

## **A HISTORY of the SCOTTISH PEOPLE**

### **POVERTY, INCOME AND WEALTH IN SCOTLAND 1840-1940**

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This is Chapter 5 of 10. The others are:

Summary of Economy & Society, Education, Employment, Health, Housing, Leisure, Migration, Religion, Transport

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#### **1. INTRODUCTION**

Industrialisation was a double-sided coin. On the one hand, it created a wealthier and more prosperous society while on the other, its dynamic, but erratic, development was purchased by high and continuous social costs. As Scottish society grew richer a substantial number of Scots were left behind in the general improvement in the standard of living. These casualties formed the poor in society. In Victorian Scotland the poor were defined by a simple criterion - destitution.

However, in the twentieth century, particularly since 1960, the definition of poverty is viewed in relative terms. In adopting this approach, society is saying that a person is poor when he or she has fallen below a standard of living which public opinion finds unacceptable. As the standard of living increases so does the level of unacceptability. Thus a relative approach to poverty is one which makes comparisons between incomes in society and tries to bring about some form of levelling through policies designed to redistribute wealth. While the absolute standard is easily measured, the relative approach, because it is a value judgement, is more difficult to quantify.

Therefore, our view of the level of poverty in any society will depend to a large extent on the approach adopted. The degree of wealth-holding in society is also difficult to measure since the definition is vague and the means to measure it

generally deficient. Wealth is defined in terms of land, buildings, furnishings, paintings and so on. The problem of estimating wealth-holding in society is complicated by the difficulty of devising a satisfactory method to value these assets. Moreover, since very few people in society own land or expensive paintings, wealth measurement almost always indicates gross inequality. This is why income, because it is subject to tax, is seen as a much more accurate and easily measured way of assessing the degree of inequality in society. Although when examining the 19th century income tax returns are of little use, since most of the working population did not pay tax. The whole question of poverty and riches is surrounded by difficulties connected with definition and measurement which over time have become more complex. Therefore, what we have to say on these issues, particularly as regards the 19th century, should be treated with caution, and the figures should be seen as indicative of trends rather as definitive statements on degree of wealth and poverty in Scottish society.

## **2. POVERTY**

### **2.1 THE DISTRIBUTION OF POVERTY IN 19th CENTURY SCOTLAND**

The economic and social changes ushered in by industrialisation dramatised the problem of poverty in Scotland by concentrating it in large pockets within the rapidly growing urban centres. The boom and bust economics of the free market added to the problem as it brought with it periodic mass unemployment which in a pre-welfare society left thousands of workers in poverty. The extent of the social devastation of mass unemployment in Victorian Scotland can be grasped from a comment by the Provost of Paisley made at the height of the 1842 depression: "Unemployment was the rule .... few workmen of Paisley were employed: they were broken up and found to be wandering about in every town in the country, begging for bread, independent of those thousands whom they had at home supported by charity".

Obviously the periodic occurrence of mass unemployment had a distorting effect on the level of long-term poverty in Scottish society. Mass unemployment therefore has to be discounted if we are to get a more accurate picture of the problem. However, in measuring the numbers in poverty a complication arises. The Scottish poor laws, both old and new, did not recognise the 'able-bodied' poor, since they were assumed to have brought their poverty upon themselves. As our measurement of poverty is the numbers claiming relief from the authorities at this time, those denied relief, although poor, do not show up in the statistics. Thus, the available figures seriously underestimate the level of poverty in Scotland. For example, in 1843 there were only 4,000 able-bodied persons in receipt of poor relief in Scotland in spite of the harsh conditions. Using the yardstick of those in receipt of poor relief to measure the level of poverty it would seem that between the years 1807-1816 the average number of people in receipt of relief each year was 44,199, or 2.5% of the total population.

The cost of this relief each year amounted to just 1s 3d (6p) per head of population. Two decades later little had changed. Recipients of relief had increased to 3.4% of the population, and the cost of relieving them had only risen slightly to 1s 4d (7p). In 1840 it fell back again to 1s 3d (6p), compared to 5s 10d (29p) in England. As the century wore on the numbers claiming relief began

to fall. In 1868 there were 136,444, or 1 in 24 of the total population, claiming relief; in 1894 the respective figure was 1 in 44 and falling. Moreover, on the surface, it would appear that expenditure on the poor was rising in spite of falling numbers. In 1864 expenditure was £740,000. By 1914 it had more than doubled to £1.6m, although it has to be admitted that the greatest increase in expenditure was on the lunatic rather than the able-bodied poor.

