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THE POST-WAR POVERTY PUZZLE**

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ABSTRACT

Seebohm Rowntree and the Post-War Poverty Puzzle*

In his third social survey of York carried out in 1950, Seebohm Rowntree reported a steep decline since 1936 of the percentage of households in poverty. He attributed the bulk of this decline to government welfare reforms enacted during and after the War. Some observers have been uneasy about these striking results, especially with the rediscovery of poverty in the 1960s. In this paper we re-examine the surviving records from the 1950 survey, making the poverty line more consistent with that of 1936 and looking more closely at the measurement of income. We also re-assess the impact of welfare reforms on working class poverty. We find that poverty in York was significantly higher, and the contribution of welfare reform substantially less, than was originally reported. These findings suggest a less optimistic view of the impact of welfare reforms during the Beveridge era.

JEL Classification: I31, I32, I38, N34

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NON-TECHNICAL SUMMARY

In 1951 Seebohm Rowntree and G R Lavers published the results of the third social survey of York. This was the last of Rowntree's influential surveys spanning half a century. The first survey of York in 1899 developed a methodology which spawned a range of other studies and it graphically revealed the extent of working class poverty. The second survey in 1936 used a new and somewhat higher 'human needs' poverty line and it revealed that as many as 31% of working class households were still in poverty. Rowntree's second survey, published in 1941, had a decisive influence on the subsistence standard embodied in Beveridge's famous report on *Social Insurance and Allied Services*. The third survey undertaken after the Beveridge-inspired social security reforms was perhaps the most dramatic in its findings. The results showed that, using a similar poverty standard to 1936, the proportion of working class households in poverty had fallen to a mere 4.6%. Even more striking, Rowntree found that, had welfare provisions been the same as in 1936, the poverty rate would have been as high as 25%. Thus, 80% of the dramatic decline in poverty was due to the welfare measures enacted during and after the War.

These findings were greeted with a blaze of publicity and were hailed as the end of poverty and a vindication of the Beveridge reforms. In the absence of other similar studies in the 1950s they contributed to the neglect of poverty as a policy issue, a concern which was only reawakened with the so-called rediscovery of poverty in the 1960s. Nevertheless a few observers questioned the results, focusing particularly on the comparability of the poverty lines used in the 1936 and 1950 studies. Our re-examination of the poverty lines used in the two studies indicates that, averaged across different household types the poverty line used in 1950 was, in real terms, about 5% lower than that used in 1936. But discrepancies between the original and the revised poverty line vary considerably between household types and thus the overall effects on the proportion in poverty can only be judged when applied to the households in the survey.

About two-thirds of the original survey schedules survive but they appear to be a representative sample and they have been used in other retrospective analyses, although not to test directly the veracity of the original findings. Our analysis of these households suggests that the proportion of households in poverty was close to 12% rather than the 5% reported by Rowntree and Lavers. Part of the difference is due to the revisions to the poverty line and another part is due to the downward revision of income in kind and an upward revision of housing costs. But perhaps the most important source of difference arises from the fact that that Rowntree and Lavers failed to count some households as poor who evidently fell below their own poverty line. One

reason for this seems to be where there was some evidence that households were running down their savings in order to make ends meet. Rather than treating this as a symptom of poverty it seems to have been taken as a sign of affluence although it is not mentioned anywhere in the published account. Had Rowntree concluded that more than 10% of working class families were still submerged in poverty rather than less than 5%, the impression of early post-War poverty would have been quite different.

The main focus of the study was to evaluate the effects of welfare measures in alleviating poverty – an issue that has been somewhat neglected in retrospective studies. In order to measure these effects Rowntree and Lavers made two types of adjustment to the incomes of the households in their survey. First, they replaced the social security benefits and contributions observed in 1950 with those that would have existed in 1936. However, it appears that they used the nominal benefits of 1936 rather than the real values - thus failing to account for the doubling of the price level in the intervening years. Our estimates, valuing the 1936 benefits in real terms, indicate that the increase in benefits over the Beveridge era had the effect of reducing poverty by only 3.7%. Second, Rowntree and Lavers included in the effects of welfare measures those wartime food subsidies that were still in place in 1950. They found that the lowering of food prices implied by the food subsidies had reduced poverty by nearly 12%. By contrast, we estimate that food subsidies reduced poverty by less than 6% - only half what Rowntree and Lavers claimed.

Overall our re-analysis of the third social survey of York suggests a rather different picture from that presented by Rowntree and Lavers in 1951. The percentage of working class households in poverty fell sharply but remained above 10% in 1950. More important still, the impact of welfare measures, including food subsidies, introduced since 1936 was to reduce the incidence of poverty by less than 10% rather than by more than 20%, as Rowntree and Lavers claimed. Had these been the results that were revealed in the early 1950s then perhaps the Beveridge-inspired reforms would not have been seen as slaying the giant of poverty. And lobby groups and social policy reformers would not have had to work quite so hard to get poverty back on to the policy agenda in the 1960s.

Introduction

In 1951 Rowntree and Lavers published the results of the third social survey of York under the title *Poverty and the Welfare State*. The enquiry followed the same basic design as Rowntree's influential surveys of York in 1899 and 1936, and from the results the authors drew two important conclusions. First, they found that poverty had all but disappeared. Using a poverty line similar to that established in 1936, Rowntree and Lavers found that only 4.6 percent of working class households (2.8 percent of individuals) were still in poverty as compared with 31.1 percent (of households or individuals) in 1936. Perhaps more dramatic still, Rowntree and Lavers attributed a large share of this improvement to the effects of the Welfare State. They calculated that, had the welfare measures been the same in 1950 as they were in 1936, 24.7 percent of working class households (22.2 percent of individuals) would have been in poverty. Thus the Beveridge-inspired reforms would seem to have been responsible for three quarters (households) or two thirds (individuals) of the reduction in working class poverty between 1936 and 1950.

These dramatic findings received intense press coverage in the autumn of 1951, with headlines such as "Poverty is Almost Down and Out" (*Daily Herald*, 2/10/51) and "The Ending of Poverty" (*Manchester Guardian*, 13/10/51), and they were reported in considerable detail. Elsewhere too they were heralded as a sign of dramatic working class progress and a vindication of the Beveridge reforms. But within a year or two doubts began to creep in as critics examined the results in greater detail. Several academic observers began to question the reliability of the survey, the representativeness of York as compared with other towns, and especially the comparability of the 1950 poverty line with that used in 1936 (Townsend, 1952, Dobb, 1952, Kaim-Caudle 1953). But despite these nagging doubts the conclusions of Rowntree and Lavers held sway.¹ Perhaps the most striking testimony to this is the fact that no subsequent surveys of the type pioneered by Rowntree, and which flourished in the interwar period, were conducted after 1950.

It was not until the mid-1960s, with the so-called rediscovery of poverty, that the scale of poverty in the 1950s began to be questioned again. Abel-Smith and

¹ As one observer commented, "Rowntree's findings helped to increase the feeling of complacency that poverty had been abolished" (George, 1973, p. 53).

Townsend (1965), examined national samples of data from the Ministry of Labour's Family Expenditure Surveys for 1953/4 and 1960. They found that, using Rowntree and Lavers' poverty line adjusted for changes in prices, 5.5 percent of households and 4.1 percent of individuals were in poverty in 1953/4. These figures are considerably higher than the 2.8 percent of households (1.7 percent of individuals) implied when Rowntree and Lavers' results are adjusted from the working class to the whole population of York. Although the results from the FES are not strictly comparable with those of Rowntree and Lavers because of the reliance on expenditure rather than income data (among other things), they nevertheless seemed to point to a more pessimistic picture of the early 1950s. Their results using income data for 1960, and those of other studies for the 1960s and beyond, appear to confirm higher levels of poverty, albeit on different poverty lines.

More recently, Atkinson, Maynard and their associates re-analysed the surviving schedules from Rowntree and Lavers's original survey. Atkinson et. al. (1981) found that, if a National Assistance definition of poverty had been used in 1950 instead of Rowntree and Lavers' own poverty line, then 14.4 percent of working class households and 9.7 percent of individuals would have been found below the poverty line. They concluded that "the weight placed on the [original] conclusions of the survey was not justified" and that "a more extensive analysis of the Rowntree survey in 1950, geared to postwar concerns rather than to a comparison with the 1930s, would have led to a rather different emphasis" (1981, p. 74, 75). In a related study, Atkinson, Maynard and Trinder (1981) found that a large proportion of families who appeared to be eligible for National Assistance were not claiming, but they made no attempt to measure the degree to which social security as a whole was serving to avert poverty. They concluded from their results that "The course of social policy might well have been rather different if a man of Rowntree's stature had concluded in 1951 that National Assistance had not shaken off the Poor Law image and had failed to provide an adequate safety net" (1981 p. 29).

While one may agree with such observations it is important to keep in mind Rowntree's original purpose. This was to chart the progress of poverty reduction in York since 1936 and to evaluate the impact of welfare reforms. Rowntree's agenda was rooted in his previous work, and the 1950 survey was explicitly intended as a comparison with 1936. Retrospective analyses have not addressed the question of

whether the conclusions reached by Rowntree and Lavers were valid on their own terms. And they have not taken up the issue which was the most important goal of the analysis--the contribution of the Beveridge welfare state reforms to the reduction of poverty. Was it really the case that poverty fell from 31.1 percent of households to 4.6 percent on a constant basis of comparison in the space of 14 years? And can two thirds or three quarters of this dramatic reduction be attributed to the Beveridge reforms?

