

7. The Continuing Problem of Poverty: Welfare after the Industrial Revolution

“an opulent nation, powerful because of its industrial genius and its application of the miracles of mechanical production, has returned, in order to occupy its indigents, to crude instruments of barbarism and condemns its criminals as well as its poor people to be tortured like ancient slaves” Eugène Buret (1840).¹

INTRODUCTION

We saw above the substantial increase in output per person that occurred in Britain in the Industrial Revolution, and the rapid spread of the new techniques of the Industrial Revolution to other countries in Western Europe in the mid-nineteenth century. We also saw that the increase in output led to at least modest gains in real wages by the 1840s. Yet one of the most acute social problems that occupied the attention of politicians and social reformers in England, Ireland, France, the Netherlands, and other western European countries in the mid-nineteenth centuries was the problem of the poor, and this problem continues to be a perennial issue in the politics of modern day western Europe (and indeed of the USA). Poverty existed in all pre-industrial societies in Europe, but for some reason the problem came to be regarded as more desperate and intractable just as these countries were at long last experiencing significant economic growth. Poverty for centuries had been relieved in all these countries by a combination of private charity and some public assistance. But in the mid-nineteenth century

¹ Eugène Buret, De la Misère des Classes Laborieuses en Angleterre et France, Vol. 1, Ch. 5. Quoted in Gouda (1995), p. 164.

there were debates about reform of poor relief in many countries. The central question in these debates was “how can the poor be aided in such a way as will not induce idleness nor place an intolerable burden on taxpayers?”

The first country to attempt major reform of the poor relief system was England in 1834 when the New Poor Law was instituted. We discuss below why these major reforms were instituted in 1834. The English reform was followed by a reform of the Irish poor law in 1838 along English lines. These reforms served as a model for continental reform debates in part because of the power and prestige of the British economy. As Gouda notes:

Because of the preeminence of England in nineteenth-century Europe, academics and public officials were inclined to look towards the English experience for guidance (Gouda (1995), p. 146).

The debates on reforming the poor laws in these countries were also driven by an apparent worsening of the problem of poverty. The numbers on poor relief in both France and the Netherlands did rise considerably in the mid nineteenth century, as Table 10.1 shows. The table shows the total numbers receiving poor relief of some form, and the number “indoors” meaning lodged in some institution for the poor. Population in each country was growing at the rate of nearly 1% per year in this period, so that the rise in the population of the poor as a percentage of the total population was smaller than the absolute numbers would suggest. But it was still the case that in the Netherlands by 1850, with a total population of only 3.07 million, 14.4% of the population was receiving some form of poor relief, compared to only about 7.5% in 1820. In France the proportion receiving poor relief was never so high. But it still rose from about 4% in 1832 to 5% in 1850.

TABLE 1: NUMBERS ON POOR RELIEF, FRANCE AND THE NETHERLANDS, 1820-1850

year	Netherlands	Netherlands	France	France
	Indoor	all	indoor	all
1820		165,000		
1832		230,000	500,000	1,200,000
1846	27,000	495,000	593,000	1,516,000
1850	19,000	443,000	600,000	1,600,000

Source: Gouda (1995), pp. 76-78.

As we shall see the English poor law tried to harmonize two conflicting objectives:

- (1) Ensure that all who are genuinely needy get a minimum provision of income.
- (2) Ensure that all who are capable of work do so, and that all who have other sources of income use these for their support.

Ultimately both the Netherlands and France rejected the radical English solution. Instead they tried various schemes designed to make the poor productive - pauper factories and agricultural colonies - which all produced little of value and had to be heavily subsidized. The problem of the poor, as we have seen in recent years, was a particularly intractable one.

What is interesting about this mid nineteenth century debate is how similar to the debate being conducted in the United States now about “reinventing welfare” and “ending welfare as we know it.” The same issues of how to distinguish the truly needy from the lazy or improvident arise, as do the ideas of somehow making the poor productive by either employing them on

public work (as the current reform of welfare in New York City calls for) or by providing them the incentive to work.

THE OLD POOR LAW IN ENGLAND²

Starting in the 1790s there was an intensified debate in England about the problem of the poor and the intolerable burden they placed on taxpayers. In England the poor law that operated until 1834, the “Old Poor Law” was set in place by statutes promulgated by the central government under the reign of Queen Elizabeth I.³ Under the old poor law each parish was legally responsible for its own poor. If someone became destitute they could apply to the overseer of the poor of the parish for relief. If they were rejected they could appeal to the local magistrates who had the power to order the parish to provide relief. The Elizabethan acts called for relatively harsh treatment of the poor: beggars were to be whipped, the able bodies set to work, and the “impotent” poor aided in almshouses. The parishes typically found that the cheapest way of providing poor relief was by granting the poor a subsistence allowance in money, and letting them live in their own homes or the homes of their children if they were elderly. Parishes would try to find employment for the able bodied by making them work repairing the parish roads, or by asking each farmer to employ a certain number of laborers. But often, especially outside the harvest season, there was simply no work available and the poor would receive relief without having to work. Parishes in England were empowered by regulations established in 1722 to build workhouses (sometimes called “houses of industry”) where the poor could be put to work picking rags, or spinning yarn. But few chose to do so. By 1834 of 15,535 parishes in England a mere 200 had workhouses. The others found it was

² Note: £1 = 20s. = 20/-, 1s. = 1/- = 12 d.

³ As a result of population growth wages fell in the late sixteenth century (Elizabeth reigned from 1558 to 1603)

cheaper to provide outdoor relief and leave the poor to get on with their lives.

Another factor mitigating against use of the workhouse was the small size of the average parish. Of the 15,535 parishes in 1831, 1907 had fewer than 100 inhabitants, and 4,774 had between 100 and 300 people only. The small size of many parishes meant that the overseer could exert relatively effective supervision of the poor even when they were allowed their independence.

Thus in the parish of Toddenham in Gloucester in 1832-3 those in receipt of poor relief were:

“eight efficient Labourers with four Children and upwards, 14s. 8d.; three infirm old Men, 9s. 6d.; three Bastards, 5s. 8d.; eleven Widows, £1. 8. 5.; three with Families, £1. 0. 9.” (Parliamentary Papers, 1834c, p. 202b).

