

What Did Unions Do in Nineteenth-Century Britain?

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The article examines the development of the insurance function of trade unions. It analyzes how such policies worked, and why union benefit packages differed across occupations. It also addresses the impact of insurance policies on union organization. Insurance benefits increased the ability of unions to attract and retain members. They did not, however, significantly increase the power of union leaders relative to employers or union rank and file.

Nineteenth-century British unions performed two distinct functions. Besides attempting to raise wages and improve working conditions, unions also provided their members with insurance against unemployment, sickness, and accidents, pensions for retired members, and "death benefits" to ensure workers and their wives a proper funeral. The insurance function of trade unionism has received little attention from historians, the most influential analysis appearing in Sidney and Beatrice Webb's *Industrial Democracy*. The Webbs focused on one aspect of "mutual insurance" policies, their impact on the strength of "working-class organisation." This article analyzes the economic role of mutual insurance. It describes how union benefit policies worked, and addresses several issues raised by the Webbs concerning the impact of benefit policies on the power of union leaders relative to employers and union rank and file.

Both demand and supply factors influenced union decisions to adopt mutual insurance policies. Workers' demand for mutual insurance came mainly as a response to changes in government poor relief policies. The process of abolishing outdoor relief for unemployed able-bodied males began with the passage of the Poor Law Amendment Act in 1834, and was largely complete by 1860.¹ Many Poor Law unions extended the substitution of the workhouse for outdoor relief to sick and old paupers during the "Crusade against Outrelief" that began in the 1870s.² Reliance on the state during times of "personal distress" became a

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Karel Williams, *From Pauperism to Poverty* (London, 1981), pp. 6&-75.

Mary MacKinnon, "English Poor Law Policy and the Crusade against Outrelief," this JOURNAL, 47 (Sept. 1987), pp. 603-25.

much less palatable option for workers, prompting them to insure themselves against loss of income through trade unions and friendly societies. The importance attached by workers to the insurance function of unions can be seen in the objectives listed in union rules. The Boiler Makers and Iron Ship Builders, for example, sought "to provide against a train of evils of the most serious magnitude, which evils, when they arise from any cause except sickness, are not provided for by any of the ordinary 'Benefit Societies'."³

Supply factors also affected the adoption of mutual insurance policies. Union leaders viewed the provision of insurance benefits as a method for strengthening union organization. Insurance policies increased the willingness of workers to join unions. According to the Webbs, "the prospect of securing support in sickness or unemployment is a greater inducement [for young men] to join the union . . . than the less obvious advantages to be gained by the trade combination."⁴ In addition, the promise of future benefits increased the ability of unions to retain members during downturns, thereby alleviating a problem that plagued unions throughout the nineteenth century.

Although both worker demand for insurance and union leaders' desire to strengthen "working-class organisation" led to the widespread adoption of mutual insurance policies, the Webbs downplayed the role of demand. They concluded that union officials adopted benefit policies primarily to increase their power relative to employers and union rank and file. I confront the Webbs's hypothesis later, and turn now to the size and scope of union-supplied insurance benefits.

Estimates of the total number of union members eligible for mutual insurance benefits are available only for the years 1893 and 1908. In 1893, 744,000 members (59 percent of all union members) were eligible for unemployment benefits other than traveling benefits, 984,000 (77 percent) for funeral benefits, 612,000 (48 percent) for sickness benefits, and 459,000 (36 percent) for old-age benefits.⁵ For 1908 data are available only for unemployment and sickness benefits; 1,474,000 union members were eligible for unemployment benefits (62 percent of all union members), and 729,000 (31 percent) were eligible for sickness benefits.⁶ The number eligible for old-age benefits was probably about 700,000; for funeral benefits, perhaps 1,800,000.

The relatively small number of union members eligible for sickness

³ Board of Trade, "Statistical Tables and Report on Trade Unions (1887)," *Parliamentary Papers*, 1887, vol. 89, p. 7.

⁴ Sidney Webb and Beatrice Webb, *Industrial Democracy* (London, 1897), p. 158.

⁵ Data for 1893 from Board of Trade, "Seventh Annual Report on Trade Unions," *Parliamentary Papers*, 1895, vol. 107, p. 3. The numbers for unemployment and sickness benefits were adjusted to make them consistent with the 1908 data.

