

## Chapter I

### THE COURSE OF AVERAGE WAGES

The main purpose of this chapter is to estimate the changes in average wages of the working class of the United Kingdom during the period 1880–1936, with some reference to earlier dates, together with summary figures for particular industries.

From the workman's point of view it is the amount of money that he receives for a week's work that is the important thing, and it is this we have in mind rather than the change to the employer in the cost of a given quantity of work. Some statistics of the number of hours that constituted a normal week from time to time are given on pp. 25–6 below.

It is not only natural, but necessitated by the data, that we study first the wages for the normal week and deal subsequently with the effects of unemployment, over- or short-time, holidays and time lost owing to sickness. Also we must at first ignore the compulsory reductions for health and unemployment insurance, though these should be taken into account when we consider the adequacy of wages in relation to standards of expenditure. The problem of the varying purchasing power of money is discussed in the next chapter.

A distinction is sometimes made between wages and earnings; the wage is taken to be the contractual time-rate, while earnings are either the receipts from piece-work or the actual amount received in the week allowing for over- or short-time. Our first aim is to measure the changes in the week's earnings, as they would be if exactly the normal time was worked, whatever the basis of payment.

#### I. 1880–1914

In the earlier part of our period the main material consists of time-rates, and up to the present date these remain the principal sources of current information. But the Wage Censuses,

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Excerpt

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especially since the war, depend primarily on records of earnings, so that we have to devise a means of connecting the changes of rates with those of earnings.

Since statements of wages for any one date depend partly on the definition adopted and partly on the bias of their source, so that we get different accounts from trade unions and from employers, each correct according to the facts used, I have adopted from the first of my published studies, that in 1895 (ref. 1), the plan of using only those accounts which relate to more than one date and are compiled on a uniform method. Variation from the ideal definition may be expected to be of nearly the same relative amount at each date, so that the ratio found is more accurate than the statement for any one date. In the earlier decades, however, even these ratios must be used with care and collated with other sources when possible, for the trade-union rates, for example, may have been at one time an ideal aimed at but not universally reached, and at another a minimum that was below the average paid to all the workmen concerned. The principal corrective source is found in successive Wage Censuses.

Thus the general plan has been to assemble series of the time-rates from Trade-Union Reports or those of the Labour Department of the Board of Trade, later the Ministry of Labour, and from employers' accounts of earnings, and series of piece-rates. The results, averaged so as to take into account the changing relative importance of the occupations, give dead reckonings over series of years between one Census and the next; the Censuses afford more perfect observations, by which the dead reckonings can be rectified.

To pass from a series of time- or piece-rates to the movement of earnings we have to take into account several factors. First, a change of piece-rates is seldom exactly proportional to the resulting change of earnings. A workman, aiming at a customary weekly wage packet, may work harder or longer in face of a reduction, or ease off when there is an increase. When an increase is given in compensation for a reduction of hours in

the recognised week, it has been found<sup>1</sup> that earnings have increased. In some cases reductions of piece-rates are agreed upon because the machinery has improved so that more can be produced for the same effort; in order to get willing work the employers make only such a reduction as will leave some advantage to the operative, so that a reduction of piece-rates leads to an increase of earnings.

Secondly, especially in the latter part of our period, there are various systems of bonus on production and other additions to a minimum time-rate. There are also modifications for normal night work or over-time, where these are essential to the occupation.

Thirdly, there is a continual shifting of the relative numbers within an industry engaged on pure time-rates or pure piece-rates, or some combination of the two, and also between occupations. In particular, as machinery developed, relatively fewer unskilled workers were necessary and more machine-minders, with possible changes in the relative numbers of fully skilled men. A considerable part of our information at the Census dates relates to industries as a whole, and the average for the industry may move at a different rate from that shown by the average of the series of wage changes. In the investigations on the earnings of engineers, shipbuilders and cotton operatives (refs. 11, 12, 13, 14, 15, 87) these changes have been brought into the resulting index-numbers, and the same has been possible for coal over the years that include the war; but in general the corrections can only be made at the date of a Census.

Fourthly, when we are considering the general average for all occupations, we have to take into account the changes in the relative numbers employed in the different industries, such as the increase in mining and the diminution of agriculture and the fall in the number of domestic servants. A minor factor is the change in the relative number of adults and juveniles and the

<sup>1</sup> For illustrations of such changes the statistics of earnings in the cotton industry should be studied.