The allowance paid to the working laborers in Todenham was calculated as the difference between their winter wage and their family need, where this was measured as 1s. 3d. for each person in the family, plus 2s. 6d. extra for the husband and wife. Thus the need of a family of husband, wife and 4 children was estimated as 10s. The allowance from the parish was the difference between the wage of the husband and this amount. In some cases the parish themselves decided on the scale of relief, in others the local magistrates fixed the norms. Thus in the parish of Little Rissington in 1832-3 the Rector notes that “The Magistrates scale of relief in this division is thus regulated:....”⁴ The need to meet the subsistence wage for each parish meant that the parish officers would encourage employers to hire married men with families in preference to single men or married men without children. They would also encourage employers to allocate extra earning opportunities to married workers.

creating a problem of poverty in this period. Acts setting up the poor law were issued in 1572, 1597, and 1601.

⁴ Similarly in Wellesbourn Mountford in Warwick the overseer noted that “The Magistrates order each family 2s. per head a week; consequently character is not considered.” PP, 1834c, p. 554b.

In cases where a worker could simply not find employment three methods were used. The parish themselves employed the workers at the scale payment on the roads. Or the parish paid the workers the scale and then contracted out their labor to farmers or others for whatever it would command who actually employed them. Or in the variant called the Roundsman system, the workers were paid partly by the employers, but they received a subsidy also from the parish. With most variants of the Roundsman system any subsidy to workers in this way would appear as an explicit payment to the parish in poor rates.

There was one other form of relief under the Old Poor Law which did not necessarily show up in this way. In the Labor Rate system the total wage payment required to sustain all the workers in the parish was calculated, and each tax payer was assessed a share based on the assessed rental value of the property they occupied. They could then either pay wages equal to or greater than this sum, or they could pay the parish the difference between the wages they paid and their assessment. This scheme discriminated against the small occupiers of land who would typically not employ labor, and against the recipient of the tithes, who again would not typically employ labor. But it would result in a reduction in the explicit assessments made directly for support of the poor. The Labor Rate, however, only became legally binding on occupiers as the result of an Act of Parliament of 1832, and then only for parishes which had heavy poor rate burdens.

THE REFORM OF THE POOR LAW

The intellectual origin of the debate on the poor was the emerging discipline of Political Economy. Malthus's Essay on a Principle of Population, in particular, was very influential. Various earlier writers such as Rousseau, Godwin, and Condorcet had argued that the problem of

poverty could be solved by goodwill and education. Malthus argued that poverty had its roots not in the social structure or political institutions, but in the constant tendency for populations to outrun the means of subsistence, which was only checked by poverty driving up the death rate. The only thing that could alleviate poverty was to persuade the poor to voluntarily limit their numbers. Malthus argued that the existing poor law, because it provided more income to poor families as their size increased, gave no incentive to the poor to limit their families, and would thus immiserize the whole society. Malthus's arguments formed the basis of intellectual arguments against the old poor law, and were incorporated into the reforms of 1834.

The most influential member of the Poor Law Commission set up in 1834 to examine the workings of the old poor law was Nassau Senior, Professor of Political Economy at Oxford University. Senior wrote the whole of the report of the commission, organized the inquiry that produced the report, and then lobbied vigorously to get Parliament to implement the proposals.

The old poor law was argued by the Poor Law Commission to have three pernicious effects.

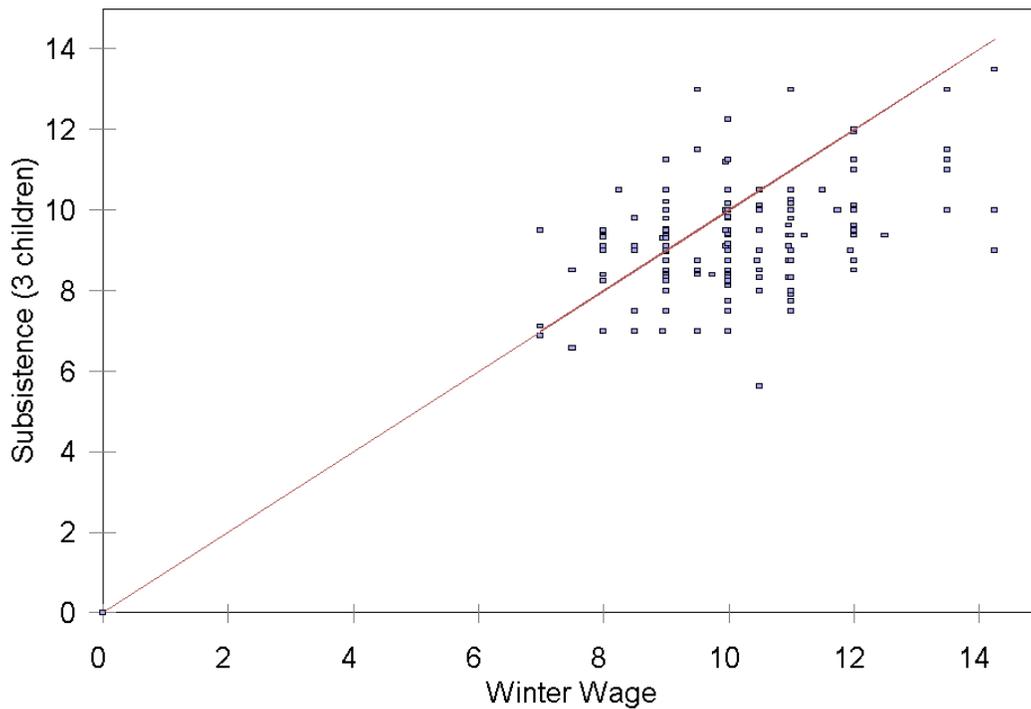
Reduced Work Incentives

By setting a subsistence level of income through magistrates in a way that covered a whole group of parishes, the poor law allegedly destroyed the incentive of workers to work hard at work, and to seek out employment if they were unemployed. In a parish where the market wage rate for a worker was below the guaranteed minimum, the worker faced effectively a 100% marginal tax rate.

Figure 1 shows for 261 parishes or townships in 1832-3 both the reported weekly wage in winter for an adult male in agriculture, and the level of income at which the parish would start supporting a family of husband, wife and 3 young children. Parishes and townships in the south

of England are indicated by an “s” those in the north by an “n.” As can be seen in a large number of parishes, roughly a quarter of the sample, a father of 3 would have his wage subsidized out of the poor rates in winter.

Figure 1: Winter Wages versus the Subsistence Allowance, 1832-3



The finding that in some parishes the subsistence minimum was much higher than the wage paid to workers in the market in the winter is surprising. If incentive problems were significant farmers setting wages would not just blindly set them below the mandated level. Thus we would expect that in a parish where the market clearing wage was below subsistence, the farmers would

have to set the wage enough above subsistence for most of the year as to restore incentives for the majority of workers.

