12.9 million persons received some form of social benefit, including 5.1 million recipients of unemployment benefits, 3.4 million recipients of old age, widows, or orphans pensions, and 1.1 million recipients of sickness or disability benefits. This sharp increase in numbers receiving social benefits largely was due to the economic shocks of the interwar period, but also to the safety net put in place by the prewar Liberal reforms and expanded in the 1920s.

Figure 1.4 tells a similar story. From 1816 to 1833, poor relief expenditures for England and Wales averaged 2.0% of GDP. As a result of both economic growth and the increasing stinginess of relief, welfare spending declined to 1.2% of GDP during the hungry 1840s, and 0.8% of GDP from 1871 to 1908. The addition of government old age pensions raised spending to 1.2% of GDP from 1909 to 1913. Two series are reported for the years 1920 to 1960—one contains spending on social insurance and pensions, the other in addition includes spending on health care. Spending as a share of GDP increased sharply in both series after the First World War and again after the adoption of the welfare state legislation in 1946–48. During the interwar years spending on social insurance and pensions averaged 5.1% of GDP; from 1949 to 1960 it averaged 5.9% of GDP. When expenditures on health care are added, social spending as a share of GDP was 6.6% between the wars and 9.0% from 1949 to 1960.

Debating the Proper Role of Social Welfare Policy

The major shifts in government policy between 1830 and 1950 were driven by changing views on the proper role and the effects of social welfare policies. The debate over government’s role in protecting the poor has been going on for centuries, and it continues today. It has both economic and moral aspects, which are intertwined in such a way that they are difficult to separate.

The debate heated up in the years around the adoption of the Poor Law Amendment Act. Many commentators opposed public relief on the grounds

37. There were 3.8 million Poor Law recipients in 1933, some of whom also received other benefits. To avoid double counting, in constructing estimates of the total number receiving social benefits I reduced the number of Poor Law recipients by 15%. For details of how the estimated number receiving benefits was constructed, see Appendix 1.2.

38. Expenditures on social insurance and pensions increased to 8.9% of GDP in 1970, 12.7% in 1980, and 17.0% in 1995. See Webb (2000: 572). Appendix 1.3 gives the details on how the estimates of social spending as a share of GDP were constructed.
that the increased security it provided reduced work incentives and thrift among the working class. Tocqueville, in his Memoir on Pauperism, claimed that humans have “a natural passion for idleness,” and that the English Poor Law, by guaranteeing the poor that their “most pressing needs” will be met, “weakens or destroys their incentive to work” and “creates an idle and lazy class.” Over time “the spirit of foresight and saving becomes . . . alien to the poor,” and public relief ends up depriving “the population that it wants to help and comfort.”

Among the defenders of public assistance was the young Disraeli, who argued that the poor had a right to relief and that the Poor Law Amendment Act, which denied them that right, was based on “a moral error.” The act “disgraced the country” by announcing “to the world that in England poverty is a crime.” John Stuart Mill admitted that there were negative consequences to relying on public relief, but added that “energy and self-dependence” were “liable to be impaired by the absence of help, as well as by its excess.” Indeed, it was “even more fatal to exertion to have no hope of succeeding by it, than to be assured of succeeding without it.” For those who were “paralyzed by discouragement, assistance is a tonic, not a sedative.”

Mid-Victorian Britain saw the rise of an ethic of respectability and self-help, preached by middle-class reformers such as Edward Denison and Samuel Smiles. Denison, who did philanthropic work in East London in the 1860s, maintained that even the most needy families, “if they had been only moderately frugal and provident,” would be able “to tide over the occasional months of want of work or of sickness, which there always must be.” Smiles, the author of Self-Help and Thrift, agreed that working men, so long as they were thrifty, could become “comparatively independent,” and added that any self-respecting man “should maintain himself and his family without the help of others.” Workers understood the economic risks they faced, and a man with self-respect would take steps to protect his family. In his words, “the uncertainty of life is a strong inducement to provide against the evil day. To do this is a moral and social as well as a religious duty.”

Denison, Smiles, and others maintained that the granting of generous assistance in the form of poor relief or private charity demoralized the poor. Canon Barnett called indiscriminate charity one of the “curses of London,” which caused the poor never to “learn to work or to save,” and asserted that “the poor starve because of the alms they receive.” Not all Victorians were convinced. Beatrice Webb noted in her autobiography that “behind all this array of inductive and deductive proof of the disastrous effect on the wage-earning

class of any kind of subvention, there lay the subconscious bias of ‘the Haves’ against taxing themselves for ‘the Have Nots.’”