⁶ Board of Trade, "Report on Trade Unions in 1908-1910," *Parliamentary Papers*, 1912-13, vol. 47, p. xxxv.

and old-age benefits is explained in part by the availability of sickness and old-age insurance from private mutual help associations known as friendly societies. In 1901, 4.14 million persons belonged to friendly societies providing sickness insurance (4.43 million persons in 1911).⁷ Although few friendly societies officially provided old-age benefits, most provided them in effect by paying sickness benefits to old members unable to work.⁸ Friendly societies generally did not provide insurance against unemployment; only 28,000 persons belonged to friendly societies providing unemployment benefits in 1906.⁹ Workers anxious to insure themselves against unemployment had no choice but to do so through their union.

A summary of the mutual insurance policies provided by four large unions as of 1893 is given in Table 1. Only the Engineers and the London Compositors provided unemployment insurance strictly speaking. The Durham Miners did not pay benefits to members laid off during downturns in trade. Members were eligible for benefits only if the colliery at which they worked stopped production "in consequence of alteration or breakage of machinery." The Operative Bricklayers' Society paid unemployment benefits only to members who were traveling in search of work. Upon application, an unemployed member was given a cheque book, which entitled him to "Is. 6d. at any relieving station distant six miles from the place where such cheques were issued, or where last relief was received, except in some few specified towns where two days' relief in succession may be drawn . . .".¹⁰ Traveling members were entitled to eight weeks of benefits, dating from the issue of the cheque book, in each half-year.

The weekly payments to unemployed or sick workers were small relative to wage rates. For the unions in Table 1, the benefit-to-wage ratio varied from 0.30 for unemployed or sick miners to 0.47 for sick bricklayers. Moreover, the size of benefits declined as the duration of unemployment or sickness increased. The replacement rate for an engineer declined from 0.31 to 0.22 after 14 weeks of unemployment and to 0.19 after 44 weeks.

Union benefit payments remained roughly constant from 1892 to 1908, despite increases in (nominal and real) wage rates and in the cost of living.¹¹ In 1908 the typical unemployed worker in the metal,

⁷ Paul Johnson, *Saving and Spending* (Oxford, 1985), p. 57.

Bentley B. Gilbert, "The Decay of Nineteenth-Century Provident Institutions and the Coming of Old Age Pensions in Great Britain," *Economic History Review*, 2nd ser., 17 (Dec. 1964), pp. 556-57.

⁸ Jose Harris, *Unemployment and Politics* (Oxford, 1972), p. 295.

Board of Trade, Agencies and Methods for Dealing with the Unemployed, *Parliamentary Papers*, 1893-94, vol. 82, pp. 42-43.

¹¹ From 1891 to 1911, nominal (real) annual earnings of engineers increased by 17 percent (10 percent), while nominal (real) earnings of skilled workers in the building trades increased by 15 percent (8 percent). The cost of living increased by 5.8 percent from 1892 to 1908. Jeffrey G. Williamson, *Did British Capitalism Breed Inequality?* (Boston, 1985), pp. 29, 220.

TABLE 1
MUTUAL INSURANCE POLICIES FOR FOUR UNIONS, 1892

Union	Weekly Contribution	Unemployment Benefit (shillings/week)	Sickness Benefit (shillings/week)	Old-Age Benefit ^c (shillings/week)	Accident Benefit	Funeral Benefit	Weekly Wage	Maximum Replacement Rate ^d
Amalgamated Society of Engineers	1s.	10s., 14 weeks 7s., 30 weeks 6s., 60 weeks	10s., 26 weeks 5s., until recovery	25-year member, 7s. 30-year member, 8s. 35-year member, 9s. 40-year member, 10s.	Up to £100	£12	33s.4d.	0.31
Operative Bricklayers' Society	7-9d.	ls.6d., 8 weeks ^a	15s., 13 weeks 9s., 13 weeks 5s., until recovery	15-year member, 5s. 20-year member, 7s. 30-year member, 9s.	Up to £50	£15	32s.7 $\frac{1}{2}$ d	0.47
London Society of Compositors	8d	12s., 16 weeks	no policy	20-year member, 4s. 25-year member, 5s.	no policy	Up to £15	38s.	0.32
Durham Miners' Association	9d	10s., 52 weeks ^b	10s., 26 weeks 5s., 26 weeks 2s.6d., until recovery	no policy	no policy	£8	33s.7d.	0.30

^a Relief given only to members who were traveling in search of work. Figure given is shillings per day.