But consider a parish where labor demand in the winter was such that the marginal product of labor was 7/-, which was the market wage rate. If the magistrates defined subsistence as 8/- for a family of 5, then some of the workers now have little incentive to labor well. But single workers, or those with older children, or few children will still have some incentive. Suppose a farmer employs N workers and some fraction of them θ receive the subsidy of 1/-. If he or she raises the wage to 9/- to restore incentives the cost will be $2N$. If instead the farmer keeps the wage as before then this imposes an indirect cost through higher poor rates to the farmer of $2t\theta N$, where t is the fraction of the poor rate bill paid by the farmer. But if he increases his wage by 2/-, the cost will be $2N \gg 2t\theta N$. Thus even though paying low wages implies that many workers have little incentive to perform well, it saves on the farmer's labor costs.⁵ Farmers may find it individually more profitable not to respond with higher wages, even though collectively it might be in their interests to raise the wages. The level of t will depend on how many farmers hire labor in the parish, and on what fraction of poor rates are paid by non labor hiring property owners such as the owners of the tithe and the occupiers of the housing stock. In some parishes in 1842 the tithe represented as much as 25-40% of the property income. But the tithe owner generally did not employ labor. Thus in such a parish for every \$1 of subsidy paid to his workers by the poor rate the farmers as a whole would only have to pay \$0.75 to \$0.60. Similarly in some parishes house property also represented a significant share of property income, where again house owners would employ little of the adult male labor. Thus each farmer in a parish

⁵ George Boyer in a somewhat similar spirit has argued that farmers will choose to lay off workers in the slack season and have them maintained by the poor rate as a way of minimizing the cost of providing workers a given level of income per year. He assumes, however, that there is only one labor hiring farmer in each parish, that employed workers receive no relief, and that the local parish chooses the level of relief.

deciding what level to set wages given the outside forces setting the subsistence wage would have to balance the incentive effects of setting wages below the subsistence level with the gains from getting others to then share the burden of wages.

The range of payments per person across different parishes even within the same county was very great. Thus for 31 parishes in Bedford, Berkshire, Buckingham and Cambridge we have information both on the rates paid to support the poor in 1832-3, the total expenditure on the poor in 1833, and the population in 1831. These figures can be used to calculate roughly what fraction of the population was being supported from the poor rates at any time (assuming all the income of the poor came from the poor rates). The range across these 31 parishes was from 7% to 46%, with a mean of 18%. The parishes with the lowest poor rates were unlikely to be subsidizing adult males. There the poor relief would support only the elderly, the infirm and orphans. Thus the incentive issues of the poor law would not apply to them. The parish with a 46% support level must have been supporting also adult males and so the incentive issue would apply with full force.

Increased Fertility of the Poor

Since extra children in any family qualified the family for more support from the parish, the incentive to limit fertility to keep family needs in line with earning was removed under the system. Also since the incentive to employers was to give work first to those who the parish would have to pay the largest subsistence allowance to, workers faced little penalty from getting married in the form of lower earnings. Thus potentially the poor law would increase the fertility levels of the poorest workers, leading to a growing underclass dependent for their subsistence on public relief.

We can think of the system as having a third effect on investment, however.

Reduced Investment

Because of the principle that each parish support its own poor the burden varied greatly from parish to parish. Some parishes had more valuable land than others, some parishes had more poor than others. Also the attitudes overseers, and of the magistrates who supervised the poor relief efforts of the parishes varied from division to division of the county. Thus in Bedford in 1815 the tax rate in parishes where at least 80% of the rental income was from land varied from 4% to 41%. The parish with the 4% poor rate was only 3 miles away from that with the 41% poor rate. Table 2 shows for a wider set of parishes the reported tax rate in 1814.

The tax was on the rental value of land and houses. Much of the value of farmland came from investments in farm houses, buildings, roads, fences, drainage systems, and in soil fertility. With local finance of poor relief even within parishes if investments in land improvements in a parish with 4% local rates earned the normal return for this period of 5%, then in the parish with 41% rates they would have to earn 6.8% to yield the same net return. Thus the high local tax rates in many parishes would discourage investments in land improvement in these parishes.

Table 2: Average Tax Rates for the Poor, 1814

Range of tax rates, 1814 (%)	Number Observations	Tax Rate, 1814
0-5%	9	0.037
5-10%	46	0.080
10-15%	129	0.126
15-20%	227	0.175
20-25%	170	0.224
25-30%	109	0.271
30-35%	69	0.323
35-40%	33	0.373
40-50%	24	0.436
50+%	17	0.686
All	833	0.221

Thus in the worst scenario the rules of the old poor law regime resulted in reduced work incentives for laborers in many parishes, increased incentives for men and women to get married early, and a high marginal tax rate on investments in land improvement and housing.

The Reform

The Poor Law Amendment Act of 1834 sought to correct the two great perceived deficiencies of the old regime. To maintain work incentives and delay marriage the law sought to ensure that the utility derived from poor law allowance was much less than the market wage for unskilled workers. This they called the principle of “less eligibility.” The problem the Poor Law Commission faced was that the wages of agricultural workers in the rural areas of southern England, where most of the unemployment was, were very low. Some workers were getting as little as £24 per year, or 9/- per week. Now 9/- would only be enough to provide workers with the most meager of food and lodging. Their diet consisted mainly of bread, with a little bit of low quality meat or more often just meat fat (dripping) to dip the bread in. They lived in miserable one or two room hovels, and went to bed whenever it was dark since they were too poor to afford candle lighting. Thus the Poor Law Commission faced a problem in that unless they deliberately starved the poor, how could they make their conditions worse than those who were in employment? The minimum demands of decency in the treatment of the poor were if anything pushing for conditions better than they could get by working.

The solution adopted, and applied in a bizarrely systematic fashion, was to provide the poor with a diet that was nutritionally adequate, and housing that was clean and warm, but to otherwise deliberately arrange the conditions of life of the pauper to be so regimented and monotonous so that the satisfaction from being on poor relief fell well below that even of those working for miserable wages. Those seeking relief from henceforth would have to receive it in a workhouse. The workhouse would be clean and warm. But conditions would be so regimented and monotonous that the satisfaction from being on poor relief fell well below that even of those working for miserable wages.