In the remaining sections of this paper we take up these issues and assess more directly than previously the specific claims made by Rowntree and Lavers. We first briefly examine the criticisms of the 1950 survey, its quality, scope and coverage. We then examine the comparability of the 1936 and 1950 poverty lines, and we offer an alternative poverty line for 1950. The surviving schedules from the survey are used to examine the effects on poverty of adjustments in the poverty line and in the measurement of income. Finally, we re-assess the effects of changes in the welfare state and compare our results with those of Rowntree and Lavers.

The Third Social Survey of York

Rowntree's social surveys of York are so well known as to need little introduction. In 1899 Rowntree conducted his first survey covering the entire working class population of the city. Comparing individual household incomes net of rent with a scale of minimum needs sufficient merely to maintain physical efficiency, Rowntree found that 15.5 percent of the working class (9.9 percent of the total population) were living in primary poverty.² Rowntree's results and the methods he used stimulated and inspired a steady stream of poverty enquiries for a variety of other towns before and after the first World War. In 1918 Rowntree established a new poverty line, the 'human needs' standard, significantly higher than the 1899 standard but still fairly spartan.³ This scale of minimum needs was updated and applied in his second social survey of York in 1936 the results of which were published as *Poverty and Progress*

² A further 27.9 percent of the working class (17.9 percent of the total population) were living at a level just above the poverty line and were described as being in secondary poverty.

³ As compared with the primary poverty line applied in 1899, the human needs poverty line applied in 1936 was 135 percent higher for a male (alone), 95 percent higher for a couple, and 42 percent higher for a couple with three children (Rowntree, 1941, p. 102). The larger percentage increases for smaller households reflects a the increased fixed cost component in the human needs poverty line.

in 1941. While over 30 percent of the working class population were in poverty on the human needs standard, on the 1899 standard the proportion had fallen to 6.8 percent. The findings of this and other interwar surveys and especially the new poverty line were key influences in Beveridge's famous Report on *Social Insurance and Allied Services* published in 1942.

The third survey of York, perhaps the most dramatic in its conclusions, is the least well regarded of the three. A number of observers have expressed reservations about the survey design, about the execution of the survey and about the reliability of the inferences drawn from it. *Poverty and the Welfare State* is a mere 104 pages long and the description of the methods used is tantalisingly sketchy.⁴ Rowntree was aged 80 and living in High Wycombe, Buckinghamshire when it was undertaken and he was assisted in the work by Commander G. R. Lavers. Thus the conditions for the third survey may not have been auspicious. But it is important to judge its shortcomings in relation to the earlier surveys, and with 1936 in particular, rather than in relation to some ideal standard or by comparison with official surveys using different methods and conducted for different purposes.

The survey design for 1950 was almost identical to that of 1936. Streets which were predominantly working class were identified and the remainder, assumed to be middle class and by definition not poor, were ignored. The specific definition of working class was where the chief wage earner was earning not more than £250 in 1936 and not more than £550 in 1950. Households which, on investigation, were found to be middle class on this definition were eliminated. One major difference is that the 1950 survey was a one in nine sample of the target population rather than a complete census as in the earlier surveys. Rowntree's experiments selecting ten percent samples from his 1936 survey had convinced him that such a sampling procedure would be reliable. The resulting sample grossed up by a factor of 9 evidently constituted 60 percent of the population, the same as in 1936.

Atkinson et. al. (1981) have suggested that there were certain flaws in the way the survey was executed. Investigation of surviving documents in the Rowntree papers indicated that the non-response rate was as high as 13 percent rather than the 5 percent

⁴ By contrast *Poverty and Progress* occupies 540 pages (much of it relating to issues such as health, education, housing and leisure) but, even there, many of the details relating to the poverty calculations are obscure.

claimed by Rowntree and Lavers.⁵ But a substantial proportion of these could have been middle class households who would have been eliminated as a matter of course.⁶ More worrying, they report from interviews with some of the original investigators that there were significant deviations from strict random sampling. In addition it has been suspected that the interviews were conducted by inexperienced interviewers with undue haste.⁷ Furthermore the supervision of the interviewers and the verification of the information recorded in the schedules, for which Lavers was largely responsible, appears to have been perfunctory. Nevertheless, other social surveys including Rowntree's own earlier surveys are likely to have encountered some of the same problems.

The forms which were filled in by the interviewers were almost identical to those used in 1936, and they recorded essentially the same information. This included details of the ages, sex and family relationships within the household, all sources of household income (including in kind), and details about housing accommodation including rent paid. Most of this information was collected through the interviews, but information on earnings was obtained directly from the wage books of the employers. This is usually regarded as a strength of the Rowntree surveys, since the respondents were often women who may not have known the earnings of their husbands or other members of the household. In cases where the employers could not be approached or would not cooperate, earnings were estimated from knowledge of prevailing rates for the relevant occupation. Rowntree and Lavers claimed that information was directly obtained for over 95 percent of household heads but Atkinson et. al. (1981, p. 63) found that in 14 percent of cases information was not obtained directly from the employers. By comparison, for 1936, Rowntree (1941, p. 25) reported that in 40

⁵ However Atkinson et. al. (1981, p. 61) also note that non-response rates in surveys such as the Family Expenditure Survey are typically of the order of 30 percent. Abel-Smith and Townsend report that the non-response rate for the 1953/4 FES that they used in their analysis was 35 percent (1965, p. 13). It should, of course, be recognised that a survey of detailed expenditure patterns over a period of several weeks is significantly more demanding than the information sought in Rowntree's surveys and others like them.

⁶ In the New survey of London Life and Labour undertaken in 1929-31 using similar methods, the non-response rate was also recorded as 5 percent but the survey cards which were set aside as middle class households represent a further 4 percent.

⁷ The information recorded on many of the schedules includes details of the views of the interviewee about rising prices and the value of the National Health Service as well as the smoking and drinking habits of members of the household and whether they could afford to take holidays. In these cases at least the interviews do not seem to have been perfunctory.

percent of cases earnings were not obtained directly. Again it seems that the same problems were encountered and the same solutions adopted in 1950 as in 1936.

Some of the characteristics of the households in the 1950 survey can be compared with independent information from the census. Kaim-Caudle (1953) concluded from figures reported by Rowntree and Lavers that the proportion of children in the survey was only half that recorded at the 1951 census. However, our count of children under 16 in the surviving schedules gives a proportion of 25.2 percent as compared with 23.5 percent in the census.⁸ Kaim-Caudle also found that the proportion of married women working was apparently lower in the survey than in the census. This finding is borne out by the underlying data but a divergence in female participation rates as compared with the census seems to be a common feature of all social surveys.⁹ A further check is that average household size in the survey is 3.5 compared with 3.3 at the 1951 census, which of course also includes middle class households. Overall, these differences between survey and census do not appear significant enough to seriously undermine the representativeness and usefulness of the Rowntree and Lavers survey.

Was the 1950 poverty line comparable with 1936?

In their opening paragraph Rowntree and Lavers wrote:

The purpose of this book is to throw light on the question of how far the various welfare measures which have come into force since 1936 have succeeded in reducing poverty. It occurred to us that we were particularly fortunately placed to answer this question because B. S. Rowntree had made a social survey of York in 1900 and another one in 1936 so that if we made a social survey of York in 1950 on the same lines as those adopted in 1936, but

⁸ Kaim-Caudle took the figures for the number of children in different sized families reported by Rowntree and Lavers (1951, p. 42) and then divided this through by their total population figure. It is not clear why too few children were reported but part of the reason might be the omission of the children of lodgers.

⁹ Rowntree and Lavers (1951, p. 55) reported the number of labour market participants among the wives of employed household heads. This figure of 10.7 percent can (roughly) be compared with the 23.6 percent of all married women working at the 1951 census. In other social surveys the percentage of all women recorded as earners is lower than in the nearest census. In the New Survey of London Life and Labour (1929-31) participation rates are ten percentage points lower than for the same boroughs in the 1931 census. In part these differences can be reconciled but the remainder may represent some overcounting in the census (see Hatton and Bailey, 1999).

dealing only with economic questions, we should have an accurate yardstick for measuring the comparative amount of poverty in the city in those two years.

While it is nowhere stated explicitly that the poverty line in 1950 was intended to be identical to that of 1936, it is clear from the context that it was meant to be closely comparable.

A number of critics quibbled with particular parts of the budget arguing that they were not strictly comparable but before coming to those issues it is important to be clear about the way in which the poverty lines were constructed. In both surveys (as in other similar studies) a minimum needs budget was based on five components: food, clothing, personal sundries, household sundries, and fuel and light. The cost of these minimum needs was compared with household income net of rent to determine whether the household was in poverty. In all three of his surveys Rowntree focused on the minimum needs for a family of five comprising a working husband, a non-working wife, and three dependent (school age) children. Minimum needs for food and clothing, differing according to the type of individual, were added up to produce the needs for the family as a whole and the remaining items were allocated at the household level although these were scaled according to household size. For the family of five the poverty line (net of rent) in 1936 was 43s 6d and in 1950 this was increased in nominal terms by factor of 2.3 to 100s 2d.