^b Relief given only "when collieries are idle for a clear week or more in consequence of alteration or breakage of machinery."

^c Eligibility at age 55.

^d Maximum benefit as a share of average weekly wage.

Source: Royal Commission on Labour, "Rules of Associations of Employers and of Employed," *Parliamentary Papers*, 1892, vol. 36, pp. 31-32, 66-67, 153-54, 261-62.

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engineering, and building trades received a benefit of 9.25-10s. per week, too little to provide subsistence for a worker and his family.¹² B. Seebohm Rowntree estimated that a family of four required a minimum weekly expenditure of 18s. 10d. in 1899.¹³ The union benefit therefore had "to be supplemented ... by the earnings of wife and children, by private saving, by assistance from fellow-workmen and neighbours, by running into debt, by pawning and in other ways."¹⁴

One other aspect of union unemployment insurance policies should be noted, namely, the methods adopted to reduce the "moral hazard" associated with unemployment benefits. Unions with unemployment insurance policies had to determine whether applicants were in fact eligible for benefits, and whether benefit recipients were actively searching for work. Most craft unions could easily eliminate this moral hazard. The Amalgamated Engineers forced each applicant to make his claim for benefits at the next meeting of his branch. If the members present, some of whom were his fellow workmen, determined that he was not in fact eligible for benefits, he forfeited the benefits and was "liable to such other punishment as the branch may consider the case deserves." A worker deemed eligible for benefits had to "sign . . . the 'vacant-book' of his branch once every day between certain hours" in order to collect relief. The branch secretary would direct an unemployed member to any local firm in need of labor. A member who refused a job offered him, or who did not apply for a job when informed of a vacancy by the branch secretary, would forfeit his unemployment benefit unless he could "show sufficient cause" for his action at the next branch meeting.¹⁵

Friendly societies could not reduce the moral hazard associated with unemployment insurance because their membership generally belonged to several occupations, and largely for this reason did not offer unemployment insurance. Contemporaries recognized the unique ability of unions to reduce moral hazard. William Beveridge wrote in 1909 that unions "come nearer than any other bodies to possessing a direct test of unemployment by which to protect their funds against abuse. . . . They are better able, therefore, than anyone else at the present time to assist the unemployed on honourable terms without imminent risk of encouraging unemployment."¹⁶

If unions were the only source of unemployment insurance, why

¹² Board of Trade, "Trade Unions in 1908-10," p. xxxvi.

¹³ Benjamin Seebohm Rowntree, *Poverty: A Study of Town Life* (2nd edn., London, 1902), p. 110. The cost of living in 1899 was 4.3 percent below the cost of living in 1892, and 9.5 percent below the cost of living in 1908. Williamson, *Did British Capitalism Breed Inequality?*, p. 220.

¹⁴ William H. Beveridge, *Unemployment: A Problem of Industry* (London, 1909), p. 225.

¹⁵ Board of Trade, "Agencies and Methods," pp. 22-24.

¹⁶ Beveridge, *Unemployment*, p. 227. Similar conclusions were reached by the Webbs (*Industrial Democracy*, pp. 160-61) and by the minority report of the Royal Commission on Trades Unions (*Parliamentary Papers*, 1868-69, vol. 31, p. xlivi).

didn't all unions provide it? Table 2 reveals that the availability and duration of unemployment benefits differed markedly across occupations. Virtually all union members in the metal, engineering, shipbuilding, cotton, and printing trades were entitled to unemployment benefits, compared with fewer than 40 percent in mining and only 5 percent among members of "general unions" and dock, riverside, and builders' laborers. The numbers for mining and cotton are somewhat misleading. While all miners in Durham and Yorkshire were eligible for unemployment benefits, only 14 percent of the miners in the rest of Britain (70 percent of all miners) were entitled to benefits. Similarly, while all workers in the cotton industry were eligible for some form of unemployment insurance, only 23 percent were entitled to benefits if laid off because of "bad trade." Another 36 percent were entitled to benefits only during "mill stoppages," and 41 percent received benefits only if they were unemployed because of "breakdowns, fires, failures, etc."