Thus the Poor Law Board established by the New Poor Law thus laid down six basic diets that all workhouses were to conform to. These diets rotated the same basic bland meals in endless monotony week after week. No alcohol was allowed, at a time where beer drinking was a staple of the diet of any well to do workman. The inmates were not allowed to receive any presents of food while they were in the workhouse. The Poor Law Board also initially specified that there were to be no special meals on Christmas day and other feast days unless they were paid for by private charitable donations. The workhouse also had a strict regime of hours, the same for each day: wakeup was at 5 am in summer, 7 am in winter, and bed was at 8 p.m. in all seasons. There were 10 hours of labor six days a week all through the summer, and six days of 9 hours in the winter.

Since it was often impossible to find any work for the inmates which had an economic value they were often put to such low value tasks as rock breaking. In some cases they were even put to work on treadmills for no other reason than to keep them at hard labor. One hour of leisure was allowed each day. The meals were at the same times each day. At no time were inmates to be allowed out of the workhouse, except for very special reasons. No visitors were allowed without the permission of the master or matron, and then the visit was to be conducted in the presence of the master or matron. There were to be no card games, no gambling, and no smoking indoors.

Further the workhouse inmates were to be divided into categories, each of which was to be strictly segregated: the initial plans called for the creation of seven categories of inmates, but later the major divisions used were those of the elderly and impotent, able-bodied males, able-bodied females, and children. Husbands and wives were thus separated in the workhouse, as were parents and their children. The poor were to be given no chance to reproduce in idleness.

The initial plans called for separate workhouses for each of these groups, but the Poor Law authorities found this prohibitively expensive so that mostly they contented themselves with constructing large central work houses which had physically separate sections for each category of the poor.

Since the whole point of the harsh regime was to make the workhouse undesirable for all but the most wretched and most hopeless the one freedom inmates were allowed was the freedom to leave at any time. Adult males, however, had to take all their family members with them when they left. The workhouse would also accept anyone who declared themselves indigent at any time. The whole idea of the workhouse was that only those who were truly needy would ever think of applying for the help. That was why the workhouse was referred to as “the workhouse test.” Part of its job was to ensure that only those truly in need ever applied for relief.

Another planned effect of the workhouse was to ensure that the farmer could not pay low wages and get his or her labor subsidized by rate payers. Now if the rate was too low for workers to live on they would be forced into the work house. The reduction in labor supply would drive up wages.⁶

By 1842 most of the Poor Law Unions in England had received orders from the new Central Board created by the Poor Law Amendment Act forbidding them to pay outdoor relief to the able-bodied.

The New Poor Law also called for the elderly, widows and the infirm to be relieved only in the workhouse. Since these groups were often incapable of labor, there was no issue of reduced work incentives. But the New Poor Law saw the poor as falling into two groups - the “deserving poor,” those poor through no fault of their own, and the “undeserving poor”, those poor because they had spent all their earnings and made no provision for sickness and old age. In particular

the authorities worried about who would take care of the elderly. If the workhouse were too comfortable for them, then there would be little incentive for anyone to save for their old age, and also little incentive for their children to take care of them. Thus there was a debate over whether widows with children should be forced into the workhouse. Widows were regarded by many as the epitome of the “deserving poor,” brought to their state not by any moral turpitude but by the vagaries of life. Yet if widows were allowed relief outside the workhouse there would be reduced incentive for low wage workers to join sickness and death societies which provided insurance against just such eventualities.

Thus the principle of the workhouse test represented the systematic application of a simple economic argument to a point that seems bizarre. The harsh conditions of the New Poor Law regime certainly did excite much unfavorable public reaction. 350 new workhouses were built between 1834 and 1839, but they were frequently met with great opposition by the poor themselves, and also by laborers in regular employment. When construction began riots were not uncommon, and a number of the new workhouses were burned down. In other cases the new structures had to be guarded by militia as they were being built to stop the poor tearing them down. There were also attacks on the property of the guardians of the poor, the local officials responsible for enforcing the new laws. Hay and corn ricks were burned, cows were stabbed, fences were breached to allow cattle to trample the corn, and farm buildings were set afire.

Charles Dickens protest novel Oliver Twist, published in 1837, was set in part in a workhouse. A political pamphlet published in 1836 by the Tories (ironically the ancestors of the modern day British Conservative Party), then the party of opposition to the Whigs (now the Liberals), who passed the New Poor Law legislation, asks:

⁶ McCloskey (1973) argues that the presumptions underlying this part of the law are inconsistent.

Why should the Whigs raise up their Prisons high
With gloomy fronts, and walls that reach the sky
Are such dark Dungeons to immure a band
Of Rogues and Swindlers that infest the land?
“No!” some cry - “They are for one crime more
The crime of being old, infirm, and poor”

The workhouse test is easy to understand given the economic logic that impelled the reform. But a second notable feature of the reform was the removal of control of the treatment of the poor from the local parishes where they lived to the central Poor Law Board appointed by Parliament. Indeed local authorities at the parish level often opposed the imposition of the New Poor Law rules. Given that the tax burden was imposed locally, and that it was a significant burden on property owners, why was there this local opposition? In the north of the country, in areas such as Lancashire and Yorkshire, the reason was that the poor were relatively few, and the local wages were higher so that there was little incentive to go on poor relief unless you were truly needy. Indoor relief was more expensive per person than outdoor relief. Thus in 1860 it is estimated that the respective costs of indoor and outdoor relief per person relieved were:

outdoor	£2.5 - £5.5
indoor	£5.5 - £20.0 .

The reform thus seemed expensive and unnecessary to parishes in the north.

But the law was also opposed by many parishes in the rural south where the problem the Poor Law was based on, the small difference between the conditions of the working poor and those on outdoor relief, was most evident. These parishes had after all been using the system of outdoor relief for years. Had they wished they could already have built workhouses and

enclosed their local poor (though the New Poor Law made this cheaper by combining parishes in Poor Law Unions which would construct one larger cheaper central workhouse).

Part of the opposition of the local parish authorities in the south may have stemmed from fear of the possible actions of the poor and local laborers if the New Poor Law was imposed. Others have ascribed darker motives. It is argued that the local landowners were often obliged to at least appear generous to the poor by social pressure. Since parishes were small landowners worshipped in the same church as the poor, and the laborers in the parish had often worked for the families of landowners for generations. Since the landowners controlled the parish vestry, which determined local poor law policy, they thus found it hard to pursue harsh policies against the poor locally. But by voting in Parliament for a tough centralized poor relief policy they could effectively bind themselves at the local level, while being able to maintain that they were opposed to the new measures. It is certainly the case that the local poor relief unions often voted for measures which the minutes of their meetings reveal they fully hoped and expected would be overturned by the central Poor Relief Board.