The poverty line used in the 1936 survey is laid out in Rowntree's book *The Human Needs of Labour* (1937). This 'human needs' poverty line was considerably more generous than that used in 1899 due to the introduction of allowances for personal sundries and increases in the allowances for food and clothing. All the poverty comparisons were made in terms of the family of five although equivalence scales were set out for other household types. In *Poverty and Progress* there is a table (p. 32) which gives poverty lines for different family types. But it is far from obvious how the poverty lines for the other household types were built up from the equivalence scales for the individual expenditure components.¹⁰ Similarly for 1950, the rationale for the allowances given for different family types in the table on p. 29 of

¹⁰ The volume published in 1937 was a revised and updated version of *The Human Needs of Labour* published originally in 1918. Neither volume sheds much light on how allowances for items other than food and clothing should be adjusted for different family types.

Poverty and the Welfare State is also somewhat obscure. The result is that while the poverty line for the family of five was increased in nominal terms by a 130 percent, that for a couple with no children increases by 79 percent and that for a single man by only 40 percent.

In order to gain a better understanding of these differences we attempted to derive the individual components for different household types as described in Appendix 1. For 1936, in a number of cases the individual expenditure components add up to considerably less than the amount given in Rowntree's table. As Table 1 shows, this positive 'residual' accounts for 4s or more for individuals and small families, with smaller amounts for additional dependants and negative amounts for pensioners. The residuals of 5s and 3s for couples with one and two children respectively can be readily explained by Rowntree's allowances for saving for young couples but the apparent additions of 4s 6d for single individuals and 4s for couples without children are not mentioned explicitly. The residuals for additional dependants and pensioners are even more puzzling although they might, at least in part, reflect our errors in replicating expenditure components allocated but not fully reported by Rowntree.

A similar effort was made in Appendix 1 to account for the minimum needs set out for different family types by Rowntree and Lavers for 1950 in terms of the components reported in Chapter 2 of *Poverty and the Welfare State*. Unfortunately these are even less fully explained and, as Table 1 shows, the residuals derived from this exercise follow a rather different pattern than in 1936. In particular they become negative for single individuals and evaporate to zero for additional dependants. For couples with either one or two children the positive residuals are much smaller and do not correspond to the additions for saving which for 1950 were raised to 10s and 6s respectively. For non working persons of pensionable age the comparison is rather more uncertain. In 1936 the poverty line for pensioners was lower than for individuals or couples of working age but for 1950 no such reduction was mentioned and so pensioners are assumed to have the same poverty lines as their younger counterparts less the allowances for work expenses. The residual calculated for pensioners seems to have been negative both in 1936 and 1950.¹¹

¹¹ It might have been the case that the scales published in the two volumes were not those actually used in the measurement of poverty and it is possible to check the way the poverty lines were

To gauge the effects of these residuals on the poverty line for different household types Table 2 compares the 1950 poverty line with a poverty line constructed from the 1950 expenditure components plus the 1936 residuals raised by a factor of two.¹² This raises the poverty line for individuals and small families: by 24.2 percent for a single adult male and by 12.2 percent for a couple with one child. While allowances are also slightly higher for additional individuals, they are not much changed for pensioners.

The early commentators on Rowntree and Lavers focused exclusively on the poverty line for the family of five. They pointed out that some of the allowances made for specific items of expenditure were not strictly comparable with those given in 1936 (Dobb, 1951; Caradog Jones, 1952; Townsend, 1952). Some allowances seemed to have been raised and others lowered but Townsend speculated that, on balance, the poverty line for 1950 had been set lower than a strict comparison with 1936 would warrant. In order to examine this issue we have adjusted the individual components for 1950 to gain closer comparability with 1936, paying particular attention to the items identified by the commentators. Full details are given in Appendix 1 but they can be summarised very briefly. The food allowance is increased slightly while the clothing allowance for men is also increased but those for women and children are reduced. Personal sundries are increased and household sundries are reduced. The allowance for fuel and light is left unchanged.

Overall these adjustments have the effect of raising slightly the total of expenditure components for single individuals and reducing them for families with children. On the other hand the total of expenditure components for pensioners are

applied. In *Poverty and Progress* examples were given of particular households documenting their incomes and their deficits below or surpluses above the poverty line. By adding the deficit to income net of rent one can recover the poverty line applied for a particular household type. These calculations confirm in general that the poverty lines applied were the those published in the respective volumes. In particular the rates for single individuals, couples and pensioners are inclusive of the residuals.

According to Rowntree and Lavers the saving allowance for young couples with one or two children was only applied in 1950 when the chief earner was under 30. Our re-examination of the surviving schedules for 1950 (discussed further below) indicates that 10s was added to the published poverty line sometimes in the case of childless couples where the head was under 30 and 6s was added in most cases when there was one child and the head was under 30. In other cases the poverty lines applied were those in the published tables. In particular, there was no reduction in the poverty line for pensioners as compared with prime age adults.

¹² The doubling of the residuals is consistent with the change in the cost of living between 1936 and 1950 (see footnote 26 below). It also follows the spirit of Rowntree and Lavers who simply doubled the “all else” component of personal sundries. It seems unlikely that the residuals reflect errors

hardly changed. The effect of these adjustments can be seen in column 3 of Table 2 where the 1950 residuals are added to the revised components. While the early commentators made some valid criticisms, the net effect of these adjustments is to *lower* the poverty line for the family of five--by about 5 percent. And by concentrating on Rowntree's example they failed to notice the anomalies for other household types. In the final column the revised residuals are combined with the revised expenditure components to produce a poverty line for 1950 which is directly comparable with 1936. As compared with the Rowntree and Lavers poverty line, both adjustments tend to raise the poverty line for small families and single individuals. The overall poverty line is reduced slightly for large families with three or more children and more significantly for single pensioners and pensioner couples.

Reassessing Poverty in the Rowntree and Lavers Survey

In order to assess the effects of alternative poverty lines we have re-examined the surviving schedules from the 1950 survey of York. Unfortunately only 1363 out of the total of 2054 schedules survive.¹³ These surviving cases were used in the project led by Atkinson and Maynard who were able to establish that they are a fairly random sample of the total although it is not clear why these particular cases survive.¹⁴ For the purposes of our analysis we discarded a further 31 cases on the grounds that there was insufficient information in the schedule for the calculation of net income or that the surviving copies are illegible, leaving 1332 cases in our dataset.

Rowntree and Lavers computed household income net of housing costs and compared this with the cost of the household's minimum needs. The sources of income recorded include earnings, non labour income such as occupational pensions, income from investments or property income and gifts from relatives, and income from various state benefits including pensions, sickness or unemployment benefit and

in estimating food or clothing allowances and insofar as they reflect any errors in other components then raising by a factor of two seems more appropriate than, say, 2.3 or 2.5.

¹³ Atkinson et. al. (1981, p. 62) calculated that Rowntree and Lavers discarded 43 cases leaving 2011 for analysis. It is not clear whether any of the surviving schedules are among those that were excluded from the original analysis. Copies of the surviving schedules were deposited at the Borthwick Institute at the University of York by the researchers involved in the project led by Atkinson and Maynard. It appears that the originals of these schedules have been lost.

¹⁴ Atkinson et. al. (1981, p. 64) compared average family size, the proportion of owner occupiers, and the proportion receiving occupational or friendly society pensions calculated from the surviving schedules with figures reported for the whole survey by Rowntree and Lavers and on this basis concluded that the surviving schedules are reasonably representative.

family allowances. For adult children and lodgers, only their contribution to the core household unit (rather than their total income) is recorded as part of the income of the household but in such cases the addition to minimum needs is only for food and household sundries.¹⁵ In addition, the value of school milk and cheap milk for infants and home-grown vegetables were also included as part of household income.

Rowntree and Lavers allocated the household to one of five income classes A to E depending on the ratio of income to minimum needs. Those in Class A (less than 77 percent of minimum needs) and Class B (77 percent to less than 100 percent of minimum needs) were defined as being in poverty. Classes C, D, and E above the poverty line were divided by increments of 23 percent of minimum needs. The calculated value of minimum needs was written on the schedule for each household as was the letter code for the income class to which it was allocated. The proportions in the different income classes as noted on the surviving schedules differ very little from those reported by Rowntree and Lavers for the whole survey—a further indication that the surviving cases are representative of the whole survey.¹⁶ As Table 3 shows, on this basis the poverty rate in the remaining schedules is 5.17 percent compared to the 4.64 percent reported in *Poverty and the Welfare State*. For individuals as compared with households the poverty rate is even lower. This reflects the fact that (unlike in 1936) poor households were disproportionately small households, and in particular were often headed by pensioners with no adult children or lodgers contributing to the household budget.¹⁷

Having documented household income from the surviving schedules we are able to make independent calculations of the proportions in the poverty using three different poverty lines. The first (PL1) is the value of minimum needs recorded by Rowntree and Lavers on the schedules. The second (PL2) is our recalculation of the

¹⁵ Lodgers who were not receiving board are not included in the calculation of minimum needs although the rent they paid is counted as part of the core household's income.