The increased spending was partly a reflection of the fact that rates of relief in Scotland were extremely low compared to England. Despite the evidence that paupers as a percentage of population were more numerous in England than in Scotland, the English were more generous. In the period 1860-1864 the annual cost of relief per head of population in Scotland was 4s 4d (22p) compared to 5s 11d (29p) south of the border; forty or so years later the respective figures were 4s 11d (24p) and 7s 5d (37p). Given the low levels of relief in Scotland what could claimants expect to receive before 1914? This depended to a large extent on what part of the country a pauper lived in as well as their nationality.

In 1867 the average allowance received by a pauper was 3d (1.25p) per day; in Aberdeen it was 2d (1p) per day; in Glasgow it was 4d (1.5p) per day. A study for Edinburgh provides some finer detail in regard to the distribution of relief. Here 17% of single claimants received 1s 6d (7.5p) per week, 42% between 1s 6d-2s (7-10p), and 34% between 2s-2s 6d (10-12.5p). In families of one adult and one child 78% received 1s 10d-3s (9-15p) per week. Some 30% of families of one adult and four dependants received between 2s and 4s (10p and 20p) per week. One estimate suggests that if a shilling (5p) was set aside for accommodation over 90% of families on relief in Scotland would have been left with 1s 6d (7.5p) a week to provide for food, clothing and fuel.

The denial of relief to certain classes of claimant was still practised since the able-bodied had no legal right to relief. The Irish were especially badly treated. Under the poor law of 1845 a pauper could only claim relief from his place of settlement if he or she could prove that they had lived there continuously for five years. However, this was not applied to the Irish. If an Irish person became destitute in Scotland they were forcibly removed back to their place of origin and it was not until 1898 that this policy was relaxed. Until then removal rates were alarmingly high.

In the late 1840s nearly 6,000 Irish paupers were sent home annually. The authorities in Dundee and Edinburgh refused relief to them whenever possible, and when they did it was at rates below those given to the Scots-born population. If things were rough in the urban areas for the poor, they were desperate in some parts of rural Scotland. The highest rates of pauperism were found in the Highlands. In some parishes people were too poor to pay rates and the cost of relief fell on the landlords, many of whom were themselves heavily in debt. In the 1880s agricultural depression saw the Poor Law collapse in Skye and the only source of support for the crofters came from Highland societies in London. In Barra in 1906 the population of 2,545 could not support its 53 paupers as the council went bankrupt and the councillors resigned. The sums awarded to poor relief applicants were miserly considering it was the most vulnerable sections of society who were most at risk.

A study undertaken on 31 March 1906 by the Royal Commission on the Poor Laws shows that in Scotland 94,724 people were claiming relief. Of these 16,440, or 17% were adult males; 39,782, or 42%, were adult females; 19,717, or 21% were boys under 14; and 18,785, or 20%, were girls under 14. Therefore, 83% of paupers claiming relief were women and children. Widowhood was the chief cause of poverty for women, with more than half of women paupers being widows. As one might expect pauperism was lowest in the age group 14-25, but increased in each succeeding age group until reaching one in five of the population over the age of 75. The old constituted over 50% of the poor in the Highlands, but around 20% in urban areas. The difference was due to the high rates of emigration from the Highlands which saw the youngest leave and the oldest remain.

## **2.2 COPING WITH POVERTY IN 19th CENTURY SCOTLAND**

Officially, the problem of poverty was dealt with under the poor laws. Until 1845 Scotland operated under the Old Poor Law. It divided the poor into the 'deserving' and 'undeserving' poor. From this basic division three categories of poor were defined; one, the 'impotent poor', who were legally entitled to aid and as a result were given free medical treatment and education and a small sum to keep them; two, the 'occasional poor', who had no legal right to relief but were supported as 'deserving' out of church door collections; and, three, there was the 'able-bodied poor', who had no right to relief, although if deserving they might qualify for a charity handout. The system of relief was run by the kirk sessions in association with the landowners, or heritors, in rural areas and with the magistrate and ratepayers in the burghs.

The Old Poor Law was designed to cope with poverty in a relatively static society and as such could not cope with problems like mass unemployment. The need for change was recognised when the government had to intervene in Paisley in years 1841-1843 to relieve the distress among the thousands out of work in the burgh. The split in the Church of Scotland in 1843 further forced the state's hand as the kirk sessions were responsible for running a system which was heading for an administrative breakdown. A Royal Commission was established in 1844 and its recommendations led to the introduction of the 1845 Poor Law (Scotland) Act, which remained in force until 1948. Under the Old Poor Law claimants other than the 'impotent' poor had no legal right to relief and were obliged to take what was given to them from church door collections.