DID THE REFORMS WORK?

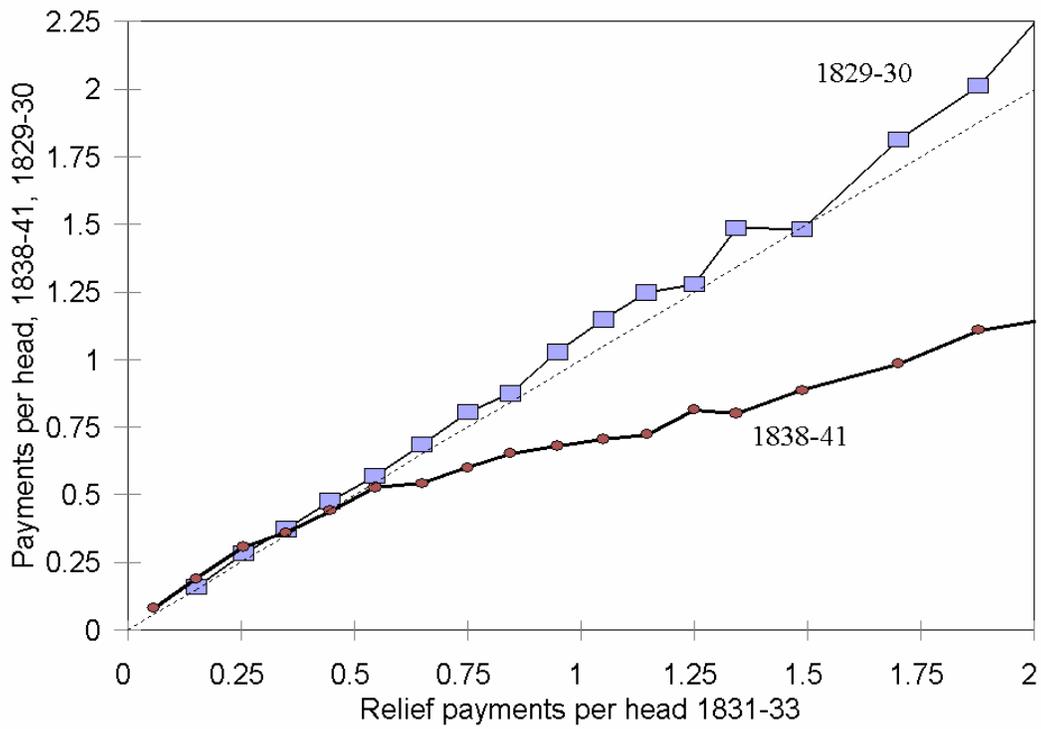
Though the 1834 reform was supposed to end all outdoor relief, there has been debate about how strictly it was actually applied. Local administration of poor relief still lay with the ratepayers and land owners of each parish. While very few able bodied males were listed as receiving unemployment relief or allowances in aid of wages in the early 1840s the numbers of adult males relieved outdoors on account of “illness” was significant, and Digby (1975) argued that this was just a disguised way of continuing outdoor unemployment relief. Apfel and Dunkley (1985), however, argue that in at least some counties such as Bedford the reforms were vigorously applied so that expenditures and particularly payments to the able-bodied fell sharply.

Figure 2 shows poor relief expenditures per head for a sample of 1,873 parishes and townships data on poor payments per person in the population in the five years 1829-33, just before the reform, and in the four years 1838-41 just after the reform. This data is summarized in figure 2 by the average level of payments per head in 1831-3.

In the years before the reform there is a strong correlation between the places with high payments in 1831-3 and those with high payments on average in the two preceding years. The payment pattern across parishes is stable. After the reform the payment pattern is unchanged for parishes with payments per head of population of less than £0.60. For these parishes average payments per head went from £0.406 to £0.411. But in the higher paying parishes there is a clear pattern of cuts. The higher the payment the greater the proportionate cut. In our sample parishes paying more than £0.60 per year saw a decline in average payments per head from £0.972 to £0.684. Thus the reforms were imposing real cuts, and they were imposing them in the areas of the higher relief payments per head. Seemingly in areas of low payments the relief payments before 1834 were principally to the elderly and orphans, and were not affected by the strictures

of the New Poor Law. The areas of high payments per capita were those where the payments were subsidies to wages, and thus were cut.

Figure 2: The effects of the New Poor Law by the earlier level of payments per head



Did the Poor Law Reform have the effects its progenitors anticipated. That is did the reform significantly improve the efficiency of the rural economy, encourage migration and increase investment in impoverished parishes? Was the brutal treatment of the poor under the New Poor Law justified in parts by significant economic gains. Opinion on this has varied widely since the passing of the Act.

At one extreme George Boyer has argued recently that the Old Poor Law imposed very little efficiency cost, and indeed involved little transfer of income from property owners to workers (Boyer (1990)). Farmers operated within a competitive labor market, and needed to pay enough to retain an adequate labor force in the countryside. By laying off workers in the low labor demand winter season, and having them supported by the parish under the poor law, they saved some labor costs since the occupiers of the houses and the tithe owners typically paid some of the poor rates. Similarly by having the poor rate pay workers when they were ill they again saved on labor costs. The high payments of the old poor law were created by the Political Economy of the way the poor were funded which allowed farmers to transfer some of their labor costs to others. Boyer's derived empirical support for his argument about the nature of the poor law in 1833 by using data from a cross section of 311 parishes with information on wages and poor law payments from the Poor Law Commission survey. He shows that parishes with higher poor law payments were those with more seasonal labor demands, and with a larger proportion of rate payers who were farmers.

Others, such as Mark Blaug, have argued that the high poor relief payments of the old poor law were instead a genuine response to a problem of lack of employment and poverty in rural parishes, but that the scale of outdoor relief was generally so low as to create little disincentive to effort or to seeking employment for workers. Thus the Poor Law did involve a transfer from

land owners to the poor, but without additional efficiency costs.