Nineteenth-century participants in the social policy debate divided the poor into two groups, “deserving” and “undeserving.” All agreed that some of the poor were thrifty and sober and strove to be independent, but had become indigent as a result of unfortunate circumstances. They disagreed on what share of the poor were “deserving,” and on the effects of government social policy on the behavior of the working poor. Those who were critical of the Poor Law tended, like Tocqueville, to argue that individuals by nature prefer idleness over work, and that this tendency, combined with generous public assistance, created a large class of “undeserving” poor. Why work hard and save if you were assured a subsistence income? Those who supported public relief viewed the poor as generally hardworking, but with incomes too low and precarious to protect themselves against negative income shocks. In their view, most of the poor were “deserving,” and had a right to public relief.

Terms such as “responsibility” continue to be used by modern critics of the welfare state. Peter Bauer, in his maiden speech before the House of Lords in 1983, stated that the “fundamental issue [of the welfare state] is not economic. It is moral. . . . The issue is the responsibility of people to manage their own affairs.” When he asserted that “responsible people should normally be able to provide for . . . old age, ill health, the raising of children, interruption of earnings,” he was echoing Samuel Smiles.

Many economists, along with Lord Bauer, contend that social welfare programs alter individuals’ incentives in a way that reduces work effort, thrift, and self-reliance, and increases unemployment. Martin Feldstein wrote that America’s “extensive program of social insurance has important effects on the economy” that “are generally unintended” and “often harmful.” Milton and Rose Friedman argued that “paternalistic” welfare programs “weaken the family, reduce the incentive to work, save, and innovate; reduce the accumulation of capital; and limit our freedom. . . . The end result is to rot the moral fabric that holds a decent society together.” And Friedrich Hayek maintained that the striving for social justice, which he called a “meaningless conception,” will “produce highly undesirable consequences, and in particular lead to the destruction of the indispensable environment in which the traditional moral values alone can flourish, namely personal freedom.”

In recent decades some scholars, politicians, and commentators have called for a rolling back of the postwar welfare state and a return to Victorian values (or virtues). Charles Murray maintains that the negative aspects of

42. Barnett (1918: 83); Webb (1926: 201).
the welfare state extend far beyond its economic consequences. Individuals achieve “deep satisfactions in life” through four institutions—“family, community, vocation, and faith”—and social welfare policies enfeeble each of them. Self-help and private charity are more virtuous than tax-funded social welfare programs: “Throughout history until a few decades ago, the meaning of life for almost everyone was linked to the challenge of simple survival. Staying alive required being a contributing part of a community. Staying alive required forming a family and having children to care for you in your old age. The knowledge that sudden death could happen at any moment required attention to spiritual issues. Doing all those things provided deep satisfactions that went beyond survival. Life in an age of plenty and security requires none of those things.”45 Some of those who want to reduce social welfare spending point to Victorian England as a “golden age.” According to Gertrude Himmelfarb, moral principles were a part of all Victorian social policies—poor relief was meant to “promote the moral as well as the material well-being of the poor.” Victorian policies were far superior to current social welfare policies: “In recent times we have so completely rejected any kind of moral principle that we have deliberately, systematically divorced poor relief from moral sanctions and incentives. . . . We are now confronting the consequences of this policy of moral neutrality.”46 According to this view, the Victorian virtues of work, thrift, and self-help were held by the working class as well as the middle class. Workers attached a stigma to the acceptance of poor relief and protected themselves against income shocks by joining mutual insurance organizations, depositing money in savings banks, and helping each other, thereby making public assistance largely unnecessary.

The defenders of social policy also present moral as well as economic arguments. R. H. Tawney maintained that true liberty required “securities that the economically weak will not be at the mercy of the economically strong . . . a large measure of equality, so far from being inimical to liberty, is essential to it.” Franklin Roosevelt, in his 1944 State of the Union Address, asserted that “true individual freedom cannot exist without economic security and independence. ‘Necessitous men are not free men.’” He called for a Second Bill of Rights, providing, among other things, “the right to adequate protection from the economic fears of old age, sickness, accident, and unemployment,” and “the right to adequate medical care and the opportunity to achieve and enjoy good health.” And T. H. Marshall, in his essay “Citizenship and Social Class,” argued that all citizens should have “the right to a modicum of economic welfare and security.”47