>From 1845 parochial boards elected by ratepayers were established in parishes and were compelled by law to raise rates to relieve the poor. This gave the poor a statutory right to relief, although significantly not the able-bodied poor. Unlike in England, relief was provided on an outdoor basis so that most Scottish paupers were not required to reside in poorhouses or workhouses. Even as late as 1900, Scotland housed just under 14% of the pauper population in poorhouses, compared to 31.6% in England. Those entitled to relief in rural areas were often put into hired accommodation or, if they were orphans, were boarded out with local farmers.

One other important difference between Scotland and England was the sheer variety in the Scottish system. Scotland's Poor Law was administered by 886 separate parishes containing only 15% of the population of Britain, while for

the whole of England and Wales there were a mere 600 parishes. The work of the parishes was overseen by a central Board of Supervision in Edinburgh. Its authority however was weak. With only four paid inspectors in the 1880s for the whole of Scotland, the local authorities enjoyed almost total autonomy. In 1894 the Board's duties were taken over by the democratically elected parish council supervised by the Local Government Board. But even this change failed to improve matters as the parishes went their own ways and the rates of relief continued to vary from parish to parish.

Unofficially, the poor had a number of strategies to keep them out of the hands of the poor law authorities. The pawnshop was an important element in the survival methods of the poor. The first opened in Glasgow in 1813 and by 1830 there were 30 in operation with an estimated number of annual pledges of 410,000. These institutions became an integral part of working class life and spread to most centres of population during the course of the 19th century. The other method was support from family and friendship in hard times. This is what kept the many Irish immigrants out of the hands of the Poor Law authorities in the 19th century and kept the number of old people in receipt of relief to a minimum.

### **2.3 POVERTY IN SCOTLAND IN THE FIRST HALF OF THE 20th CENTURY**

The failings of the Poor Law only served to encourage the idea among progressive elements in society of the need for a more comprehensive and uniform system of dealing with the problem of poverty. The Liberal government began to address the issue in the period 1906-1912. It allowed local authorities to provide for needy children through the rates. Provision was made for non-contributory old age pensions for those over 70. The Liberals also introduced national insurance in 1911-1912 to cover selected groups of workers at risk from unemployment and to provide them with medical treatment.

Under the legislation unemployed workers received benefit for up to thirteen weeks after which they could apply to the Poor Law authorities for relief. The assumption was that unemployment was a short-term or seasonal problem and workers would find themselves in employment before their right to benefit had run out. While the economy was growing this was a reasonable assumption, but the inter-War depression profoundly altered the situation. The emergence of mass unemployment was the single most important cause of poverty in the period 1920-1939. In these years the unemployment rate was never less than 14% of the insured workforce, and at times, particularly in the period 1929-1932, was nearly 30%.

Many of the unemployed were skilled workers for whom the experience was psychologically devastating. Indeed, whereas before 1914 the typical person in receipt of poor relief was a widowed, single, sick or disabled woman, in 1938 half of those on the Poor Law (who were not unemployed) were men. Moreover, the numbers claiming relief mushroomed. Before 1914 there were few areas where more than 5% of the population were claiming poor relief, after 1920 the poor law disabled roll in Bridgeton, Gorbals and Cowcaddens in Glasgow accounted for 40% of the population of these districts.

## **2.4 COPING WITH POVERTY IN SCOTLAND IN THE INTER-WAR PERIOD**

To deal with the problem a bewildering series of acts of parliament were introduced. All were ad hoc. There was no comprehensive system of social insurance similar to what we have today. Most were designed to deal with unemployment as a short-term phenomenon and as such the legislation simply extended the provisions of the national insurance acts of 1911-1912. The 'dole' was introduced to deal firstly with the problem of demobilisation, but as unemployment proved anything like transitory it was extended to cover unemployed workers who had no right to insurance benefit. The rising cost of unemployment benefit reached crisis point in 1931.

The Labour government resigned over proposed cuts in benefit to the unemployed and a national government was formed. This government introduced the 'means test' and other measures designed to reduce public expenditure. It was the object of a great deal of protest as the unemployed took to the streets in hunger marches. Life for those on poor relief was desperate, but in spite of the harshness of it, the payment of relief allowed the recipients a measure of dignity. It allowed them to keep a roof over their heads and to hang on to their furniture and other possessions. Even so the memory of the 'hungry thirties' was enough to ensure that after the 2nd World War far-reaching reforms would be introduced to deal with poverty.

The Labour government of 1945-50 introduced the Welfare State which provided 'cradle to grave' cover for all of the population as a condition of citizenship. While it never provided relief on a scale which would eliminate poverty completely, Labour did provide a more secure safety net for the poor. Since then all governments have made a commitment to this ideal. Relative poverty has not been abolished in Scotland, for in 1981 1.6m Scots were said to live on or below the Government's poverty line. But the levels of destitution and degradation that characterised the 19th century have been eradicated.