To test who is right we consider what happened to land rents in parishes before and after reform in rural parishes where agriculture was the only employment for most workers. Consider a situation where rural parishes are identical except for differences in the resident populations created by fertility differences over time, by the earlier presence of rural industries, and by differences in migration opportunities. These differences would create differences in the supply of labor, and hence wage differences. In the absence of the Old Poor Law the high population parishes would have lower wages and hence higher land rents. Thus

$$\frac{Rent}{Acre_i} = \alpha + \beta_0 wage(N_i) + \varepsilon_i \quad (1)$$

where the *wage* is the annual farm wage which depends on population per acre, *N*. Land owners want population per acre to be as large as possible, since β_0 will be negative. The Poor Law, however, imposes a tax on land owners (levied though their tenants) and transfers income to the families of the workers. Thus in the presence of the poor law land rents will be

$$\frac{Rent}{Acre_i} = \alpha + \beta_0 wage(N_i) + \beta_1 \frac{Poor\ exp}{Acre_i} + \varepsilon_i \quad (2)$$

If poor payments are just a transfer to the needy from landowners, with no effects on employment, labor efficiency, or the wages of the able bodied we would expect $\beta_1 = -1$. For every £ a farmer pays in poor payments they will be willing to pay a £ less for a farm tenancy.

Suppose, however, that poor payments reduce labor incentives and reduce investment in

land improvement as the Poor Law Commission report argued. Then at the same wage levels a parish with higher poor rate payments per acre will see more than an equivalent decline in rents. For the poor rate payments will reduce labor efficiency and reduce investment in land improvement. Thus we will find $\beta_1 < -1$.

Suppose instead that Boyer's theory that poor law payments were substantially a substitute for wages without incentive costs is correct. Suppose also that all the poor rates are paid by farmers. Then $\beta_1 = 0$ if the poor payments substitute one for one with wages, so that workers are laid off in the winter and supported by poor rates, and the marginal productivity of labor in winter is effectively 0. But some of the poor rate was paid by the tithe collector in a parish with tithe, and by the occupiers of house property. Thus in most parishes $\beta_1 > 0$. This indeed is Boyer's analysis of the persistence of high poor expenses under the Old Poor Law. Paying more poor relief raised rents for landowners. Boyer would predict that in so far as the Poor Law Reform operated as planned it would result in a decline in land rents in rural parishes with previously the highest relief payments.

When we estimate statistically the size of the coefficient β_1 for a group of 702 parishes looking at changes in rents in the years 1833 to 1842 compared to changes in poor relief taxes per acre we find that the best estimate of β_1 is between -0.5 and -1.2. The estimates thus reject the Boyer hypothesis that poor relief payments were a substitute for wages. The estimate of β_1 is also insignificantly different from -1. We cannot reject the idea that Poor Relief Payments were just an income transfer with no efficiency costs. And there is little sign that rents rose when poor rates fell by more than the amount of the decline in poor rates. Thus there is little sign that the poor rate imposed great efficiency costs.

The Political Economy of Poor Law Reform

The Old Poor Law seems to have involved mainly a transfer of income to the indigent with little wider repercussions on labor performance, investment or labor mobility. How did this happen given the apparent problems of the system we discussed above.

I suspect that a process occurred under the Old Poor Law where within the legal framework forms emerged that mitigated the efficiency costs. The right to a subsistence income that exceeded the market wage for married workers, for example, would have been destructive of labor incentives. But we know that in at least some parishes the overseers correctly perceived that to avoid this problem child and other family allowances had to be paid to laborers independent of their actual earnings. Similarly the creation of a subsistence guarantee would have impeded migration to towns. But we know overseers were often in the business of paying people to migrate to towns, or even to other countries. They could easily capitalize the future burden a family was likely to impose and calculate how much it would save to encourage them to leave.

We will still be left with one puzzle, however. If the system was not inefficient why was there forty years of intense debate on the operation of the Old Poor Laws, and why was there the social convulsion of the Poor Law Reform Act? Why also did the reform mandate what individual parishes could themselves have imposed – relief only in a work-house? As we saw even before poor law reform many parishes like Ardleigh had workhouses, though these were reserved mainly for the elderly and for infants. Indeed the *Gilbert Act* of 1782 allowed parishes to voluntarily form together into unions that were very similar in form to those mandated by the 1834 Act. Other parishes combined by virtue of special Acts of Parliament. Yet by 1834 only 10% of the population was covered by such earlier unions (Driver (1993), 42-46).

The results above suggest that the beneficiaries from the reform were largely rural landowners in the South East of England. Rural land in Britain in the nineteenth century was heavily concentrated within a small property owning class. Yet the Reform Act of 1832 which preceded the Poor Law Reform of 1834 involved some erosion of the political power of this class in favor of the urban interests of the North (Quinault (1993)). Why would the newly empowered urban interests push through a reform that mainly served, as far as we can estimate, to benefit the declining rural interests?

We have seen above the explicit logic that drove the introduction of the New Poor Law. Many historians have argued that these intellectual arguments were merely the representation of deeper underlying social forces. But they disagree as to what these deeper social currents were. One group argues that the New Poor Law arose because of changing attitudes to the poor. As a result of the Industrial Revolution cities were growing bigger, and the ties that bound communities together were loosening. The poor were no longer the neighbors and dependants of the rich and the middle classes as in the traditional rural villages. There was an increasing social distance between taxpayers and the poor that received the benefit of those taxes. The Poor Law Commission was thus just the intellectual front that crystallized the growing social gulf between the haves and the have nots.

Other historians have argued that the New Poor Law is a creation of the reform of the British political system in 1832. The Parliamentary reforms extended the franchise for voting for Parliament to a larger group of property owners, and reduced the weight of traditional rural constituencies. The voters newly represented were the new capitalist classes emerging in Britain as a result of the Industrial Revolution. These newcomers were interested not in the traditional social obligations of wealth, but in further improving their economic position. The New Poor

Law thus represented the interests of the new class of voters, and took a centralized form only as a way of allowing local officials to escape some of the opprobrium that was attached to these harsh measures.

THE IRISH FAMINE, 1846-9 – DID IRELAND DIE OF POLITICAL ECONOMY?

In 1846 Britain, the richest country in the world, was united in a political union with Ireland which had a wage level only about half of that of Britain. In Britain itself there had not been a major famine in at least 250 years, and no famine with any appreciable fatalities since 1315-17 (it is estimated that about 10% of the population of England died in these terrible years where rains caused three harvest failures in a row all across northern Europe). Yet in 1846-9 in Ireland, which is less than 30 miles from Britain, 1 million out of 8.5 million people died. This would be equivalent in the modern USA to the death by famine of 30 million people. And indeed most of the modern famines in the headlines have killed far fewer people in total and numbers, and even fewer as a percentage of the population. Thus the Bangladesh famine of 1974 killed 26,000, the Sahel famine of 1973/4 killed about 100,000, and the famine in western Sudan in the 1980s killed fewer than 100,000. Further most of these modern famines are associated with war and the breakdown of civil order, while in Ireland there was peace and calm. While about 1 million died in the Irish famine, another 1 million emigrated in the famine years, leaving Ireland with a population in 1851 of only 9.5 million people. Large migrations also occurred within Ireland as the poor moved to towns such as Dublin in search of work.

