

A Christmas Carol: a financial review

First, a glossary.

In Scrooge's time (and when I was young), the British pound (£) was divided into 20 shillings (s). Each shilling was of 12 pennies (d) and there were therefore 240d to the £. All this was sacrificed in the 1960s on the altar of the Common Market (which, before it became the European Economic Community and then the European Union, was what we *thought* we were going to join) it being recognised as an insurmountable problem for anyone *sur le continent* to divide by 12. But I digress.

There was also a farthing ($\frac{1}{4}$ d, but that's not mentioned in *Scrooge* so we won't worry about it) and a half-crown – 2s 6d or 12½p, a crown (5s or 25p), a sovereign and a guinea. The values of the sovereign and guinea changed over the years but by Victorian times had settled at £1 and 21shillings [£1.05] respectively.

The next question is, of course, what is the equivalent *value* back in 1843 – the time Scrooge's story is set? This is more complicated to calculate than it first appears. Using inflation information, we might be able to determine the value (in today's terms) of a Victorian wage; but that in itself is not much use unless you know how the money is going to be spent. And that is where it gets tricky...the cost of goods changes dramatically even over a short space of time. It's a difficult concept, but the comparative value of *earnings* (buying power) is actually a very different calculation to the value of *goods* (cost of living).

Consider, for instance, the *real* cost of a computer now compared with one, say, 20 years ago. And, of course, many of the things we buy were simply not available to Victorians...and *vice versa*. They, whilst not buying computers or cars, would have found the cost of most quality foods much higher than we do. There weren't the same efficient farming methods, pest control or way of preserving food that we enjoy. And only the very wealthy would have enjoyed food from overseas. Yes, we have no bananas!

So – back to 1843. We are told that Bob Cratchit kept his family on 15 shillings a week (equivalent to about £63 today or £3276 per year...although as everyone was earning substantially less in real terms, this should be scaled up to a more reasonable £30,000). For this sum, (we know that Bob earned it at a rate of 3d [1½p] an hour), Bob worked a 60 hour week and we can presume this would have been Monday-Saturday at 10 hours a day. It's not a bad wage in itself...but six children, a house, no NHS or social welfare to support them in times of need and, almost certainly, no pension...?

We don't know how much Scrooge earned but we do know how much he was owed by various folk. The Dilbers owe him £2 5s 0d [£2.25] – equivalent to about £180 – and this was going to rise by a massive 12s [£50] for the extra week's delay. We don't know the nature of Scrooge's terms but this equates to about 28% interest in one week! Not a man to be indebted to. The Punch and Judy man owes him £2 7s 6d [£2.37½p] or £2 10s if he pays after Christmas – about £198 rising to £209 (over 5% in one day). Tom Jenkins owes an eye-watering £501 in today's values. And we can presume that the *total* of all these payments are due. With Scrooge's customary interest rates, it is unlikely these people would ever be able to pay off their debts. This is especially true when you consider these amounts are simply the value as calculated against inflation rates down the years: the true value, taking into account earning comparisons in the mid 19th Century, means you can probably multiply each of these figures by 8 or 9.

The only other people who "earn" any money are Kathy and Tiny Tim when they go carol singing and they come home with 10½d [4½p]. Whilst Bob's claim that Tim is on his way to become a millionaire might be something of an overstatement, the pair have actually turned a profit of something in the region of £35 in today's money!

So, what were people spending? The apples that Bob buys ("six for a penny") work out at six for 46p today. Even with our BOGOF offers, this is pretty good going! The wine merchant is selling his recent vintage wine at about £11 a bottle (2/- in 1843) but Bob Cratchit settles for something more modest for his punch; 2d a pint works out at about 86p a pint today. The prize turkey ("twice the size of Tiny Tim", Scrooge tells us) cost him two sovereigns – or £2. That is about £220 in today's money...but by this time Scrooge had lost all sense of perspective and was probably paying over the odds! Add to this the extravagant 2/6d tip [£14] that he gave the cheeky lad with the sledge and this adds up to one expensive bird!

Don't forget that Scrooge gave similar tips to all his young helpers and an unspecified (and probably excessive) amount to Pringle, the toy maker. He then promises Hearty and Jollygood a whacking 100 guineas for their "most worth cause"...and the same every year. This should probably best be calculated as *earnings* rather than the cost of goods...in which case it works out at about £82,000 a year! (Shame they didn't have Gift Aid in those days!) He is also going to double Bob Cratchit's salary to the modern day equivalent of about £60,000. That's not excessive and is certainly more realistic for a family man working in a professional capacity.

One wonders how long Scrooge can go on with this unbridled profligacy. The answer is that he probably won't need to. The Ghost of Christmas Present tells us that he is "over 60" and that means that Scrooge is, alas, on borrowed time. Life expectancy in mid-Victorian England was about 40 years and so one can reasonably expect that Scrooge's stay on Earth was nearing an end when he experienced this most life-changing of Christmases.

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Value comparisons made possible by *MeasuringWorth*, an organisation existing to make this data available to students, the public, academic and other bodies. Their website gives access to instant calculations and also studies of all the factors that have to be taken into account when comparing values across the years.