¹⁶ The proportions by letter class are as follows (percent):

	A	B	C	D	E
Rowntree and Lavers (1951)	0.41	4.23	19.40	17.38	58.58
1332 surviving schedules	0.52	4.65	18.62	17.71	58.48

¹⁷ However these figures are somewhat uncertain due to way Rowntree and Lavers treated lodgers and family members who contributed only part of their income to the household budget. If the household was judged to be poor, accounting for the contribution of lodgers both to the household budget and to minimum needs, then all individuals in the household, including those treated as lodgers, were counted as poor. Depending on the amount of income they retained, some poor households

Rowntree/Lavers poverty line. This differs from the value given by Rowntree and Lavers in 18.8 percent of cases. These, mostly minor, differences, arise for a variety of reasons, in particular Rowntree and Lavers' treatment of working teenage children, their failure to adjust minimum needs downwards for non-working adults and the incorrect allocation of the savings supplements for young couples with children.¹⁸ But the overall effect of these differences is not large and the mean value of PL2 is higher than PL1 by only 0.3 percent across the households in the sample. The third poverty line (PL3) is our replication of the 1936 scale of minimum needs updated to 1950 and reported in the previous section (Table 2 column 4). The mean value of this poverty line is higher by 5.5 percent than PL2 with which it is directly comparable (in terms of the way it has been applied to the data).

The second panel in Table 3 shows the results of applying these three poverty lines to the data on net income as reported in the surviving schedules. It is striking how little difference there is between them in terms of the proportion of households found to be in poverty. The two poverty lines based on Rowntree and Lavers, PL1 and PL2 both give 8.93 percent of households and 5.56 percent of individuals in poverty. The 1936 equivalent poverty line, PL3, gives marginally higher percentages of 10.06 and 6.77. This small difference is not surprising since, although this poverty line is higher on average, it is slightly lower for some of the groups who were most likely to

undoubtedly contained non-poor lodgers while conceivably some non-poor households contained poor lodgers.

¹⁸ In their application of the poverty line Rowntree and Lavers included some working teenagers as dependants of the core household rather than treating them as lodgers--even though in the calculation of income the contribution of the individual appears rather than his or her entire income. In order to maintain consistency we have treated the individual as a lodger where a contribution was recorded and as a member of the core household when his or her entire income is included with the income of the household. We have little other choice as to how to treat an individual since either a contribution or the total income is recorded but not both.

Rowntree and Lavers frequently failed to adjust downward the minimum needs for non-working households even though the poverty line includes an explicit allowance for work expenses. Thus the amount entered for non-working couples was sometimes 57s 6d rather than the allowance of 56s 6d which should have been given where the male was not working. Similarly lone non-working females were often allocated 33s 2d rather than 31s 1d as would be appropriate. The latter confusion appears in the published tables where the poverty lines for single individuals in and out of work appear to have been reversed.

As was noted above, in their discussion of the poverty line Rowntree and Lavers (1950, p. 25) made special allowances of 10s for a young couple with one child and 6s with two children. But in applying the poverty line they seem to have added 10s for a young couple without children and 6s with one child.

In a number of other cases there were differences between our calculation and that of Rowntree and Lavers which cannot easily be explained and where they appear to have miscalculated.

be in poverty such as pensioners and large families. The most striking finding however is that all three poverty lines give proportions of households in poverty roughly double the level reported by Rowntree and Lavers--even when, as in PL1, the poverty line is taken directly as reported on the original schedules. And it particularly affects the proportion in Class A, the very poorest households.

This discrepancy can be investigated by comparing for individual households the income class we obtain using PL1 with the letter code recorded by Rowntree and Lavers on the schedules. In some cases no obvious explanation can be found although in cases very close to a class borderline Rowntree and Lavers sometimes allocated the household to the higher class. But the most systematic divergence occurs among households headed by single pensioners or pensioner couples and occasionally by younger widows. Many of these schedules include the comment 'Savings' or something analogous.¹⁹ Nevertheless it is clear from comments elsewhere on the schedule that these households were typically poor and indeed many of them were receiving National Assistance. It appears that they were often relying on drawing down small savings in order to make ends meet and it therefore seems inappropriate to allocate them to a higher income class on that basis. In some cases Rowntree and Lavers moved such households up from class A to class C--an assumption which seems completely incompatible with their circumstances and the financial resources they are likely to have possessed.²⁰ Had they been less sanguine about the

¹⁹ In our analysis of the schedules we have distinguished between cases where a household had some investment income denoted by the comment 'Private Income' or 'Private Means' which suggests a flow of income, and cases marked by 'Savings' or something similar which implies the running down of balances as a result of poverty itself. In cases where an estimated amount of private income is given we have included its value as part of income but where no value is specified we have excluded the case from the dataset.

²⁰ There were 51 cases where the letter code marked on the schedule by Rowntree and Lavers is either C, D or E (not in poverty) but where, using their reported poverty line and unadjusted income, we place the household in poverty. In 33 of these cases there is some mention on the schedule of "Savings" or "Capital". Although amounts of savings were rarely given, it seems unlikely that the income from these savings would lift the household out of poverty. For example, an income from investments of 5s per week would require a sum invested of £325 at an interest rate of 4 percent. Of the 33 households where there is a discrepancy in classification and where there is some mention of saving, 28 were more than 5s below the poverty line and 22 were more than 10s below the poverty line.

The importance of assumptions about savings is reinforced by inspection of those cases where our classification based on Rowntree and Lavers' reported poverty line concurs with theirs in placing the household in poverty. Among the 69 schedules, none mention savings, only three mention capital, and in two of these cases the amounts of capital are reported as £30 and £63. Thus it appears that in the vast majority of cases where savings of some sort were mentioned, the household was classified by Rowntree and Lavers as not in poverty.

circumstances of some of the poorest households they might have concluded that the proportion in poverty was nearer to ten than to five percent.²¹

It is also worth re-examining the way in which net income was measured. There are several reasons to believe that net income was overestimated in some cases and we have made a series of adjustments to the data recorded in the income column on the schedules. Small downward adjustments were made to the amounts for school milk and home-grown vegetables, the values of which appear to have been overestimated.²² In a few cases where breadwinners were sick or unemployed their normal earnings were recorded instead of the relevant benefit amount and we have adjusted the relevant components of income accordingly. But the largest adjustment is to the amount recorded for housing costs. Some 28.5 percent of the households were owner-occupiers, and in the bulk of such cases only the amount paid in rates was recorded and not the amount of mortgage payments. In these cases we have used a measure of housing costs which includes imputed values of mortgage payments in place of the values which were reported on the schedules.²³

The effect of using our adjusted income measure in place of that recorded by Rowntree and Lavers can be seen in the third panel of Table 3. Using Rowntree and Lavers' own poverty line, PL1, the proportion of households in poverty rises to 10.44 percent and using our version of the Rowntree/Lavers poverty line, PL2, gives a very similar result. When we apply the 1936 equivalent poverty line, PL3, the proportion in poverty is again slightly higher at 11.79 percent. Thus the adjustments to income seem to add about two percentage points to the proportion in poverty on each of the poverty lines. Taken together, the effects of ignoring the ad hoc income class adjustments

²¹ Of course this revision would not necessarily apply to the *change* in the numbers in poverty between 1936 and 1950 if the same treatment was given to households for whom some evidence of savings was reported in 1936. Only a small sample (numbering 1365) of the 1936 schedules still survive and these are not a random sample of the original survey (they all contain at least one person aged 60 or above). But inspection of these schedules reveals no comments about saving or anything comparable to the comments which appeared on the 1950 schedules.

²² Townsend (1952, p. 39) argued that the value of school milk should have been 6d per week rather than 9d and so we have reduced all the values accordingly. Amounts entered for home-grown vegetables were 2s 6d if the household reported 'some' vegetables were home-grown, 5s if 'most' and 7s 6d if 'all'. In the surviving cases 31.6 percent of households reported at least some vegetables were home grown. By comparison very few households in 1936 were given a value for vegetables. Of the 178 examples of household income reported in *Poverty and Progress*, only one includes a value for home-grown vegetables and the value given was only 1s. We have therefore reduced the 1950 values assessed at 7s 6d to 2s 6d and set the all the lower values to zero.

made by Rowntree and Lavers, using a poverty line more comparable with 1936, and accounting more accurately for household income, results in a more than doubling of the numbers of households in poverty. It must of course be remembered that these figures apply to the working class only rather than to all households. Taking the working class proportion to be 0.6 the proportion in poverty would be reduced from 11.79 percent for the working class to 7.08 percent for all households.

Finally it is worth noting the importance of the net contributions of those who were treated by Rowntree and Lavers as lodgers. In 1936 those contributing for board and lodging only amounted to 15 percent of individuals in working class households (Rowntree 1941, p. 125). In 1950 they accounted for 25 percent of all individuals covered by the survey and their contributions account for 17.7 percent of all recorded income. On average they contributed 13s 2d per head more to household budgets than they did to household minimum needs. This represents a significant transfer to core household members.²⁴ Its importance is illustrated in the bottom panel of Table 3 where lodgers' contributions and their minimum needs are eliminated from the calculation. On all three poverty lines the poverty rate is over 22 percent and for individuals (which now excludes lodgers), poverty would have been around 16 percent.

