

## Labour, wages and inequality

Panel organizers: Erik Bengtsson, Lund University, Kathryn Gary, Lund University, kathryn.gary[a]ekh.lu.se, and Jakob Molinder, Uppsala University

The question of how to earn a living is fundamental in economic history research. This session, which aims at being a double session, is devoted to the questions of labour, wages, living standards, and economic and social inequality in economic history. The core purpose of the session is to allow for discussions that advance our understanding of work, wages, living standards, incomes and wealth in the context of economic history. We welcome papers on these topics in Swedish or international history.

### *Labour migration from Ex-Yugoslavian Republics and the importance of networks*

Peter Gladoić Håkansson, Malmö University  
Maja Jandrić, University of Belgrade  
Johan A. Lundin, Malmö University

Labour migration from Yugoslavia in the 1960s was extensive. It was often unskilled or semi-skilled workers who moved to West European countries with whom Yugoslavia had concluded agreements on labour migration. There are several theories explaining international labour migration. In this paper we investigate network theory. Network theory can explain why immigrants tend to move to the same countries and live in the same neighbourhoods, and why some immigrant groups are more successful on the labour market than others. Immigrants create and maintain social ties with other migrants and with friends and family back home. The pioneer migrants act as ‘bridgeheads’ and influence location choices of following migrants. By this, migration becomes a path dependent process (see e.g. Massey et al. 1993; Böcker, 1994). In this paper we will use census data on municipality level from Yugoslavia and Serbia in an auto-regressive model to estimate the probability to move to a specific country, if a significantly higher proportion of citizens from the municipality moved to this country in the previous period.

### *Why did workers borrow? A study working-class borrowing based on the cost-of-living survey 1913/14*

Tony Kenttä, Uppsala University

In the early 20th century, workers had limited access to credit. However, they had few other alternatives (e.g. insurance and savings) to manage crises and finance large purchases. The aim in this paper is to connect and analyse the borrowing of workers and lower officials with the economic conditions and expenditures they experienced at the time of the loan. The source material consists of household accounting books from the Swedish cost-of-living survey 1913/14, which enables a detailed study of credit use. A conceptual distinction is made between defensive and expansive loans. The former is used to maintain the current standard of living, while the aim of the latter is to expand material wealth. Which expenditures did workers finance by borrowing? Which workers took defensive respectively expansive loans? Why? The economic conditions when households borrowed will be studied through employment status,

income and expenditures at the time of the loan. How did households use loans to react to crises (e.g. unemployment) and below-average income? Which large costs were financed by borrowing? The financed consumption will show the extent of different types of working-class borrowing, and to what extent credit was used to expand material wealth and by whom.

### *Taxing workers in the early 20th century*

Sara Torregrosa Hetland, Lund University

This paper constructs and compares series of the tax burden placed on the labour income of workers in Western countries during the period 1910-1970. The series include income taxes and social contributions, and are estimated for diverse representative working households, defined in relation to the average wage in the economy. The framework follows the definitions of existing series for more recent years at the OECD's Taxing Wages (which starts in the late 1970s) and the EuroPTax database (starting in 1958; Lynch and Weingarten, 2010).

The paper is part of a bigger project which investigates the relation between tax progressivity and the rise of welfare states in five Western countries: France, Spain, Sweden, the United Kingdom, and the United States. The preliminary version of the work to be presented will cover results for the last three.

### *Welfare cuts and crime: Evidence from the New Poor Law*

Eric Melander, University of Namur

The New Poor Law reform of 1834 induced dramatic and heterogeneous reductions in welfare spending across English and Welsh counties. Using the reform in a difference-in-differences instrumental variables strategy, we document a robust negative relationship between the generosity of welfare provision and criminal activity. Results are driven by non-violent property crimes and are stronger during months of seasonal agricultural unemployment, indicating that a combination of welfare cuts and precarious work opportunities lowered the opportunity cost of crime for economically vulnerable individuals.

We use data on county police forces and individual-level criminal records to rule out alternative mechanisms related to changes in policing and sentencing.