## **3. INCOME AND WEALTH**

### **3.1 INCOME AND WEALTH IN SCOTLAND IN THE 19th CENTURY**

The degree of wealth-holding in Scottish society is difficult to measure in the absence of reliable data, but from what research has been carried out into the subject there were some very wealthy Scots in the 19th century and a good deal of prosperous members of the middle classes. Of the forty largest fortunes in Britain in the period 1809-1914, six were Scottish. They included the Lanarkshire ironmasters, William Baird and William Weir, the Paisley thread manufacturers, Peter and James Coats, and Charles Tennant, chemical manufacturer. The only landowner to appear was the third Marquis of Bute. All were worth more than two million pounds when they died. Although on first appearances not as wealthy as some of the industrialists, the landed aristocracy were still fabulously rich compared to most Scots.

The Duke of Sutherland owned 90.5%, or 1,176,343 acres, of Sutherland in 1874 which yielded him an annual rental of £56,395; while the Duke of Buccleugh owned 37.4%, or 254,179 acres of Dumfries-shire, which gave him an annual rental of £95,239 plus £3,012 from mining. It is obvious that landowners were far

more wealthy than estate records showed. In terms of the distribution of income, a study in 1867 showed that less than 1% of the population received a quarter of national income in Scotland, and that just over 8% of the population received 46%. The top 1% of Scottish society enjoyed a personal annual income 200 times that of the lowest 30%. The disparity in the distribution of income can be seen when one compares the estate of the late James Baird, iron master, who died in 1876 leaving £1,190,868, with the annual earnings of a highly skilled compositor in the printing trade. With an annual income of £78 in 1880, the compositor would have to work for over 15,000 years before he could amass the size of Bairds' fortune.

A further study of wills in 1881 underlined the uneven distribution of income in 19th century Scotland. In that year only 12% of the population who died left an estate worth confirming. Of these the majority (57%) left £100-1,000 on death. Less than 1% of Dundee estates were worth more than £10,000; while in Glasgow 4% of wealth-leavers accounted for 80% of wealth left in that year. The very rich spent their income on supporting a lavish lifestyle which centred on the gentlemanly pursuits of hunting, fishing and shooting and all the social trappings that went with it. Hunting lodges in the Highlands were built for this purpose, costing between £10,000-£70,000 for the best equipped and furnished, and around £3,000-£6,000 for the more modest. To support this growing industry the number of gamekeepers grew from a few in the 1830s to 1,050 in 1868. Half a million grouse were being shot annually in the 1890s.

Below the fabulously rich came a substantial property-owning and professional middle class. While fewer in number than in England, the extent of their wealth-holding can be gathered from the Schedule D income tax assessments. A study of the assessments for the year 1879-80 in provincial towns of over 100,000 inhabitants shows that Edinburgh was the third wealthiest British town paying £21 2s per inhabitant, with Glasgow fifth in the league paying £16 8s per inhabitant. A long way behind came Aberdeen and Dundee, but even here paying £9 6s and £8 8s respectively, they were seen as wealthier than Leeds or Sheffield. For the working classes the situation was somewhat different.

The study of national income in 1867 showed that 70% of working or 'productive' Scots - young, female and unskilled - had an annual income of less than £30 a year. However, skilled workers might expect to earn between £47 and £50 a year at this time. But how did this compare with other parts of Britain? Research has shown that Scottish wages were low in comparison to English in the first half of the 19th century. But as the 19th century wore on the margin of difference narrowed. In the 1820s and 1830s surveys showed that Scottish wages were often 20-25% lower than identical English trades. By the 1860s they were reckoned to be between 16-19% lower. But much of the evidence was patchy and it Page 5.INCOME was not until the UK wage census of 1886 that more reliable data was forthcoming. Only then could genuine comparisons be made between Scottish and English wages. The 1886 Census provided evidence that the differential between earnings north and south of the border had indeed been narrowing, with Scots earning 94.8% of the English rate.

However, it must be remembered that the census records are based on wage rates rather than actual earnings. The census did not take into account factors

such as the amount of overtime working, the frequency of unemployment, and other influences on the take home pay of a Scottish worker. In the building trades, for example, workers regardless of skill would find employment hard to come by in the months November to February.