The Effects of Welfare Reforms

Rowntree and Lavers found that “whereas the proportion of the working class population living in poverty has been reduced since 1936 from 31.1 percent to 2.77 percent it would have been reduced to 22.18 percent if welfare legislation had remained unaltered” (1951, p. 40). This dramatic finding has sometimes been interpreted as largely the result of the social security reforms following in the wake of the Beveridge Report. It is therefore an important issue and worthy of re-examination.

²³ These values were calculated for the study led by Atkinson and Maynard and were taken from their datafile. The imputation of mortgage payments was based on the age of the head of the household and the size of the house.

²⁴ The importance of lodgers' contributions was recognised by Atkinson et al (1981). In applying the National Assistance rates as a poverty standard they allowed for a contribution of 7s per lodger to cover rent etc. But lodgers do not count in the poverty line and are eliminated from the poverty calculation. Thus net lodger contributions are lower by about 6s per lodger as compared with Rowntree and Lavers which is a major reason for their finding higher poverty rates despite using a lower poverty line.

In order to estimate what poverty would have been under the welfare legislation of 1936 Rowntree and Lavers deducted from the income of all households the value of food subsidies, family allowances, school milk, cheap milk for infants and free school meals. In addition they adjusted certain social security benefits and National Insurance contributions to the corresponding 1936 levels. The effects of food subsidies and family allowances were found to be particularly important in alleviating poverty and were singled out for separate attention. The effect of removing food subsidies alone was to increase the percentage of households in poverty to 16.59 percent (13.74 percent of individuals). It is a moot point whether food subsidies arising out of the War could be considered as welfare state measures although they clearly helped poor households. The effect of removing Family Allowances was more modest, raising the proportion of households in poverty to 6.76 percent. Unfortunately Rowntree and Lavers did not report the effects of changes in all social security measures taken together but excluding food subsidies.

Rowntree and Lavers' counterfactual calculations for social security suffer from two deficiencies. First, apart from the child benefits mentioned above, they were restricted to retirement pensions and widows' pensions--those with the highest incidence among households in the survey. Other benefits such as those for sickness and disability, unemployment and industrial injury as well as war pensions presumably were left unchanged. Perhaps the most important benefit to be left unchanged was National Assistance which, even by 1950, had become a significant source of social security income. Second, it appears that the alternative values inserted for pensions were the nominal values of 1936. This is not made explicit but is suggested by the lack of any discussion of adjustment for the doubling of the price level between 1936 and 1950. It would seem, for example, that a single pension would be reduced from 26s to 10s under the counterfactual rather than to 20s if real rather than nominal values were used. It seems likely that these two shortcomings would have operated in opposite directions on the numbers in poverty under the counterfactual. Excluding some benefits (especially National Assistance) would understate the rise in poverty while using nominal rather than real values would tend to overstate it.

In order to estimate more accurately the effects of changes in the social security system between 1936 and 1950 we revalue all the benefits received by

households in the survey at the equivalent 1936 values.²⁵ These alternative benefit rates are discussed in Appendix 2 and they are multiplied by two to maintain their real values in 1950.²⁶ Under the counterfactual, some benefits such as old age pensions and sickness benefits are reduced while others such as unemployment benefit and war pensions are somewhat increased. But we have not reduced the incidence to reflect the narrower coverage of pensions or health and unemployment insurance schemes in the interwar period. To the extent that some individuals receiving benefits in 1950 would not have qualified for them at all under the pre-war system, poverty will be understated in the counterfactual. We follow Rowntree and Lavers in setting to zero family allowances and other benefits to children but we also do the same with National Assistance. The 1930s counterpart to National Assistance was the poor relief given by Public Assistance Committees. We have not attempted to impute values for Public Assistance because most poor households preferred to avoid the stigma associated with it. In any case the amounts given did not generally lift households out of poverty. Only 4.5 percent of all Public Assistance recorded in the 1936 survey went to households who (after taking it into account) were above the poverty line.

Table 4 reports the percentages who would have been in poverty when benefits and contributions are revalued at the 1936 levels. These comparisons take no account of any behavioural responses to changes in the benefit system and so other sources of income are left unchanged.²⁷ This may result in some overstatement of poverty, although it is doubtful that the upward bias would be very large.²⁸ In making these

²⁵ For a discussion of the pre-war social security system, see Robson (ed.) (1945). Details of the early post-war benefits are given in National Council of Social Service (1949).

²⁶ Here we follow the change in the cost of living reported by Feinstein, (1972). Calculations of the rise in the cost of living over the wartime are sensitive to the weights used as Allen (1952) and others have illustrated. Until June 1947, the budget weights in the Ministry of Labour's cost of living index were based on the budget survey of 1904; the interim index from 1947 used the weights of the 1938 survey. Splicing these indices together at June 1947 gives an increase in the cost of living between 1936 and 1950 of only 57.8 percent. Feinstein uses the 1904 weights up to 1938 and the geometric mean of the 1938 and 1950 weights thereafter to give an increase between 1936 and 1950 of 96.5 percent in the cost of living (exactly 100 percent from 1935/6). Even this is much less than the 130 percent increase in Rowntrees' poverty line for the family of five.

²⁷ Even if it were appropriate to allow for National Assistance, it would not be appropriate to leave the observed values unchanged. National Assistance was a means-tested benefit and was often given in supplementation to other benefits (especially pensions). Changes to the value of pensions and other benefits would therefore have given rise to changes in the amounts of National Assistance.

²⁸ Estimates for the interwar period of the effects of unemployment benefits on the incidence of unemployment and of household income on the participation rates of females suggest that such behavioural responses were relatively modest (Hatton and Bailey, 1988, 1998). In addition, the benefit changes in our counterfactuals are generally fairly small and therefore any behavioural response to them should have been correspondingly small.

calculations we have used our adjusted version of household income, and so the outcomes should be compared with those presented in the third panel of Table 3.

In the first panel of Table 4, all benefits and contributions are revalued at 1936 nominal levels and with National Assistance and child benefits set to zero. Poverty rates range from 21.85 percent to 22.82 percent for households and around 18 percent for individuals. These are approximately double the rates observed with benefits at the 1950 levels. But when 1936 benefits and contributions are adjusted to their real values in 1950, the percentages in poverty are substantially lower. As the second panel of Table 4 shows, the effects of replacing the 1950 social security system with that of 1936, in real terms, is to raise the percentage of households in poverty by 4.5 percentage points on Rowntree and Lavers' reported poverty line (PL1) and by less than four percentage points using the 1936 equivalent poverty line (PL3). The effects on the number of individuals in poverty are similar. Broadly speaking it appears that in the absence of changes in social security, poverty among working class households in York would have fallen between 1936 and 1950 by about a half. In the presence of the reforms it fell (using PL3) by somewhat less than two thirds.

In the third and fourth panels we examine the effects of removing National Assistance and Family Allowances, the two most important new benefits, leaving all other benefits (and contributions) at the 1950 levels. The effects of removing National Assistance alone are fairly small, adding less than one percentage point to the numbers in poverty on any of the poverty lines. The effects of removing family allowances is somewhat larger raising the percentage in poverty (using PL3) for households by 1.7 percentage points and for individuals by more than three percentage points. The somewhat greater effect on individuals than on households reflects the disproportionate impact of Family Allowances on large families and is consistent with the findings of Rowntree and Lavers.²⁹

Rowntree and Lavers included in their calculations of the effects of the welfare state the effects of food subsidies introduced during the War and surviving into the 1950s. It is debatable whether these subsidies should be included, and if so, how they

²⁹ Rowntree and Lavers (1951, pp 43, 44) reported the effect on households in poverty as $6.02 - 4.64 = 1.38$ percent, and on individuals as $5.97 - 2.77 = 3.20$ percent.

should be accounted for.³⁰ The value of food subsidies was estimated as 2s 9d for an adult male, 2s 3d for an adult female and 1s 6d for a child. These values are consistent with the per capita amount of government spending on subsidies.³¹ To calculate the effects on poverty we subtract the relevant sum from each household's income. These include amounts for lodgers whose contributions to the household budgets and to poverty lines include allowances for food. No allowance is made for any substitution within household expenditure away from goods whose prices would have risen in the absence of subsidies. But given that these goods were rationed, the biases arising from omitting such effects would be somewhat attenuated.³²

The fifth panel of Table 4 indicates that the proportion of households in poverty would have risen to 17.47 percent (using PL3), or by 5.7 percentage points, as a result of removing food subsidies alone. But this is much less than the nearly 12 percentage point rise reported by Rowntree and Lavers for essentially the same calculation. For individuals, we calculate that the number in poverty rises by 6.86 percentage points compared with nearly 11 percentage points reported by Rowntree and Lavers. The differences are broadly the same for using PL1 and PL2 poverty lines and it is not easy to account for them.³³ But whatever the reason, it appears that the poverty reducing effects of food subsidies attributed by Rowntree and Lavers are substantially greater than those revealed in our re-analysis of the surviving schedules.