47. Tawney (1931: 226); Roosevelt (1950: 41); Marshall (1950: 11).
More recently, Amartya Sen has described poverty, lack of economic opportunities, and lack of access to health care as “major sources of unfreedom.” Despite unprecedented economic growth, the modern world “denies elementary freedoms to vast numbers.” Economic poverty “robs people of the freedom to satisfy hunger, to achieve sufficient nutrition, or to obtain remedies for treatable illnesses, or the opportunity to be adequately clothed or sheltered, or to enjoy clean water or sanitary facilities.” Sen accepts the important role played by personal responsibility, but contends that “responsibility requires freedom. . . . The argument for social support in expanding people’s freedom can, therefore, be seen as an argument for individual responsibility, not against it. . . . Without the substantive freedom and capability to do something, a person cannot be responsible for doing it.”48

Jacob Hacker describes negative economic shocks as being like hurricanes: They “strike powerfully and suddenly. They rip apart what they touch. . . . And although they can be prepared for, they cannot be prevented. . . . What happens in an instant may change a life forever.” He rejects the “personal responsibility crusade,” the drive to roll back the welfare state and shift economic risk from the government back onto individuals at a time when income volatility is rising and household balance sheets are fragile. In his words, “the old canard that ensuring security always hurts the economy turns out to be cruelly false. Economic security is vital to economic opportunity.”49

Economists Sen, Robert Haveman, Anthony Atkinson, and Peter Lindert, among others, contend that the economic and social benefits of the welfare state outweigh any negative incentive effects. Haveman contends that “the primary economic gain from the welfare state is the universal reduction in the uncertainty faced by individuals. Life in a market economy is a treacherous enterprise.” Sen maintains that in postwar Britain severe economic hardship during periods of high unemployment was prevented not by “the high average income or wealth of the British. . . . but the guaranteed minimum values of exchange entitlements owing to the social security system.” Atkinson argues that economists need to consider the social benefits of the welfare state as well as its economic costs: “There can be little doubt about its importance in providing income support. There are major equity gains.” Lindert goes further, and concludes from his study of the evolution of social spending over the past two centuries that economists have greatly overstated the costs of the welfare state, and that it may well be a “free lunch”—there is little evidence that the taxes and transfers associated with social welfare programs reduce productivity or the rate of growth of GDP.50

Robert Solow, in *Work and Welfare*, nicely described the social welfare policy debate in both contemporary America and Victorian England: “In a society that places a high value on self-reliance, being the regular beneficiary of altruism may be dangerous to one’s moral health. It can lead to unresisted dependency. . . . Unadulterated market outcomes leave some fraction of citizens . . . deeply impoverished; the question is what to do about that collectively. . . . It is important to know whether extreme poverty arises from a failure of the market mechanism or whether the system is working well but with unpromising raw materials.” Solow speculated on what would happen if the U.S. welfare system ended and former welfare recipients were forced to work. “The welfare roles will diminish. . . . No one will ask what has happened to the former welfare recipients or to the working poor. . . . They may be living with relatives who cannot afford them, or on the street, or under the bridges of Paris.”

51 This applies equally to England in the 1870s, although London should be substituted for Paris.

As the above pages have shown, the arguments for and against government-provided welfare have been remarkably similar over the past two centuries. Recent American campaigns for welfare reform mirror pre-1914 British debates. Let me give two examples. When Lyndon Johnson declared war on poverty in 1964, he was echoing a declaration made by Lloyd George 55 years earlier. In April 1909, Lloyd George concluded his speech introducing the People’s Budget to Parliament by declaring, “This is a War Budget. It is for raising money to wage implacable warfare against poverty and squalidness.” He hoped “that before this generation has passed away we shall have advanced a great step toward” the elimination of poverty. Three months later, in a speech at Limehouse, he declared it “a shame” that poverty existed in “probably the richest country in the world,” and asserted that his budget would protect workers against “the evils and the sufferings” caused by old age, unemployment, sickness, and widowhood. President Johnson, in his 1964 State of the Union message, declared “unconditional war on poverty in America. . . . Our aim is not only to relieve the symptom of poverty, but to cure it and, above all, to prevent it.” He added, “It will not be a short or easy struggle . . . but we shall not rest until this war is won. The richest Nation on earth can afford to win it. We cannot afford to lose it.”