Another odd feature of the Irish famine was its length. People were still dying from the effects of the famine in 1850, 5 years after it had begun. Modern famines, in contrast, have

rarely lasted for longer than a year.

The immediate trigger of the famine in Ireland was the potato blight which reached Ireland in 1845. The potato had unique importance in Irish agriculture before the famine. Nearly 50% of the Irish population was said to depend on the potato for their livelihood in the 1840s. The total crop was about 12 to 15 million tons, half of which was eaten by people.⁷ In part this was because the amount of land per member of the rural population small in Ireland compared to Britain. Whereas there were 8 acres per person in rural areas in Britain in 1840, there were only 3 acres per head in Ireland. Thus Irish peasants often had very small plots of land. In 1841 45% of Irish farms were less than 5 acres. Yet the potato allowed this population to subsist because the potato, through labor intensive spade cultivation, could produce many more calories per acre than grain crops or pasture.

The blight caused a dramatic and lasting drop in potato yields in Ireland. Net potato yields per acre in 1840 to 1844 were 5.2 tons, which means about 12,584 pounds of potatoes per acre. One acre could thus provide enough calories to provide a very basic sustenance to nearly 5 people for a year. In 1845 the potato yield was only 3.2 tons. In 1846 it fell to only 0.7 tons. The yield recovered in 1847 to a very good 9.4 tons, but very few potatoes had been planted that year since in desperation the starving poor had eaten the seed stock of potatoes. The yields in 1848 and 1849 were again very bad. The plight of the poor in Ireland was made worse by the generally high food prices that prevailed throughout Europe in 1847 because of generally bad harvests and the effects of the potato blight in the Netherlands and Belgium. This made food all the more expensive in Ireland.

Interesting, however, calculations of the total food supplies available in Ireland in the famine period do not suggest that the picture was so bleak as the potato yields alone would suggest.

Table 3 shows the total number of kilo calories of food products available in Ireland per person per day before and during the famine.

TABLE 3: CALORIES OF FOOD AVAILABLE PER PERSON 1840-50

	1840-5	1846-50
Domestic Production:		
Potatoes	2,770	600
Other	1,100	1,440
ALL	3,870	2,040
Imports	-750	+510
Net Availability	3,120	2,550

Table 3 suggests that while the number of calories available per person from potatoes declined dramatically, the total calories available per person in Ireland fell much more modestly. Indeed the total decline was only 18%. This was because there was a slight increase in the production of other agricultural products (if land is not used to grow potatoes it can be used for other purposes), and there was a change from food exporting to food importing. Grain was imported for famine relief efforts by the government, and commercial exports of grain declined. Indeed in the famine years the number of calories available in Ireland per capita were enough to sustain everyone in robust good health since even in modern America the consumption of adult males is only about 2,700 calories per day while women consume only about 2,100 each, and

⁷ This implies that in 1845 the average person in Ireland ate 5 lbs. of potatoes per day!

children consume less.

The reason for the deaths in the famine was thus not just that there was an extremely small amount of food available. The problem was that what food was available was not getting to the poorest workers. The reason for this was twofold.

First the potato blight dramatically reduced the demand for labor in the Irish economy. When the blight came a large amount of land was transferred from potato cultivation into other uses such as grain or pasture. Thus while there were 2.2 m acres of potatoes in 1845, by 1848 there were only 0.8 m acres in potatoes. These other uses of land used much less labor than potatoes. Thus part of the problem was that there was no employment for the poor after the famine, or employment only at extremely low wages. Wages in Ireland were very low before the potato blight, but the shock to labor demand could only lower them further. Without employment the poor had no income to buy the food that was available.

This effect is an instance of a general feature of famines that Amartya Sen has emphasized, which is that famines can have two separate causes. One is the failure of harvests, but the other is a change in the income distribution which makes the poor worse off, and so reduces their power to purchase the food they need. The first round effect of the potato blight on food supplies in Ireland was not as dramatic as the deaths might suggest, but there was also an indirect effect on the demand for labor which further hurt the poorest workers. At the height of the famine Irish farmers were exporting large quantities of animals for slaughter in England, as table 4 shows.

Table 4: Animal Exports 1846-49

Year	Exports of cattle (000)	Exports of sheep (000)	Exports of Pigs (000)
1846	192	259	481
1847	200	324	106
1848	203	256	111
1849	211	241	68

Only the export of pigs declined sharply, because pigs were kept by the poor and fed in part on potatoes. The poor in Ireland were not able to bid away these food exports from English consumers.

The second problem in the famine years was the reaction of the British government. Why didn't the government of the United Kingdom, of which Ireland was an important part, step in to prevent the famine deaths?

Initially the famine received very little attention in London, where the United Kingdom Parliament sat. The political scene was dominated in 1845 by two great issues: the repeal of the Corn Laws, which protected British agriculture, and the demands for Irish independence. The initial reports of the potato blight were merely that it had reduced potato yields in some areas. The government, however, took steps to ward off the threat of starvation.

The assumption of the British government from the beginning, however, was that it could not just hand out food to the hungry in Ireland. The New Poor Law, which emphasized relief only in exchange for hard labor and admission to the workhouse had been implemented in even

more draconian form in Ireland in 1839. Under the Irish Poor Law it was forbidden to give anyone outdoor relief (even though the majority of the English poor still received outdoor relief). It was felt that because of the lower level of wages Ireland could not afford a poor law system without the most stringent workhouse test. Further under the Irish Poor Law there was no legal right to poor relief as existed in England.

Ireland under the new law was organized into 130 poor law unions, who were each to construct a workhouse. By 1845 on the eve of the famine 118 workhouses had been build, with space for 100,000 paupers. The government took it as an axiom that famine relief would have to be conducted within the framework of the Poor Law system, and with a test being applied to see if people were truly needy or mere malingerers. Thus when local famine relief committees were set up in 1846 they were given grants and loans from the central government only on condition that they would distribute no food until the workhouses were full. Those receiving food outside the workhouse were to perform hard labor in return for their food. Also the wages paid for this labor had to be below those of other unskilled labor in the locality so as not to reduce incentives for those in employment.