The results of all the changes in social security (using real 1936 values) together with the removal of food subsidies are reported in the last panel of Table 4.

³⁰ Food subsidies were introduced during the War with the main objective of controlling the rise in the cost of living (specifically as reflected in the Ministry of Labour's cost of living index) in order to moderate the upward pressure on wage rates. Although subsidies and the associated rationing of key foodstuffs was introduced as a wartime measure they survived into the 1950s because of the continued need to control the rise in wage rates in a tight labour market. In this light a fuller accounting for the effects of food subsidies would recognise the linking of wage rates to the cost of living index. Abolishing food subsidies would have raised the cost of living by about 5 percent in 1950. If all or part of this price rise was reflected in wages, then earnings should also be raised in the counterfactual. Such an assumption would attenuate the poverty-increasing effects of removing food subsidies

³¹ In the fiscal year 1950-1 government expenditure on food subsidies was 2s 5.5d per capita (PEP, 1953, p. 5).

³² The price index used here (Appendix 1) to update the value of Rowntree's 1936 food budget to 1950 allows for some substitution as a result of rationing. However, the effects on the composition of food expenditure of removing subsidies and rationing together would probably have been relatively small, at least in the short run. On the one hand the price of subsidised foods would have risen, inducing some substitution away from them, but on the other hand the abolition of rationing on these goods would have tended to increase the consumption of them.

³³ It does not seem to be accounted for by the fact that our baseline poverty rate is higher than that of Rowntree and Lavers. The density of the ratio of income to minimum needs is greater at around 10 percent than it is at around 5 percent of households in poverty.

Rowntree and Lavers reported that, with all welfare measures returned to 1936 levels, 24.74 percent of household would have been in poverty. On our calculation using poverty line PL3, 21.63 percent of households would have been in poverty, and this despite using the revised poverty line, adjusted income, and more comprehensive adjustments to social security, all of which tend to increase the numbers in poverty. When we compare these results with the baseline calculation in Table 3, the addition to poverty is 9.83 percentage points compared with Rowntree and Lavers' 18.32 percentage points. The difference is almost as large for individuals: an increase in poverty of 11.25 percentage points on our calculation as compared with 19.41 reported by Rowntree and Lavers. Thus even if we accept food subsidies as part of the welfare reforms, the overall effects on poverty of all the measures taken together are little more than half those reported by Rowntree and Lavers--findings which widely influenced perceptions of the impact of welfare during the 1950s.

Conclusion

Poverty in York fell sharply between 1936 and 1950, but not quite as dramatically as Rowntree and Lavers' influential study indicated. In this respect the suspicions of some of the critics are borne out, but not quite for the reasons they imagined. Lack of comparability of the poverty line with 1936 imparted some downward bias to Rowntree and Lavers' calculations, but the measurement of income and the allocation of households to income classes had rather larger effects. It appears that Rowntree and Lavers should have found some 11.8 percent of working class households in poverty rather than 4.6 percent--and a fall in poverty since 1936 of 19.3 rather than 26.5 percentage points. Had they reached these conclusions, headlines like "Poverty is almost down and out" would not have been possible, and the jubilation with which the findings were greeted would have been somewhat muted.

More dramatic still, according to Rowntree and Lavers, welfare reforms between 1936 and 1950 caused the percentage of households in poverty to decline by 20 percentage points--more than two thirds of the total decline in poverty over the period. By contrast we find that welfare reforms accounted for a fall of 9.8 percentage points--only half that suggested by Rowntree and Lavers. Furthermore, if we ignore the effects of food subsidies and consider social security alone, then welfare reform reduced poverty among working class households by a mere 3.7 percentage points. In

this light, the impact on poverty of the Beveridge reforms should probably have been hailed with rather less enthusiasm.

In view of these findings, the apparent evaporation of poverty in the 1950s and its reappearance in the 1960s is far less of a puzzle than it has sometimes seemed. In the absence of evidence of significant poverty among working class households in the 1950s, the "rediscovery" of poverty has sometimes been interpreted as the result of new approaches to the way in which poverty was defined and interpreted.³⁴ In light of the growth in real incomes in the postwar decades it is difficult to believe that poverty was greater in the mid-1960s than it was in the early 1950s.³⁵ The results reported here add further support to the view that poverty in the early 1950s had been obscured rather than eliminated.

Our results also fit with the increasing tendency to interpret the Beveridge reforms as a set of incremental changes to social security, rather than as the birth of an entirely new system.³⁶ But such arguments have often been based on the structure of the reforms and their institutional and political context rather than on direct measurement of their effects on poverty. The modest effects on poverty of social security reform found here add a different dimension to the revisionist case. They are also supported by our findings in an earlier study that, had the Beveridge reforms been implemented twenty years earlier, they would have dented, but would not have eliminated, working class poverty (Hatton and Bailey, 1998a).

The puzzle that remains is why the results presented by Rowntree and Lavers turned out to be so misleading. It seems unlikely that someone of Rowntree's scientific stature and obvious integrity would have sought to deliberately bias the results. And we have no reason to believe that the results were tailored to fit with prior conceptions about the decline in poverty.³⁷ Rather, it seems that a number of different

³⁴ See Banting (1973, p.p. 68-73).

³⁵ There does not seem to have been a marked deterioration in income inequality between the 1950s and the 1960s (Banting, 1973, p. 67).

³⁶ For recent accounts of the place of the Beveridge reforms in the evolution of the welfare state, see Thane (1996), Lowe (1993), Glennerster, (1995) and Sullivan (1996).

³⁷ The fact that, in the light of their findings, Rowntree and Lavers planned to embark on a further study focusing on secondary poverty suggests that they had not anticipated how little primary poverty they would find in the first instance. In a letter to Rowntree in May 1951, Lavers wrote: "In *Poverty and the Welfare State*... we show that primary poverty, i.e. poverty due to lack of resources, is virtually non-existent. On the other hand it is a matter of simple observation that in fact a very substantial amount of poverty does exist and it must therefore be secondary poverty, i.e. poverty due to

biases crept in the process of measurement, and combined to produce more optimistic results than were warranted. It is unfortunate that, in the absence of other comparable studies for the 1950s, this produced a somewhat distorted picture of poverty in the early postwar period, an impression which took nearly two decades to counteract.

unwise or inefficient spending of resources which should theoretically be sufficient.” (Rowntree Papers, Pov/6/5).

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APPENDIX 1: EXPENDITURE COMPONENTS OF MINIMUM NEEDS IN 1936 AND 1950

Rowntree's 1936 Poverty Line

Components of the 1936 poverty line are derived from Rowntree (1937) and Rowntree (1941). Since equivalence scales for each component were not always given explicitly, a number of the components have been inferred. These components are given in Table A1 below for the household types reported in the table in Rowntree (1941), p. 30. Man (alone) and woman (alone) are assumed to be working; in the case of couples only the man is working; additional children or adults are assumed not working, and pensioners are assumed not working.

Food allowances are taken directly from Rowntree (1937 pp. 65, 73, 115) where 5s 5d is allowed for an adult male with weights of 0.83 for an adult female and 0.64 for a child (under 14). No lowering of food requirements was explicitly specified for pensioners and so none has been made here. Likewise clothing allowances for adult males, adult females and children are taken from Rowntree (1937) p. 95. The clothing allowance for a male pensioner is 1s lower than the adult male allowance (Rowntree, 1941, p. 30, fn. 4).

An amount for personal sundries is given only for the family of five. This was therefore assumed to be constant for all male headed households. For a woman (alone) the allowance for personal sundries was inferred by adjusting the 'basic' allowance (108d) by the difference in the allowance for food and clothing (26d) less the difference in the overall poverty line for a male and a female (-55d) to give 79d. This implies a figure of 27d for 'all else' for lone women as compared to 40d for lone males or families if no allowance is given to lone females for sick and burial clubs. In the context of a separate discussion of minimum wages for women Rowntree (1937, p. 119) gave allowances of 63d for clothing and 78d for personal sundries for a lone working woman. The difference between these allowances and those given in table A1 account almost exactly for the 52p residual for a lone female. But we have not used these in the calculation here, preferring instead to treat the difference as a residual or discretionary allowance. The reasons are, first, that no comparable allowance was explicitly made for a lone male (where the residual is the same) and, second, that no such allowances were explicitly made in 1950.

For male pensioners the allowance for personal sundries is derived by deducting from the 'basic' allowance a sum of 49d for unemployment and health insurance, contributions to sick and burial clubs, trade union subscriptions and travelling to and from work. For female pensioners the allowance is derived by deducting from the adult female allowance previously calculated the sum of 45d for unemployment and health insurance, travel to and from work, trade union subscription plus an additional shilling as suggested in Rowntree 1941, p. 30, fn. 4. For a pensioner couple the allowance for personal sundries is assumed to be the same as for a lone male pensioner.

The allowances for household sundries follow the scaling given by Rowntree (1941) p. 31, fn. 1. The scaling of allowances for fuel is based on Rowntree's (1941, p. 31) allowances of 52d for the family of five and 40d for a couple. Single individuals and pensioner couples are also given 40d. No allowances are given to additional individuals (even though this may seem somewhat inconsistent) since no additional fuel allowance was made for boarders in 1936 and none appears to have been made for additional individuals in 1950.