The data in Table 2 raises two issues: why didn't more unions of skilled workers in mining and cotton provide unemployment insurance for their members; and why didn't unions of low-skilled workers provide unemployment insurance? Workers in an occupation could share the risk associated with cyclical downturns in demand in three ways: unemployment insurance, work sharing, and downwardly flexible wage rates. The reduction of hours worked per week during downturns was a "regular practice" in mining and cotton spinning. In coal mining, "the pits remain open for varying numbers of days each week . . . according to the state of trade." For the period from 1895 to 1910 the average number of days worked per week varied from 4.74 (out of a possible 6) in 1895 to 5.51 in 1907. Because of work sharing among coal miners, fluctuations in demand "involve[d] hardly any dismissal of individual workmen and therefore substantially no acute distress." Similarly, the average work week of cotton spinners was reduced from 55 to 40 hours during the 1903 recession.¹⁷ Another way for unions to avoid layoffs was to accept wage cuts during downturns. During the last quarter of the nineteenth century, unions in coal mining, iron, and (to a lesser extent) cotton agreed to the adoption of sliding scales linking wage rates to product prices.¹⁸ Sliding scales enabled employers to reduce wages during periods of declining prices according to an agreed formula. The importance of sliding scales as a method of reducing risk was small, however, because most agreements stipulated that wages could decline by no more than 5 percent per year.¹ Work sharing and sliding wage scales eliminated the need for unemployment insurance

Beveridge, *Unemployment*, pp. 220-21.

J. H. Porter, "Wage Bargaining under Conciliation Agreements, 1860-1914," *Economic History Review*, 2nd ser., 23 (Dec. 1970), pp. 466-75.

Ibid., p. 473.

TABLE 2
MUTUAL INSURANCE BENEFITS BY OCCUPATION

	Number of Unions with 2,000+ Members	Number with Membership	Number with Unemployment Benefits	Percent of Members	Number with Benefits for 13+ Weeks	Percent of Members	Number with Sick Benefits	Percent of Members
Metal, engineering, and shipbuilding unions	23	299,756	18	93.7%	14	89.3%	15	83.6%
Building trades unions	11	153,187	6	67.3	2	43.7		92.4
Mining and quarrying unions	34	695,234	10 ^a	37.8a ^b	5 ^a ^b	22.8a ^b		17.4
Cotton textile unions	32	211,767	T 18 ^c 32 ^d	51.4 22.6a 59.3 100.0 ^d	3a 5 ^c 6 ^d	22.8 11.2a 18. r 23.4	0.0	2. co
Printing and kindred trades unions	8	59,905		100.0	2		15.0	
General labor, dock and riverside labor, and builders' laborers unions	14	157,657		5.1	0	11.8 0.0	33.8	0 co
	Number with Accident Benefits	Percent of Members	Number with Old-Age Benefits	Percent of Members	Number with Funeral Benefits	Percent of Members	ft- &	
Metal, engineering, and shipbuilding	20	96.7%	15	90.4%	22	99.0%		
Building trades	11	100.0	9	96.8	11	100.0		
Mining and quarrying	8	19.7	7	17.1	20	49.3	co	
Cotton textiles	11	34.0	3	7.5	29	89.5		
Printing and kindred trades	3	26.8	7	88.1	8	100.0		
General labor, dock and riverside labor, and builders' laborers	8	71.6	4	35.5	12	78.6		

^a Unions providing benefits to workers who were laid off because of "bad trade."

^b Unions listed in (a) plus unions providing benefits only when workers were unemployed due to fires, explosions, stoppages or breakdowns of machinery.

^c Unions listed in (a) plus unions providing benefits only when workers were unemployed due to mill stoppages.

^d Unions listed in (a) and (c) plus unions providing benefits only when workers were unemployed due to "breakdowns, fires, failures, etc."