Second, there are many similarities between the American debate over welfare reform in the 1980s and 1990s and the Victorian debate that led to the Crusade Against Outrelief. Ronald Reagan’s “welfare queens” who reputedly collected multiple welfare payments under various names were a modern version of Thomas Wright’s “pauper-souled cormorants” who disdained

52. Lloyd George (1910, chaps. 6–7); Johnson (1965: 112–18).
work and managed to live well by collecting poor relief and charity at the same time. The debate of the 1990s, like that of the 1870s, focused on the supposed need to restore responsibility and morality among the poor, as is demonstrated by the title of the 1996 welfare reform law—the Personal Responsibility and Work Opportunity Reconciliation Act. Conservative pundit William Bennett praised policies requiring poor people to work for their assistance as making both “common sense and . . . moral sense. . . . It is putting people in a position to hold their heads high and take responsibility for their own lives. This is true compassion.” On the other hand, historian James Patterson described the continued focus on the morality of relief recipients as “an apparently timeless faith that laws can be crafted that will make better people of the poor.”

New Perspectives and Findings

This book rewrites the history of working-class living standards and the growth of government social welfare policies in Britain since 1834. What does it present that is new? The book argues that long-term movements in living standards and the evolution of social welfare policies are intertwined, and that neither can be understood without taking the other into account. Workers’ well-being was, and is, strongly affected by the extent of the social safety net under them. Living standards are higher in a society where workers are protected by a tightly woven social safety net than in one where many of those hit by income shocks end up, in Churchill’s phrase, “smashing down on the pavement.” Moreover, it is not possible to understand the reasons for the major changes in social welfare policies between 1830 and 1950 without understanding what was happening to living standards. Changes in social policy do not occur in a vacuum. By examining movements in living standards and social policy together, this book increases our understanding of both.

The book presents new estimates of the extent of economic insecurity and offers new insights into the ways that working-class households coped with insecurity, and into the changing nature of social welfare policies, from the 1830s to the adoption of the postwar welfare state. The approach adopted in the book and the data presented yield several important findings.

First, the book stresses the important role that economic insecurity played in the lives of working-class households throughout the nineteenth and early twentieth centuries. Nearly one-half of working-class families lived under the constant threat of an income shock large enough to cause acute financial distress. The ever-present possibility of being plunged into want made it

imperative that households develop coping strategies for dealing with negative income shocks. Workers dealt with insecurity by saving, joining mutual insurance organizations, relying on relatives and neighbors in times of need, and applying for public and private assistance when necessary. The book shows how the relative importance of these coping strategies changed over time, largely in response to the changing nature of government social welfare programs. The retrenchment of the Poor Law during the long reign of Queen Victoria led those manual workers who could afford it to devote some of their weekly earnings to saving for a rainy day. However, the data presented here show that the self-help option was not feasible for most unskilled and some semiskilled manual workers, who were forced to turn to public and private assistance, no matter how stigmatizing, when hit by negative income shocks.

Second, the book argues that the literature on social welfare policy has not devoted enough attention to the effects of the Crusade Against Outrelief in the 1870s and the Liberal Welfare Reforms of 1906–11, and too much to the effects of the 1834 Poor Law Amendment Act. While the 1834 act did indeed lead to a sharp drop in relief spending, its effect on the actual administration of poor relief, at least in industrial cities, was smaller than the expenditure data suggest. For another three decades, the Poor Law continued to function as a—somewhat stingier—“welfare state in miniature.” Despite pressure from the central government to enforce the workhouse test, urban Poor Law unions continued to provide outdoor relief to unemployed and underemployed workers and their families during crisis times. The widespread adoption of the “principles of 1834” did not in fact occur until the Crusade Against Outrelief in the 1870s. The book provides a detailed examination of the causes and consequences of the crusade. The evidence presented offers strong support for Michael Rose’s conclusion that “the New Poor Law was a creation of the 1860s and 1870s rather than of the 1830s.”

The Liberal Welfare Reforms and their extension in the 1920s were a major watershed in British social welfare policy that marked the end of seven decades of increasing stinginess toward those in need and the beginning of government assistance outside of the Poor Law. Unlike the Poor Law, which was funded by local property taxes, the new social welfare policies were funded either entirely by the central government (old age pensions) or by a combination of worker, employer, and state contributions (unemployment and sickness insurance). The “tripartite scheme of contributions” that began with the 1911 National Insurance Act was adopted by Beveridge in 1942 and by the National Insurance Act of 1946. The Liberal reforms laid the foundations on which the postwar welfare state was constructed.