The differences between the sum of the components so derived and the scale of minimum needs for different household types reported by Rowntree (1941, p. 30) are reported as the residuals in Table 1 above. As stated in the text above, the residuals for couples with one and two children can be accounted for by an allowance for saving. For lone males and lone females it appears to be due to extra allowances for clothing and personal sundries. We have insufficient information to explain the residuals for additional individuals but they might be due to unspecified additions for personal sundries and fuel. Finally the components for pensioners are particularly uncertain and the small negative residuals might be due to reductions implicitly given for any of the components.

Table A1: Expenditure Components of Rowntree's 1936 poverty Line

	Food	Clothing	Personal Sundries	Household sundries	Fuel and Light	Total components	Poverty Line
Man (alone)	65	36	108	9	40	258	310
Woman (alone)	54	21	79	9	40	203	255
Couple	119	57	108	12	40	336	383
Couple + 1 child	161	70	108	14	44	397	457
Couple + 2 children	203	83	108	16	48	458	494
Couple + 3 children	245	96	108	20	52	521	522
Additional child	42	13	--	4	--	59	64
Additional female	54	21	--	4	--	79	92
Additional male	65	36	--	4	--	105	137
Female pensioner	54	21	34	9	40	158	150
Male pensioner	65	24	59	9	40	197	183
Pensioner couple	119	45	59	9	40	272	268
Female lodger	54	--	--	4	--	58	57
Male lodger	65	--	--	4	--	69	69
Child lodger	42	--	--	4	--	46	46

Rowntree and Lavers' 1950 poverty line

Rowntree and Lavers describe the expenditure components of their poverty line briefly. As for 1936, the equivalence scales for all the expenditure components are not fully documented so that some inferences need to be made. As before, it is assumed that the male is working and a female alone or one of two females is working. Additional adults and pensioners are not working.

The food allowance given was 12s 6d for an adult male and the equivalence scales were the same as for 1936: 0.83 for an adult female and 0.65 for a child (Rowntree and Lavers, 1951, p. 15). As before no lower food allowance was given for pensioners. The sums for clothing for adult males, adult females and children are those given on pp. 14 and 16. Personal sundries are given only for the family of five, and these are assumed to be the same for all households except for lone women, where the allowance is reduced by 23d due to the lower allowance for 'all else', and for trade union subscriptions (p. 24). Household sundries follow the scale given in Rowntree and Lavers (1951 p. 17).

In the table of total minimum needs given by Rowntree and Lavers (1951 p. 28-9), the minimum needs of lone males and lone females are reported as higher if the individuals were unemployed than if they were employed. We have assumed that this is an error and that the columns should be reversed to allow for the deduction of work expenses if the individual was not working. Pensioners are not distinguished separately, and so the total allowance for pensioners is assumed to be the same as for non-pensioners, except for the downward adjustments to personal sundries associated with work expenses. For single males and single females these deductions are 22d and 25d respectively but for couples only 12d is deducted.

Table A2: Expenditure Components of Rowntree and Lavers' 1950 poverty Line

	Food	Clothing	Personal sundries	Household sundries	Fuel and Light	Total components	Poverty Line
Man (alone)	151	73	138	29	70	461	455
Woman (alone)	125	62	115	29	70	401	398
Two women	250	124	138	46	70	628	655
Couple	275	135	138	46	70	664	686
Couple + 1 child	373	201	138	60	77	849	863
Couple + 2 children	471	267	138	68	84	1028	1036
Couple + 3 children	568	333	138	72	91	1202	1202
Additional child	98	66	--	4	--	168	168
Additional female	125	62	--	4	--	191	191
Additional male	151	73	--	4	--	228	228
Female pensioner	125	62	85	29	70	371	373
Male pensioner	151	73	105	29	70	428	433
Pensioner couple	275	135	105	46	70	631	674
Male lodger	151	--	--	4	--	155	155
Female lodger	125	--	--	4	--	129	129
Child lodger	98	--	--	4	--	102	99

Adjusting the 1950 components

In revising the expenditure components for 1950 to conform more closely with those given in 1936 we make adjustments either to the quantities or the prices (or a combination of both) and sometimes to the equivalence scales. In making these adjustments special weight is given to some of the criticisms which have been made of individual allowances given by Rowntree and Lavers.

Food: Townsend (1951, p. 38) suggested that the food allowance was less generous in 1950 than it had been in 1936. He cited the 'human needs' budget based on Rowntree (1937), and taking into account the rationing of some items, which was valued and updated every six months by Miss T. Schulz (also cited by Rowntree and Lavers (1951) p. 11, ftn). The value of the food budget calculated by Schulz (1951, p. 18) for the family of five was 50s 5.5d in November 1950 compared with the figure of 47s 5d given by Rowntree and Lavers (1951) p. 13. We therefore raise the original 1950 allowances by 7 percent.

Clothing: As compared with 1936 the clothing allowances given in 1950 were higher by a factor of 2.03 for men, 2.95 for women, and 5.08 for children. Dobb (1952, p. 175) drew attention to the small relative increase for men, pointing out that men were given no allowance in 1950 towards the purchase of an overcoat, while Townsend (1952, p. 39) observed that "a real rise in subsistence needs in respect of children's clothing seems to have been granted." Caradog Jones (1952, p. 149-50) noted that womens' clothing allowances were set by the average of the lowest three of the budgets sampled

rather than the average of all budgets as in 1936 but that repairs were now included. In view of these anomalies and the small number of number of budgets on which these allowances were based, it seems safer to base the clothing allowances on changes in the clothing component of the Ministry of Labour cost of living index. Allen calculated that clothing prices (including footwear) increased by a factor of 2.5 between 1938 and August 1951 (2.4 when adjusted to 1936-50). We therefore multiply the 1936 allowances by 2.5, implicitly making a small allowance for the increased cost of shoe repairs mentioned by Rowntree and Lavers (1951, p. 16).

Personal sundries: As compared with 1936 personal sundries for a family of five was increased in 1950 by a factor of only 1.29. In part this reflects the exclusion of National Insurance contributions in 1950 (when it was netted out of income). But critics also pointed to the fact that the allowance for the costs of travel to work remained unchanged in nominal terms and that the catch all category 'all else' had only been doubled despite Rowntree and Lavers' suggestion that this was inadequate (Dobb, 1952, p.175; Townsend 1952, p. 39). In this light we raise travel to work costs from 1s to 1s 8d to reflect the rise in the price index for travel by a factor of 1.6 (Allen, 1952, p. 117). and we add 4d to Rowntree and Lavers' 'all else' component to reflect the more than doubling of drink and tobacco prices, making a total addition to their allowances of 1s.

Table A3: Revised Components of Rowntree and Lavers' 1950 poverty Line

	Food	Clothing	Personal sundries	Household sundries	Fuel and light	Total components	Rowntree + Lavers
Man (alone)	162	90	150	23	70	495	461
Woman (alone)	134	53	127	23	70	410	401
Two women	268	106	150	30	70	624	628
Couple	294	143	150	30	70	687	664
Couple + 1 child	399	175	150	35	77	836	849
Couple + 2 children	504	208	150	40	84	986	1028
Couple + 3 children	608	240	150	50	91	1139	1202
Additional child	105	33	--	10	--	148	168
Additional female	134	53	--	10	--	197	191
Additional male	162	90	--	10	--	262	228
Female pensioner	134	53	89	23	70	369	371
Male pensioner	162	60	109	23	70	424	428
Pensioner couple	294	113	105	23	70	605	631
Male lodger	162	--	--	10	--	172	155
Female lodger	134	--	--	10	--	144	129
Child lodger	105	--	--	10	--	115	102

Household sundries: The allowance for household sundries was raised by a factor of 3.6 between 1936 and 1950, a feature about which the critics were strangely silent. A weighted average of the prices of household durable good and miscellaneous good suggests an increase in prices by a factor of about 2.5 (Allen, 1952, p. 111). We therefore increase the 1936 allowances by this factor thus maintaining the equivalence scales of 1936 rather than the somewhat altered pattern of 1950.

Fuel and light: The increase by a factor of 1.75 allowed by Rowntree and Lavers seems consistent with the increase in the price index for this component (Allen, 1952, p. 11) and so we leave this item unaltered.

With these adjustments the new total of expenditure components can be compared with Rowntree and Lavers' original components in Table A3. Focusing on the family of five, Townsend inclined "to the view that the 1950 standard should have been higher than fixed by the authors rather than lower, with the result that the numbers in poverty in York would have been greater in 1950 than deduced by the authors" (1952, p. 39). The calculations made here suggest that Townsend's observation is true in certain cases although not for the specific case (the family of five) that he had in mind.