### *Regional Gender Wage Gaps in Sweden*

Kathryn Gary, Lund University

Tobias Karlsson, Lund University

Faustine Perrin

Sweden emerged as a role-model with regard to gender equality. Yet, little is still known about how the gender wage gap evolved over time and across space. Did the process occur at the same pace throughout the entire country, following the same trajectory? Were there leading counties? Using county-level data, we provide evidence on the extent, distribution, and trends in the gender wage gap in Sweden over the 1860-1990 periods. We find that gender wage

equality increased considerably over time, at an increasing pace from the 1950s onwards. We also find that regional convergence occurred throughout the entire studied period.

### *Occupational Wealth Estimates from Probate Data 1858-1908*

Caterina Mauri, University of Southern Denmark

Aurelius Noble, London School of Economics

Who are the wealthy? This question has been central to understanding social frictions since long before current debates about market concentration, inequality, and the influence of billionaires in politics.

For the study of wealth in Victorian Britain, probate records are the essential source of information. Yet, despite their heavy utilisation, there remains a great deal of untapped potential.

This project aims to expand the information available to scholars about wealth in the aftermath of the Industrial Revolution. Gathering data from probates by hand is highly time consuming, and the most extensive studies have focused on only the top 0.1% of the population. On the other hand, computerised attempts, while more exhaustive, have only been able to extract basic information, such as the wealth and name of the deceased.

Using new tools, a combination of image recognition, optical character recognition, regular expressions, and machine learning, we can extract significantly more data. In addition to wealth, we gather information on occupation, location and civil status. Previous work has only included data after 1892. We extend the period to cover 1858-1908 and provide geographically disaggregated figures at the level of the county or city.

### *Incomes and Income Inequality in Stockholm, 1870–1950*

Erik Bengtsson, Lund University

Jakob Molinder, Uppsala University

Svante Prado, University of Gothenburg

We use a new dataset of 36,630 individual tax returns from Stockholm city in the years 1870, 1880, 1900, 1920, 1940 and 1950 to calculate the growth and distribution of incomes in Stockholm in this period. It is not entirely clear what to expect regarding the development of inequality in this period. Johan Söderberg in 1987, based on wage data and wage studies, speculated that inequality might have decreased from 1850 to 1914. Roine and Waldenström in 2008 for Sweden as a whole found that income inequality was quite stark in 1903 and rose until c. 1920 after which it started a long-term falling trend. Likewise, Gustavsson, Husz and Söderberg in 2009 found for Stockholm a steep fall in bourgeois wealth from 1914 to 1928. The investigation into child mortality of Molitoris (2017) indicates that class inequalities were severe in the 1878 to 1926 period in Stockholm, and with no declining trend. We start with an inductive approach and investigate the evolution of incomes and their inequality. With the rich dataset, which allows us to study the distribution of incomes both on the individual and the household level, we can research several important aspects of inequality, such as skilled-

unskilled wage differentials; salary-wage differences; and the distribution of capital incomes and entrepreneurial incomes.

*Women's work and wages in the sixteenth-century and Sweden's position in the "Little divergence"*

Jakob Molinder, Uppsala University

Christopher Phil, Uppsala University

We use a unique source from the Swedish royal demesnes to examine the work and relative wages of women in sixteenth century Sweden, an economic laggard in the Early Modern period. The source pertains to workers hired on yearly contracts, a type more representative for historical labour markets than day-labour on large construction sites, and allow us to observe directly the food consumed by workers. We speak to the debate on the "Little Divergence" within Europe as women's work and gender differentials in pay is a key indicator of women's relative autonomy and seen as a cause for the economic ascendancy of the North Sea region during the period. We find small gender differentials among both unskilled and skilled workers, indicating that Sweden took part in the "golden age" for women. We argue that despite superficial equality however, women's economic outlooks were restrained in many other ways – including their access to higher skilled work and jobs in the expanding parts of the economy – adding important nuance to the discussion about the relationship between women's social position and economic growth in the Early Modern period."