Third, the book stresses the important roles played by political voice, public opinion, and information in shaping public policy. The extension of the parliamentary franchise to working-class males in 1867 and 1884 played a major role in Parliament’s adoption of the social welfare reforms of 1906–11, as did its further extension to all adult males and females in 1918 and 1928 in the adoption of the postwar welfare state. Public opinion also matters for social policy. If the public believes that poverty largely is a result of laziness, lack of thrift, and drunkenness, they are less likely to support generous tax-funded relief than if they believe that most poor people are poor through no fault of their own. The views of the middle and upper classes toward the poor changed over time. From the 1830s (if not earlier) up to the 1880s, many within the middle class maintained that workers could and should protect themselves against income insecurity rather than rely on the Poor Law or private charity. It was this belief in the “virtue” of self-reliance and the “evils” of generous public and private relief that led to the formation of the COS and to the Crusade Against Outrelief in the 1870s. There was a distinct shift in public opinion in the years leading up to the First World War, driven by the work of Booth, Rowntree, Pember Reeves, and others, which starkly demonstrated the distress suffered by the lower stratum of manual workers and their families. This new information led to a reawakening of the public to the plight of the poor and helped bring about the adoption of the Liberal Welfare Reforms. War also influenced middle-class attitudes toward the poor. During the Second World War, the common sacrifices made by Britons on the battlefield and in the bombed cities led to an increased affinity of the middle for the working class, and to a call for the creation of a postwar New Jerusalem or New Britain.

Finally, the book presents newly constructed estimates of the number of persons aged 65 and older receiving poor relief from 1861 to 1908, the year the Old Age Pension Act was adopted, for England as a whole and for its ten registration divisions. Some historians contend that before the twentieth century most old people were assisted by relatives or private charity and turned to the Poor Law “only in the last resort.” According to this view, the “structured dependency” of the elderly is a post-welfare-state phenomenon. The estimates reported here show that this was not in fact the case. In the 1860s about one-half of all working-class persons 65 and older received poor relief, in the form of either a permanent pension or occasional assistance. Old age pauperism rates declined thereafter, but remained high up to the adoption of the Old Age Pension Act. Large-scale government support for the elderly is not a product of the postwar welfare state; it existed at the local level throughout the nineteenth century and earlier.

A Brief Road Map

The book is divided into two parts. Part I, “Social Policy and Self-Help in Victorian Britain” (Chapters 2–5), tells the story of the changing roles of self-help, public relief, and private charity in dealing with economic insecurity during the long reign of Queen Victoria, from 1837 to 1901. Part II, “Constructing the Welfare State” (Chapters 6–8), begins with an analysis of the Liberal Welfare Reforms, and then explains the expanding role of government social programs between the wars, the genesis of the Beveridge Plan, and the beginning of the welfare state after the Second World War.

Chapter 2 traces the roles played by the Poor Law, charity, and self-help from 1834 to 1870. Workers responded to the reduced availability of outdoor relief after 1834 by increasing their saving and joining friendly societies, but few were able to save more than a small amount, which was exhausted by spells of unemployment or sickness lasting more than a few weeks. As a result, many households continued to apply for poor relief during downturns, and urban Poor Law unions continued to provide outdoor relief to the unemployed despite pressure not to from the central administration. Unions proved unable to cope financially with the sharp increases in demand for relief during crises, and by the 1860s many were convinced that the system required a “radical restructuring.”

Major changes in relief administration were undertaken in the 1870s. After more than three decades of resisting central government pressure to adhere to the “principles of 1834,” local authorities, especially in urban districts, adopted some form of the workhouse test and made outdoor relief substantially more difficult to obtain. The reasons for this policy shift, known as the Crusade Against Outrelief, and its effects on working-class behavior, are the subject of Chapter 3. The increased use of the workhouse caused a sharp decline in the share of the population receiving poor relief. The crusade ended the use of the Poor Law to assist those temporarily in need during economic dislocations—after 1870 there is no hint of the trade cycle in aggregate statistics on numbers receiving relief, as there should have been in a modern social insurance regime with its “automatic stabilizers.” Working-class self-help increased greatly after 1870, so that by the beginning of the twentieth century most skilled workers had some protection against negative income shocks. The situation was different for the low-skilled, most of whom had little savings and remained quite vulnerable to unexpected income loss.