APPENDIX 2: ADJUSTMENTS TO SOCIAL SECURITY PAYMENTS AND CONTRIBUTIONS

In order to measure the effects on poverty had the social security provisions of 1936 been in place in 1950, we adjust the rates of benefit and contribution observed in 1950 back to the relevant rates for 1936. Except in a few cases, no adjustment has been made for the more limited coverage of benefit systems in 1936 than in 1950. Where non-standard rates of benefit were paid in 1950, and in the absence of any guide as to why a non-standard rate was paid, the 1936 rate has been scaled in the same proportion as the relevant standard rate. In order to convert 1936 nominal benefits to real 1950 values the 1936 rates are raised by a factor of two. The amounts given below are the 1936 nominal values.

Non-state benefits such as pensions from local authorities, the railways or other industrial or occupational pensions have been left unchanged.

National Insurance Contributions

The earnings data reported by Rowntree and Lavers is ostensibly net of the employee component of national insurance contributions. Atkinson, Maynard and associates calculated the relevant rates of contribution in order to compute gross income. We use their values for 1950 and adjust (net) income by the difference between this and the relevant 1936 contributions. In 1936 contributions were for unemployment and health insurance (which also covered contributory pensions). The standard rates of contribution in 1936 were 1s 8d for adult males and 1s 3d for adult females with lower rates for those under 21. Women working part-time were assessed at zero contributions.

Unemployment Benefits

Unemployment benefit rates in 1936 were 17s for an adult male with an additional 9s for a dependant wife and 3s for each dependant child under 14. For women the rate was 15s and there were also lower rates, graduated by age, for those under 21. In 1950 the rates were 26s for a single individual (male or female), 16s for an adult dependant and 10s for the first child dependant. Thus the rates are slightly lower in real terms (except for child dependants) in 1950 than they were in 1936.

Health and Disability Benefits

Under the health insurance scheme in 1936, standard sickness benefits were 15s per week for males and 12s a week for females with 7s 6d disability benefit after 26 weeks of incapacity with no allowances for dependants. Actual payments received through Approved Societies varied considerably and in some cases dependants' allowances were paid. Under the system in 1950 the rates were the same as for unemployment benefit and included dependants' allowances for one adult dependant and one child. Thus, apart from dependants' allowances, rates in 1950 were similar in real terms to 1936.

Industrial Injuries

In 1936 rates of compensation for accidents at work were typically 30s with a sliding scale related to normal earnings for those earning less than 60s per week with reduced rates for partial disablement. In 1950 the rate of benefit for total disablement was 45s, unrelated to normal earnings, but with reduced rates for partial disablement. Thus in real terms, benefits were somewhat higher in 1936 than in 1950.

Old Age Pensions

In 1936 old age pensions of 10s per week were available to those aged 70 or over under the 1908 Act and amendments to it. Pensions were also available under the contributory scheme introduced in 1928 to qualified men at 65 and women at 60 and their wives or husbands at the standard rate of 10s per

week for an individual and 20s for a couple, subject to certain contributory requirements but not subject to a means test. The 1950 rates were the same as for unemployment and sickness: 26s for a single individual and 16s for a spouse not qualifying in his or her own right. Thus rates in 1950 were higher than in 1936, especially for single individuals.

Widows' Allowances and Pensions

Under the contributory scheme in 1936 widows of insured men were paid a pension of 10s per week with 5s for the first child and 3s for each additional child subject to certain conditions regarding the husband's contribution record. In 1950 widows allowances were 26s with 16s for the first child and 2s 6d for additional children (with a higher rate for the first 13 weeks). These benefits were subject to fairly strict conditions on the husband's contribution record but some widows who failed to qualify were entitled to 10s per week under the old scheme. Those receiving 10s in 1950 were assumed to have been entitled to the same under the scheme in 1936 and hence double in real terms. Other widows' pensions were slightly higher in real terms in 1950 than in 1936.

War Pensions and Service Pensions

In 1936 war pensions arising from the First World War for 100 percent disability were 40s per week with 10s for a dependant wife for the lowest ranks with an ascending scale by rank and lower rates for partial disability. For war widows, the pension was 32/6 if over 40 or supporting children, otherwise 20s, again with an ascending scale by rank. In 1949 first World War pensions were brought into line with those from the first World War. In 1950 the rate for 100 percent disability at the lowest rank was 45s per week with 10s for a dependant wife with variations by rank and by degree of disability as before. War widows received a pension of 35s with 7s 6d per week for each child. Overall the 1950 rates are lower than the equivalent real rates in 1936. Other service pensions were left unchanged.

Other Benefits

Two major new benefits were available in 1950 which had no direct counterpart in 1936 and hence the 1936 equivalent values are zero. Family allowances of 5s were universally available for the second and each subsequent child in a family. National Assistance introduced in 1948 replaced the poor relief dispensed by Public Assistance Committees and was subject to a means test. The standard allowance was 24s for a single householder and 40s for a couple with additional allowances for other dependants and deductions for the notional contribution of lodgers. Income from earnings or other benefits was deducted in the assessment for National Assistance although some disregards were permitted and additional discretionary allowances were made for rent and for special needs. Deductions were made according to a scale for the ownership of capital with a value of more than £75 other than an owner-occupied house or war savings (up to £375). For reasons discussed in the text we have set the 1936 equivalent values equal to zero, even though some families might have been recipients of public assistance under the 1936 system

Table 1**Rowntree's Poverty Lines: Components and Residuals (d. per week excluding rent)**

	1936 Poverty Line			1950 Poverty Line		
	Poverty line	Component s	Residual	Poverty line	Component s	Residual
Man (alone)	310	258	+52	455	461	-6
Woman (alone)	255	203	+52	398	401	-3
Man and Woman	383	336	+47	686	664	+22
Couple + child	457	397	+60	863	849	+14
Couple + 2 children	494	458	+36	1036	1029	+8
Couple + 3 children	522	521	+1	1202	1202	0
Additional child	64	59	+5	168	168	0
Additional female	92	79	+13	191	191	0
Additional Male	137	105	+32	228	228	0
Female pensioner	150	158	-8	373	371	+2
Male pensioner	183	197	-14	433	428	+5
Pensioner couple	268	272	-4	674	631	+43
Male lodger	69	69	0	155	155	0
Female lodger	57	58	-1	129	129	0
Child lodger	46	46	0	99	102	+3

Table 2
Alternative Poverty Lines for 1950 (d. per week, excluding rent)

	Rowntree and Lavers, 1950	1950 components with 1936 residuals * 2	1950 poverty line with revised components	Revised components with 1936 residuals * 2
Man (alone)	455	565	489	599
Woman (alone)	398	505	407	514
Man and woman	686	758	709	781
Couple + 1 children	863	969	850	956
Couple + 2 children	1036	1100	994	1058
Couple + 3 children	1202	1204	1139	1141
Additional child	168	178	148	158
Additional female	191	217	197	223
Additional male	228	292	262	326
Female pensioner	373	355	371	353
Male pensioner	433	400	429	396
Pensioner couple	674	623	648	597
Female lodger	129	127	144	142
Male lodger	155	155	172	172
Child lodger	99	99	115	115

Table 3
Poverty in Rowntree and Lavers' 1950 Survey of York

	Percentage in Poverty	
	Households	Individuals
<i>(1) As classified by Rowntree and Lavers</i>		
Full survey	4.64	2.77
1332 surviving schedules	5.17	3.28
<i>(2) Calculated using recorded income</i>		
R/L reported poverty line (PV1)	8.93	5.65
R/L poverty line recalculated (PV2)	8.93	5.65
1936 equivalent poverty line (PV3)	10.06	6.77
<i>(3) Calculated using adjusted income</i>		
R/L reported poverty line (PV1)	10.44	7.42
R/L poverty line recalculated (PV2)	10.44	7.42
1936 equivalent poverty line (PV3)	11.79	8.56
<i>(4) Calculated using adjusted income and eliminating lodgers</i>		
R/L reported poverty line (PV1)	22.60	16.60
R/L poverty line recalculated (PV2)	22.59	16.50
1936 equivalent poverty line (PV3)	22.38	15.94

Table 4
The Effects of Welfare Reforms on Poverty in 1950

	Percentage in Poverty	
	Households	Individuals
<i>(1) 1936 nominal benefits and contributions</i>		
R/L reported poverty line	21.85	17.94
R/L poverty line recalculated	22.22	18.13
1936 equivalent poverty line	22.82	18.31
<i>(2) 1936 real benefits and contributions</i>		
R/L reported poverty line	14.94	12.33
R/L poverty line recalculated	15.02	12.35
1936 equivalent poverty line	15.54	12.55
<i>(3) 1950 benefits and contributions but no National Assistance</i>		
R/L reported poverty line	11.26	7.96
R/L poverty line recalculated	11.19	7.89
1936 equivalent poverty line	13.14	9.51
<i>(4) 1950 benefits and contributions but no family allowances</i>		
R/L reported poverty line	12.09	10.46
R/L poverty line recalculated	12.16	10.56
1936 equivalent poverty line	13.51	11.73
<i>(5) 1950 benefits and contributions but food subsidies removed</i>		
R/L reported poverty line	17.49	15.57
R/L poverty line recalculated	17.87	15.93
1936 equivalent poverty line	17.49	15.42
<i>(6) 1936 real benefits and contributions and food subsidies removed</i>		
R/L reported poverty line	20.27	18.05
R/L poverty line recalculated	20.87	18.56
1936 equivalent poverty line	21.25	19.34