Source: "Rules and Expenditure of Trade Unions in respect of Unemployment Benefits," *Parliamentary Papers*, 1911, vol. 73, pp. 18-228.

except during times when the mine or factory was shut down. This explains why 77 percent of cotton workers and 14 percent of miners were eligible for unemployment benefits only if they were unemployed because of fires, stoppages, or breakdowns or alterations of machinery.²⁰

Historians have offered two explanations for the lack of unemployment insurance among unions of low-skilled workers. First, low-skilled workers could not afford the contributions associated with the provision of unemployment insurance. The Webbs wrote that unions of unskilled workers could "make no greater tax upon their miserable earnings than a penny or twopence per week."²¹ Second, most unions of low-skilled workers were formed in 1889 or soon after and therefore were part of the "New Unionism," which was ideologically far to the left of the "old" craft unions. According to G.D.H. Cole, most new unions "dispensed with friendly benefits altogether, and concentrated on the possession of funds for use in strikes and lock-outs and in the expenses of organizing and administration. Their leaders denounced friendly benefits as leading to stagnation and reaction in industrial policy."²²

Neither explanation is satisfactory. Many unionized low-skilled workers earned enough to afford the 3-7d. weekly contribution considered necessary to insure skilled workers against unemployment. The average gas stoker earned 36.6s. per week in 1906, and a typical building trades laborer working in a large city earned about 27s. per week.²³ The weekly budgets of unskilled laborers in York and London collected by Seebohm Rowntree and by Maud Pember Reeves show that workers earning 20-25s. paid on average slightly more than 1s. per week for sickness and burial insurance at a time when most skilled workers in trade unions paid 1s.—1s. 3d. per week for unemployment, sickness, old-age, dispute, and funeral benefits.²⁴ Clearly, gas workers and builders' laborers could afford to pay 7d. per week for unemployment insurance, and yet neither the National Union of Gas Workers nor any of the unions of builders' laborers provided it.

The hypothesis that unions of low-skilled workers "denounced friendly benefits" is rejected by data in Table 2. In 1908 more than 70

Members of the Yorkshire Miners' Association were entitled to benefits only if 25 percent of the workers at the seam had been unemployed for three weeks. This suggests that work sharing was used during all but the most severe recessions. Including the Yorkshire Miners increases to 25 percent the share of miners eligible for unemployment benefits only when the mine was shut down

²¹ Sidney Webb and Beatrice Webb, *The History of Trade Unionism* (London, 1894), p. 415.

²² G.D.H. Cole, *A Short History of the British Working Class Movement* (New York, 1927), vol. 2, p. 162.

²³ Wage data for gas stokers from Frank Popplewell, "The Gas Industry," in Sidney Webb and Arnold Freeman, eds., *Seasonal Trades* (London, 1912), p. 191. Wage data for laborers in the building trades from Board of Trade, "Report into the Earnings and Hours of Labour. III—Building and Woodworking Trades," *Parliamentary Papers*, 1910, vol. 84, p. 25.

²⁴ Rowntree, *Poverty*, p. 244; Maud Pember Reeves, *Round About a Pound a Week* (London, 1913), pp. 80-88.

percent of unionized low-skilled workers were entitled to accident and funeral benefits, and one-third were eligible for sickness and old-age benefits. Many of the new unions rejected friendly benefits when they were formed, but began adopting mutual insurance policies soon after 1889. They did not, however, adopt unemployment insurance.

Three factors precluded the adoption of unemployment insurance by unions of low-skilled workers: the seasonality of employment; workers' lack of occupation-specific skills; and firms' hiring practices. Most unionized low-skilled occupations experienced sharp seasonal fluctuations in employment. The average number of gas workers employed from April through September was 15.3 percent below the number employed in December.²⁵ The seasonal unemployment rate among builders' laborers averaged 12.5 percent from October through March, while that of London dock workers averaged 10.5 percent from February through September.²⁶ These high seasonal unemployment rates made the provision of unemployment insurance expensive; the weekly contribution necessary to ensure unemployed gas workers a weekly benefit of 10s. was significantly larger than the 3-7d. premium of skilled workers.

The problem of seasonality was complicated by the fact that low-skilled workers lacked occupation-specific skills.²⁷ If laid off, a skilled worker was virtually assured of being rehired when prosperity returned because the supply of labor in his occupation was fixed in the short run. An unemployed builders' laborer, on the other hand, was not assured of being rehired because the number of low-skilled laborers looking for employment in the building trades often exceeded the demand for labor even during peak seasons. Jobs as builders' laborers required few specific skills and were therefore open to unemployed dock workers, gas stokers, and other unskilled workers.