The extent of economic insecurity caused by unemployment and old age is revealed in the following two chapters. Chapter 4 examines the extent of cyclical, seasonal, and casual unemployment from 1870 to 1914, and shows that reported unemployment rates greatly understate the probability of job loss faced by manual workers. The chapter also reveals the public and private
battles over relief for the unemployed. In the 1870s, cities abruptly curtailed granting outdoor relief to able-bodied males, and beginning in 1886 the Local Government Board encouraged municipalities to establish work relief projects during downturns. However, neither municipal relief projects nor the work relief established as a result of the 1905 Unemployed Workmen Act succeeded in assisting the temporarily unemployed—most of those employed on relief works were chronically underemployed laborers.

Chapter 5 shows how the aged coped economically and the extent of their reliance on the Poor Law from the 1860s to 1908. New estimates of numbers receiving poor relief reveal that large-scale government support for the aged existed long before the welfare state. The share of working-class persons 65 and older receiving poor relief within a year ranged from about one-half in the 1860s to about one-third in 1908. Some of the late Victorian decline in old age pauperism was a result of improving economic conditions, but a large part resulted from policy changes brought about by the Crusade Against Outrelief. Workers found it difficult to save enough to provide for their old age. Those who were physically able continued to work, albeit at reduced pay, past 65 or even 70, and many received assistance from their children. However, the ability of older workers to support themselves declined with age, and married children with families often were unable to assist aged parents. The combination of little saving, declining earnings, and lack of family support forced many of the aged to turn to the Poor Law.

The remainder of the book tells the story of economic insecurity and social welfare policy from the Edwardian era to the adoption of the postwar welfare state. Chapter 6 argues that the Liberal Welfare Reforms of 1906–11, which created a safety net reducing the economic insecurity associated with industrial capitalism, marked a watershed in the history of British social welfare policy. Their timing is explained by increased middle-class knowledge of workers’ insecurity and by the greater willingness of Parliament to act as a result of growing working-class political influence. Chapter 6 also compares British social welfare policies with social policies elsewhere in Western Europe. Britain’s welfare reforms did not take place in isolation—several European nations adopted social welfare policies in the decades leading up to 1914. Indeed, Britain was a bit of a latecomer in the adoption of social programs, although it caught up quickly after 1906 and by the eve of the First World War was a leader in social welfare protection.

Chapter 7 describes the interwar expansion of social welfare policies and their role in alleviating economic insecurity in an era of unprecedented unemployment. The social security system established before the war and extended in the 1920s consisted of several independently administered programs—unemployment insurance, sickness and disability insurance, old age pensions, widows’ and orphans’ insurance, and the Poor Law. This safety net of many
colors proved to be quite successful in alleviating poverty and maintaining the well-being of working-class households. The important role played by the safety net is clearly shown in the social surveys undertaken in the 1930s—between one-third and one-half of all working-class families surveyed received social income of some form. While the condition of the working class would have been considerably worse without the safety net, it contained many holes, which led to calls for a restructuring of social policy.

The story of the 1942 Beveridge Report and the beginnings of the welfare state is told in Chapter 8. The policies proposed by Beveridge and the 1945–48 legislation were logical extensions of government’s expanding role in social welfare policy beginning with the Liberal Welfare Reforms. This does not mean that the importance of the postwar legislation should be downplayed. Because of the adoption of the National Health Service, universal coverage, and equality of treatment, Britain after 1948 deserves to be called a welfare state, while Edwardian and interwar Britain do not. Unfortunately, despite the enthusiasm with which the public greeted the welfare state, the postwar policies did not eliminate economic insecurity.

The concluding chapter (Chapter 9) sums up the book’s major findings and offers some thoughts regarding the reasons for the shifts in social welfare policy from the 1830s to the 1940s.

Richard Titmuss began his 1955 Eleanor Rathbone Memorial Lecture by stating that “some students of social policy see the development of the ‘Welfare State’ in historical perspective as part of a broad, ascending road of social betterment provided for the working classes since the nineteenth century and achieving its goal in our time.” He added that such a view suggests that “Britain is approaching the end of the road of social reform.” Titmuss rejected this view, as do most recent students of social policy in Victorian Britain. One of the aims of this book is to show that while the social welfare policies of the 1940s may be viewed as an extension of the Liberal Welfare Reforms, the prototype for the Liberal reforms cannot be found in the Victorian Poor Law. Few contemporaries in 1850, or even 1880, could have foreseen the coming of the welfare state. In the words of Michael Rose, “to look for the origins of the welfare state in the nineteenth century Poor Law is to view it through the wrong end of the telescope.” There is no “Whig theory of welfare.”56 Britain’s road to the welfare state was not a straight and wide thoroughfare. It was a windy road, full of ruts and sharp turns.