Other occupations, too, were also hit hard by seasonal unemployment. It has been estimated that broken time affected the wages of about 1 in 4 of Scottish male workers. Notwithstanding these qualifications, the census data has provided conflicting interpretations. For RH Campbell it proved without a shadow of a doubt that Scotland was a low wage economy; however, EH Hunt was more optimistic, viewing wages in Scotland's central belt as near the national average. In reality both were right.

In certain occupations, such as cotton, shipbuilding, construction and printing, the earnings of Scots workers were significantly below the UK average. In engineering, carpet manufacture, distilling there was little difference, and in coal mining and linen manufacture there was a slight advantage over England. The next wage census was in 1906 which indicated that, with the exception of the cotton industry, there was little or no difference between English and Scottish wages. Scotland had moved from being a low wage region to a high wage one, implying an increase in real wages way above the 80% for Britain as a whole in the second half of the 19th century.

The level of improvement implied in the wage censuses have been greeted with some scepticism by other historians. T.C. Smout suggests that other factors have to be taken into account before drawing the conclusion that Scottish workers on the eve of the 1st World War were enjoying hitherto unknown prosperity. These include the fact that there were substantial numbers of unskilled workers, such as shipbuilding labourers and girls in textiles, who were badly paid by any standard. Employers in the supposedly high waged shipbuilding industry deliberately inflated average earnings of riveters in their evidence to the wage census.

Also the cost of living was higher in Scotland than in England. Rodger points out that for an identical basket of food in 1912 Dundonians paid 10.2%, and Glaswegians 5.7%, more than Mancunians. Again there is the question of regional differences to take into account. Wages tended to be higher in the industrial counties of Scotland than in the rural or semi-rural areas. Glasgow carpenters and joiners averaged 36s 1.5d (£1 81p) a week in the early 1890s compared to only 27s 7.5d (£1 38p) in Aberdeen for a 51 hour week. This also applied to unskilled earnings with building labourers in Aberdeen earning only 21s 3d (£1 6p) a week in 1905 compared to 25s 6d (£1 22p) in Paisley. Similarly, agricultural wages in southern Scotland substantially increased during the 19th century and by 1907 it was one of the four best paid farm areas in Great Britain. But agricultural labour was poorly paid in comparison to industrial workers.

Further north the position was even worse. Agricultural workers in Tayside and Grampian still earned 1% less than the Great British average by 1907, while in the Highlands they were 13% below. Indeed, the crofting counties had the lowest incomes of any region in the Great Britain. Poverty was also experience by homeworkers in sweated trades in urban centres. These workers were mainly married women or widows who endured long hours for little return. In

Edinburgh needlewomen were thought to earn 4-5s (20-25p) a week in the mid-1840s. By 1906 shirtmakers in Glasgow had a gross income of 8s (40p) a week in exceptional cases, with the average being about 4-5s (20-25p). It was not said for nothing that homeworkers 'slaved in the summer, and starve in the winter'. Thus by the end of the 19th century Scotland had become a more prosperous society and had caught up with some occupations in England, although certain groups of income earners, particularly homeworkers, had failed to keep pace with the rise in living standards.

### **3.2 INCOME AND WEALTH IN SCOTLAND IN THE FIRST HALF OF THE 20th CENTURY**

The process of convergence of wages between Scotland and England was accelerated by the 1st World War. Temporary nationalisation of certain industries brought flat rate increases in wages for all workers regardless of geographical location. Trade union organisation also improved greatly and this further increased the trend towards equalisation of wages. However, the inter-war depression hit Scotland's disproportionately hard, and loss of employment was not compensated by the growth of high earning new industries, such as car-making. In the period 1931-1933 Scots earned 87% of the British average wage, before making a recovery during the war, although Scots were still behind as late as 1949-1950. Average net income was £380 10s (£380 50p) for Scotland as against £398 2s (£398 10p) for the UK, and £402 12s (£402 60p) for England.

The lower level of average earnings in Scotland was due to the fact that the country had a disproportionate number of workers in declining industries, such as the Dundee jute trade. Scottish workers also fared worse than middle class Scots in the 1920s as the latter saw their salaries increase by 10% while the former's wages remained stagnant. However, both sections experience a fall at the height of the depression before climbing sharply from 1933 to 1950. By 1950 all incomes had grown by two-and-a-half times, with faster growth in wages than salaries. In spite of the fact that they were still below the UK average, incomes in Scotland were higher than the north of England, Wales and Northern Ireland.

For those in work the 20th century brought mixed fortunes, but all shared in the general increase in incomes. Scotland remains an unequal society and generally worse off than the UK as whole. However, the inequality has more to do with unemployment, which has traditionally been higher north of the border, than wages. In the economic boom of the 1960s, Scotland with 10% of the UK population had a quarter of the long-term unemployed.

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