Employers responded to workers' lack of specific skills by adopting hiring practices that attracted a "chronic over-supply of casual labour."²⁸ Builders' laborers were hired by the job, and many dock workers were hired by the day. The resultant irregularity of employment increased the cost of unemployment insurance for two reasons.

²⁵ Popplewell, "Gas Industry," p. 196.

²⁶ Monthly unemployment data for builders' laborers from Augustus Webb, "The Building Trade," in Webb and Freeman, eds., *Seasonal Trades*, p. 334. Unemployment data for dock workers from Royal Commission on the Poor Laws, "Appendix, Vol. IX, Unemployment," *Parliamentary Papers*, 1910, vol. 49, p. 647.

²⁷ Seasonality also was a problem for skilled workers in the building trades. The fact that these workers commanded occupation-specific human capital explains why their unions were able to provide unemployment insurance while unions of low-skilled workers were not. Still, the high cost of unemployment insurance restricted the provision of benefits. Only one union in the building trades, the Amalgamated Society of Carpenters and Joiners, allowed members to collect benefits for more than 13 weeks per year.

²⁸ Sidney Webb and Beatrice Webb, *The Minority Report of the Poor Law Commission Part II* (London, 1909), p. 196.

The existence of casual (presumably non-union) laborers at building sites and at the docks raised the average unemployment rate among union members. In addition, the irregularity of employment created a serious moral-hazard problem. Unions of builders' laborers and especially dock workers had no way of determining whether unemployed members were actively searching for work. A branch secretary could force unemployed members to sign a "vacant book" each day and direct members to building sites or docks thought to be looking for workers, but hiring practices prevented the secretary from determining whether members had genuinely sought work.

In sum, seasonality and a "chronic over-supply of casual labour" raised the cost of unemployment insurance for low-skilled workers substantially above the weekly premium paid by skilled workers and above what they could afford to pay. The high cost, in combination with the moral-hazard problem caused by employers' hiring practices, explains why so few low-skilled workers had unemployment insurance.

Whether unions were occupation-specific or general also affected the provision of unemployment insurance. General unions, which included workers from various occupations, experienced problems with unemployment insurance that occupation-specific unions avoided. First, their members faced relatively heterogeneous unemployment risk, which raised possibly divisive issues concerning the finance of unemployment benefits: should members' contributions to the union be tied to the probability of unemployment, and if so, how should that probability be measured? Second, general unions were not able to eliminate moral-hazard problems as easily as were occupation-specific unions. It was difficult for general unions to determine whether applicants were eligible for unemployment benefits and whether benefit recipients were actively searching for work.

Many of the "new" unions founded in 1889 or soon after began as general unions of low-skilled workers. Perhaps the lack of unemployment insurance among low-skilled workers was caused, in part, by their belonging to general unions. But the unions soon became general in name only. According to Eric Hobsbawm, "between 1892 and 1911, [general unions] depended far more on their foothold in certain industries and large works than on their ability to recruit indiscriminately"²⁹ The special problems of general unions cannot, therefore, explain low-skilled unions' lack of unemployment benefits.

What impact did insurance policies have on the strength of union organization and the power of union leaders? The Webbs concluded that union leadership adopted insurance policies primarily to strengthen "working-class organisation." Unions benefited from the provision of mutual insurance in several ways. Insurance benefits were "a potent

Eric Hobsbawm, *Labouring Men* (London, 1964), p. 187.

attraction to hesitating recruits." They also were "a powerful instrument for maintaining discipline among the members, and for enforcing upon all the decisions of the majority."³⁰ Members who had contributed to the benefit fund for several years would not risk expulsion from the union when that meant the forfeiture of old-age and funeral benefits.³¹ Similarly, the Webbs argued that unions adopted unemployment benefits in order to keep unemployed members from being "driven by necessity to accept" wages below the standard rate and thereby undermining any gains achieved by the union during prosperous times.² Finally, unions used members' contributions to benefit funds to enhance their bargaining power with employers because most unions did not separate members' weekly contributions into trade and benefit funds. By increasing the size of contributions, the provision of insurance enabled unions "to roll up an imposing reserve fund, . . . which can be used in support of its trade policy in time of need, and . . . even if not actually drawn upon, is found to be an effective 'moral influence' in negotiations with employers."³³