56. Titmuss (1958: 34); Rose (1981: 52).
Appendix 1.1: Notes and Sources for Table 1.1

Sources for the estimates of the share of households living in poverty are reported in Table 1.1. The estimates of the share of households or adult males who were economically insecure were calculated as follows:

1688: Calculated using Lindert and Williamson's (1982: 388–89) revisions of King's estimates. I assume that all households whose expenses were greater than their income, according to King, were economically insecure.

1801–3: Calculated using Lindert and Williamson's (1982: 400–401) revisions of Colquhoun's estimates. I assume that all households in category F (laborers and the poor) were economically insecure, as well as all households headed by "laboring people in mines, canals, etc." and one-quarter of households headed by "artisans, handicrafts, mechanics, and laborers, employed in manufactures, buildings, and works of every kind." This yields about 926,800 economically insecure households, out of a total of 2,193,114 households.

1851: Anderson (1971: 31) calculated that for his 1851 sample of Preston families headed by married couples, 9% had incomes “4s. or more below” the poverty line, 22% had incomes “less than 4s. above or below the” the poverty line, and 32% had incomes 4–12s. above the poverty line. I assumed that all families with incomes less than 8s. above the poverty line were economically insecure, and that half of those with incomes 4–12s. above the poverty line were within 8s. of the poverty line.

1861: Dupree (1995: 74) followed Anderson’s groupings in reporting her estimates of the extent of poverty for families headed by married couples in the Potteries in 1861. As with Anderson, I assumed that all families with incomes less than 8s. above the poverty line were economically insecure, and that half of those with incomes 4–12s. above the poverty line were within 8s. of the poverty line.

1861: Baxter (1868: 88–93) presented estimates of the number of adult male manual laborers employed in various occupations, and average wages for subdivisions of manual workers. I construct two estimates of the number of economically insecure workers. The smaller estimate assumes that workers in the following occupational categories were insecure: unskilled laborers and agricultural laborers (subdivision VI), silk manufacturers (VII), dockworkers and porters, quarry workers, and workers in rural manufactures (V), miners, railway laborers, plate layers, and navies (IV). The larger estimate also includes workers in the following categories: carriers on roads,
coachmen and cabmen, coalheavers, and chimney sweepers (IV), and carriers on canals, bargemen, and watermen, warehousemen, and seamen (III). Neither estimate includes any skilled workers in highly cyclical industries. Estimates for all gainfully employed males include adults in upper- and middle-class occupations in the denominator, from Baxter (1868: 82).

1867: Levi (1867: 14–15, 49–126) presented estimates of the number of adult male manual laborers employed in various occupations in the United Kingdom. I construct two estimates of the number of economically insecure workers. The smaller estimate assumes that workers in the following occupational categories were insecure: agricultural laborers, fishermen, coal miners, other miners, quarry workers, dock laborers, messengers and porters, and silk manufacturers. The larger estimate also includes an approximation of the number of painters and unskilled workers in the building trades. Even the larger percentage reported in the table understates the extent of economic insecurity among manual laborers, as it does not include any skilled workers in highly cyclical industries.

1912–14: Bowley and Burnett-Hurst (1915: 88, 134, 157, 172; 1920: 238) presented data on the relationship between weekly income and the poverty line for each household in their town samples. I assumed that all households with weekly incomes either below the poverty line or above but within 8s. of the poverty line were economically insecure.

1911, 1931, 1951: Routh (1980: 6–7, 28–39) presented occupational data for Great Britain for census years 1911, 1931, and 1951. I constructed two estimates of the number of economically insecure workers. The smaller estimate assumes that workers in the following occupational categories were insecure: unskilled manual workers, agricultural laborers, foresters and fishermen, and workers in mining and quarrying. The larger estimate includes an additional 250,000 workers to take into account semiskilled and skilled manual workers in highly cyclical and seasonal occupations. For each year, the denominator in the top row is the total number of adult male manual workers; the denominator in the second row is the total number of gainfully employed adult males.

Appendix 1.2: Notes and Sources for Figure 1.3

The data in Figure 1.3 represent the share of the population receiving social benefits at some point over the course of the year. The estimates were calculated as follows:
For 1829–1908, the number of persons receiving social benefits was simply the number receiving poor relief. For 1909–14, the number receiving social benefits includes persons receiving poor relief and persons receiving old age pensions. The data are for England and Wales.