Historians have largely accepted the Webbs's conclusions, but I believe they are overstated. Mutual insurance policies doubtless attracted young workers to unions. But the power of friendly benefits to maintain "discipline among the members" needs to be qualified. Young workers who had belonged to a union for only a few years had contributed little to the benefit fund and therefore stood to lose little from expulsion. For workers aged between 30 and 45 the impact of expulsion, in terms of future benefits lost, depended largely on whether the union provided old-age benefits. The prospect of losing a pension of 8-10s. per week was a strong inducement to members to go along with "the decisions of the majority."³⁴ But fewer union members were eligible for old-age benefits than for any other benefit offered by unions, so the majority of middle-aged workers stood to lose little from expulsion. Only workers over 45 were bound to their unions by benefit policies, because most friendly societies (and unions) did not admit persons over 45. A 50-year-old worker expelled from a union could not obtain funeral, sickness, or old-age benefits, and would therefore probably have to spend his last years in a workhouse.

The conclusion that unemployment benefits kept unemployed workers from accepting jobs at wages below the standard rate also needs to be qualified. The typical unemployment benefit was just large enough

³⁰ Webb and Webb, *Industrial Democracy*, p. 158.

³¹ Benefits were not vested. A union member expelled for any reason forfeited all claim to benefits (Webb and Webb, *Industrial Democracy*, p. 154).

³² *Ibid.*, pp. 161-63.

³³ *Ibid.*, p. 158.

³⁴ The prospect of losing sickness and funeral benefits had a much smaller impact on workers decisions, since such benefits could be obtained from friendly societies.

for a worker to subsist, with the aid of his wife's and children's earnings and his private savings. But a young worker whose children were not old enough to work and who probably had no more than £2-3 in a savings account could have survived on unemployment benefits for only a few weeks.³⁵ Recognizing this, a few unions paid higher benefits to workers with young children.³⁶ The general inadequacy of a 10s.-per-week benefit is demonstrated by the fact that many union members obtained additional insurance by joining friendly societies. William Allan, the secretary of the Amalgamated Society of Engineers, commented in 1867 that a "great many" of the union's members "find that 10s. a week is not sufficient for them in sickness, and ... as a rule the members of our society join other benefit societies ... in order to have a sufficient amount during illness."³⁷ Twenty-five of the 34 union members eligible for sickness benefits that Rowntree surveyed also belonged to friendly societies providing sickness benefits.³⁸ The fact that union members could not obtain additional unemployment insurance from friendly societies suggests that many found their income when unemployed to be inadequate. In sum, while unemployment benefits made it easier for unemployed union members to subsist, the typical benefit was too small to affect significantly unions' ability to avoid wage cuts. The standard rate was maintained less by the provision of unemployment insurance than by union rules forbidding an unemployed member "to accept work on any but the conditions satisfactory to his branch."³⁹

The effect of unions' policies to maintain one reserve fund rather than separate benefit and trade funds also is not as straightforward as the Webbs suggest. Employers who testified before the 1867-69 Royal Commission on Trade Unions maintained that unions used members' benefit contributions to finance strikes. Most union leaders who testified, however, claimed that the combination of funds led to a reduction in strike activity, for the simple reason that union members were anxious not to deplete their benefit funds. In the words of William Allan, "a man who expects to get a certain amount of money as superannuation [old-age] or sick benefit will be very careful about proceeding so far as a trade dispute."⁴⁰ The minority report of the Royal Commission

Data on the size of balances of Post Office Savings Bank accounts are given in Johnson, *Saving and Spending*, p. 101. Assuming that no working-class households had balances larger than £50, the data suggest that the median household balance was less than £4. If balances increased with age, the typical young worker's balance must have been no more than £2-3.

Several miners' unions paid an additional Is. per week for each child under 13. Several branches of the Amalgamated Association of Operative Cotton Spinners also paid additional benefits to workers with young children.

³⁷ Royal Commission on Trades Unions, "Eleventh and Final Report," *Parliamentary Papers*, 1868-69, vol. 31, p. 218.

Rowntree, *Poverty*, p. 357.