I constructed rough estimates of the number of persons receiving poor relief in 1829–33 using data on the number of relief recipients for 1812–13 through 1814–15 and annual poor relief expenditures for 1812 through 1833. The construction of the estimates is explained in Appendix 2.1. Official estimates of the annual number of persons receiving poor relief for 1840 to 1914 are from Williams (1981: 158–65). Beginning in 1859, the government reported the number of persons receiving relief on two days a year (January 1 and July 1). The average of the two figures provides the day count of paupers. The reported day counts for 1849–59, but not for 1859 onward, include the insane and casuals. I spliced the two series together by reducing the number of paupers for 1849–58 using the ratio of indoor and outdoor paupers to total paupers for 1859, 0.941. For 1840–48, the number reported is the total number of persons who received relief in the first quarter of the year. To make the quarterly estimates comparable with the day counts reported for later years, I spliced the series together using the ratio of the day count of paupers on July 1, 1848, to that of July 1, 1849, reported in the Second Annual Report of the Poor Law Board. This yielded a day count pauperism rate for 1848 of 6.5%. The ratio of the quarterly count to the day count for 1848 was 1.662. I divided the reported quarterly pauperism rates for 1840–47 by 1.662, to make them comparable to the day count pauperism rates for 1849 onward.

Pauper censuses undertaken in 1891–92 and 1906–7 show that the day count substantially understated the total number of persons who received relief over the course of a year. To convert the day count to an annual count of numbers receiving relief, for each year from 1840 to 1900 I multiplied the day count by 2.24, the ratio of the 12-month count to the day count for 1891–92. For each year from 1901 to 1914, I multiplied the day count by 2.15, the ratio of the 12-month count to the day count for 1906–7. Figure 1.3 uses the estimated year-counts.

Government old age pensions were paid out beginning in 1909. Data on the number of pensioners for each year from 1909 to 1914 are from the Eighteenth Abstract of Labour Statistics (1927: 212).

The number receiving social benefits for 1922–38 includes those receiving unemployment benefits, sickness and disability benefits, old age pensions, poor relief, and, from 1926 onward, widows’, orphans’, and old age contributory pensions. The data are for the United Kingdom.
Unemployment Benefits. Data on the number of unemployed insured workers are from Feinstein (1972: T128). Data reported by Thomas (1988: 106) indicate that the share of the labor force unemployed within a year was far larger than the unemployment rate. To take account of workers moving into and out of unemployment, I conservatively estimated that the total number receiving unemployment benefits during a year was double the number unemployed reported by Feinstein.


Sickness Benefits. I calculated the number of recipients of sickness benefits using data on expenditures on sickness benefits from the Twenty-Second Abstract of Labour Statistics (1937: 166) and the Eighty-Third Statistical Abstract (1940: 85). To convert spending into number of recipients, I assumed that the average duration of benefits was 20 weeks; sickness benefits were 15s. per week throughout the period.

Disability Benefits. I calculated the number of recipients of disability benefits using data on expenditures on disability benefits from the Twenty-Second Abstract of Labour Statistics (1937: 166) and the Eighty-Third Statistical Abstract (1940: 85). To convert spending into number of recipients, I assumed that the average duration of benefits was 52 weeks; disability benefits were 7.5s. per week.


Poor Law Benefits. The annual number of poor relief recipients on one day in winter and one in summer for the United Kingdom are reported in the Twenty-Second Abstract of Labour Statistics (1937: 193) and the Eighty-Third Statistical Abstract (1940: 97). I calculated the annual number relieved (day count) by taking the average of the two days. To convert the day count to an annual count of numbers receiving relief, for each year I multiplied the day count by 2.15, the ratio of the 12-month count to the day count for 1906–7. Some poor relief recipients also received other benefits or pensions. To avoid double counting, in constructing the estimate of the total number of persons receiving social benefits I reduced the estimated number of poor relief recipients by 15%.

Appendix 1.3: Notes and Sources for Figure 1.4

Figure 1.4 presents estimates of social welfare spending as a share of gross domestic product from 1816 to 1960. The estimates were calculated as follows:


57. Broadberry et al. (2015). Their nominal GDP data are available on the Bank of England’s website: www.bankofengland.co.uk/statistics/research-datasets. The data are contained in the section titled “A Millennium of Macroeconomic Data.”