The existence of such rules is discussed in Webb and Webb, *Industrial Democracy*, pp. 164-65.

Royal Commission on Trades Unions, "Eleventh Report," p. 217.

concluded that the separation of funds would deprive "the unionist of every motive which he now has not to expend his funds in strikes . . . and [therefore] greatly . . . stimulate both strikes and disputes."⁴¹ This view was accepted by J. M. Ludlow and E. W. Brabrook, the Chief Registrars of Friendly Societies from 1875 to 1891 and from 1891 to 1904 respectively, and by John Burnett, the Chief Labour Correspondent of the Board of Trade, who maintained that "[a] trade society without friendly benefits is like a standing army. It is a constant menace to peace."⁴² It was also accepted by the leaders of the New Unionism of 1889, who initially rejected mutual insurance because of its "enervating influences" on union members.⁴³

Which view is correct? Once again, it is useful to compare the effect of the combination of funds on the behavior of old and young union members. For older workers the combination of funds increased the expected cost of strikes by more than it increased the expected benefits. Older workers had relatively few years to enjoy the possible benefits obtained from a strike. On the other hand, they contributed to the benefit fund for years in order to secure sickness, funeral, and perhaps pension benefits for their old age. Strikes threatened the size or even the existence of these benefits. Young workers had less to lose from the depletion of the union's reserve fund. They were sick less often than older members, and their demand for funeral or pension benefits was far in the future.⁴⁴ Moreover, they had many years to reap the benefits that might be obtained from a strike backed by a large reserve fund. Thus, the impact of the combination of funds largely depended on who controlled the union. Unions dominated by young workers probably became more militant, while unions dominated by older workers probably became more cautious.

Of course, the combination of funds might have increased unions' bargaining power even if it made members more cautious. The testimony before the 1867-69 Royal Commission shows that many employers *believed* that unions used their benefit funds to finance strikes. The expected increase in the duration and cost of strikes might have led

Royal Commission on Trades Unions, "Minority Report," *Parliamentary Papers, 1868-69*, vol. 31, p. xl ix.

Quoted in Webb and Webb, *Industrial Democracy*, p. 160.

The adoption of mutual insurance policies by many "new" unions in the 1890s is not evidence that union leaders changed their opinion on this issue. New unions adopted insurance policies in order to attract and retain members (Richard Hyman, *The Workers' Union* [Oxford, 1971], pp. 14-16, 34).

The average male aged 20 to 29 lost less than one week of work per year due to sickness (L. G. Chiozza Money, *Insurance versus Poverty* [London, 1912], p. 169). Young workers mainly needed insurance against unemployment, and strikes generally did not threaten unemployment benefits. According to the Webbs, "[a] Trade Union . . . gives a preference, in effect, to its Out of Work payments, usually continuing them at the full rate, even when its funds are being rapidly exhausted . . ." (*Industrial Democracy*, p. 161). Thus, the expected cost of strikes (in terms of benefits lost) was low for young workers.

employers to concede most union demands, making strikes unnecessary. But any increase in unions' bargaining power brought about by the combination of funds was short-lived. Over time employers began to realize that the combination of funds reduced union militancy. By the 1890s employers had abandoned "the criticisms of their predecessors in 1867," and had come to believe that the most militant unions were those without insurance benefits.⁴⁵

The provision of insurance did not significantly increase unions' bargaining power with firms or union leaders' control over rank and file. It did, however, strengthen union organization by leading workers to join unions and remain members during recessions. It also might have enabled union leaders to reduce unofficial strikes by branches in unions where benefit funds were controlled by the central leadership.⁴⁶ But the driving force behind the adoption of benefit policies was workers' demand for insurance resulting from changes in government Poor Law policy.

The adoption of national old-age pensions in 1908 and national health and unemployment insurance in 1911 reduced the insurance function of unions. But the benefits paid by national insurance were small, and most unions continued to provide insurance benefits throughout the interwar period. It was not until the postwar development of the welfare state that the majority of unions ended their mutual insurance policies.

Ibid., p. 160.

It is not possible to determine the proportion of unions in which benefit funds were controlled by the central leadership. In the Amalgamated Engineers, a model for many unions, branches retained their own funds (Webb and Webb, *History of Trade Unionism*, pp. 220-21).