This meant that the relief wages paid by the local committees were only about 5/- per week, about half the lowest rural wage in England at that time. But the dearth of food in Ireland was driving up prices. Potatoes which normally sold at about 2.5 d. per 14 lbs. were selling for 3.9 d. per 14 lbs. in 1849. Grain prices did not increase much in 1846, since they depended on the European grain market, but by 1847 grain prices where high all across Europe. A wage of 5/- if all spent on bread would buy only 30 lbs. of bread. A laborer engaged in hard work would need about 14 lbs. to subsist. Thus if a worker had a wife and several children the wages paid by the relief boards in 1846 would already have resulted in people being on the edge of hunger. To

encourage industry on the part of the relieved workers they were sometimes paid by a piece rate of so many shillings per ton of stone broken.

By early 1847 the full extent of the problem was revealing itself, and it was clear that the temporary measures of 1846 would be insufficient. The potato crop is harvested in October, and the crop of 1846 was so bad that by February 1847 714,000 people in Ireland were receiving relief. The price of potatoes had risen from the normal 2/- per hundredweight to 7/- or even 12/-. Crowds of starving people were marching on workhouses demanding relief.

As it became clear that the blight was likely to be a lasting problem the government embarked on a second permanent relief operation. This was even more closely tied to the poor relief system. The money to relief the poor, as in England, was to be raised from local property taxes. The local poor law unions were still forbidden to provide outdoor relief, and were instructed to embark on an intensive program of workhouse construction. Thus by 1851 in Ireland an additional 200,000 workhouse places had been constructed, so that there were then 309,000 workhouse places available. In contrast Britain in 1851, with more than three times the population of Ireland, had only about 200,000 workhouse places.

Since initially there were simply not enough workhouse places for all those seeking relief in the interim many poor law unions were forced to grant outdoor relief. And the government in 1847 amended the Irish Poor Law so that the elderly and infirm were instructed to be put on outdoor relief so that more space in the workhouses would be left open for the able bodied. Thus the numbers on relief outside the workhouse remained substantial throughout the famine, despite the attempt to provide more workhouse places. The numbers on relief schemes outside workhouses were:

1847	2,900,000
1848	834,000
1849	784,000
1850	149,000
1851	20,000 .

The amended Poor Law of 1847 also sought to eliminate what it saw as the long run problem in Ireland, taking agriculture in England as a model. The assumption was that poverty in Ireland was encouraged by the existence of a large body of semi-independent “crofters” who farmed a few acres of land, and worked as laborers for the rest of their income. The only way to transform Irish agriculture and drive from the land this large body of marginal workers was to eliminate these small holdings.

To encourage the consolidation of the land in the hands of large scale capitalist farmers the new Poor Law contained a clause denying relief to anyone holding more than ¼ acre of land. Thus to get any relief small holders had to sell up their tenancies.⁸ To encourage consolidation of holdings further the government also placed the burden of relief on local landowners, and insisted that even if tenants did not pay their rents, the landlords still had to pay the poor taxes on land. This gave landlords additional incentive to evict tenants unable to pay rent from land. When tenants were forced into poorhouses to seek relief the landlords thus often seized the property and tore down the cabins they had lived in, so that they became homeless.

The numbers on outdoor relief by the summer of 1847 were massive. In the west of Ireland which was poorer and heavily dependent on the potato almost all the population in some areas

⁸ Even though they were technically only tenants, occupiers of land in Ireland had rights to the land at low rents, and so became effectively part owners of the land.

were receiving relief. Since the relief was to be paid for by local taxes, this meant that in many areas the taxes were too little to pay for the upkeep of the poor. Supplies of food at workhouses were thus generally meager and irregular. The standard ration adopted was 1 lb. of cornmeal per adult per day, and ½ lb. per child. Now a pound of cornmeal is only 1,600 calories. This would have been a meager ration if the beneficiaries were not engaged in labor, but heavy labor increases the calorie demands of people greatly. Thus in the 1860s Irish farm laborers would typically consume about 4,000 calories per day each, as did slaves in the US South circa 1860. The government pursued its policy of requiring work for relief, even though there were 3 million on relief in 1847. In these conditions the food ration was a starvation ration.

Men inside the workhouse were employed breaking stones, while women sometimes broke stones but more frequently did sewing, spinning, and knitting. Workhouses after 1847 were allowed to purchase farms to train boys under age 16 in farming. But they were forbidden from allowing any of the men in the workhouse from working on these farms, since this would make workhouse life less irksome to them. Work was also demanded of the large numbers on outdoor relief, but there was no way of productively employing most of these people, so most of the work was stone breaking. The paupers were divided into three classes based on their health, and each was given a daily quota of stone to break, or eight hours of work was demanded. Irish landlords asked the government to be allowed to use the labor of the paupers for estate improvements such as drainage schemes, but the government felt that since the landlords locally were responsible for administering the poor relief system there was too much conflict of interest. Thus the poor were mainly employed for road repair or road building, doing such tasks as hauling earth or breaking and hammering stones.

Given that the government did provide relief to all, even though it was meager relief, why

did so many die? On the official death statistics the number of deaths attributed to starvation is low: only 21,770 from 1846 to 1851. Most of the recorded deaths are from infectious diseases: 193,000 from fever, 125,000 from dysentery and diarrhea, etc. But death from disease is the normal process in a famine. As people starve their bodies lose the ability to resist disease. Also as people starve they lose the energy to keep themselves and their clothes clean. Thus in Ireland the poor soon sold most of their clothing which had any value, leaving themselves dressed in the same set of rags night and day. They huddled together for warmth in whatever cabin heat was available in. These were ideal conditions for the spread of lice, which spread both typhus and relapsing fever. The lice are also adept at quickly leaving the body of a host which dies, they quickly detect declines in the body temperature of the host, and seeking a new home. As the search for food got more desperate large bodies of people took to the roads in search of work or relief. They were crowded together in the workhouses. Thus the country was swept by infectious diseases.

Thus the reason for the very high mortality in Ireland in the famine years does appear at least in part to be the adherence to the doctrines of the New Poor Law. The potato blight caused a collapse of labor demand in the Irish economy. The free market wage in Ireland, already lower than in England, would have fallen after the blight. This meant the market wage would be insufficient to keep workers alive and in health. Yet when the government distributed relief it insisted that the conditions of relief be worse than those of the free market so as not to reduce the incentive to work. Thus the government offered a diet that was barely adequate to support basic metabolic functions over a long period of time, but insisted that those receiving relief engage in hard labor. Further it made local authorities spend a large amount of the money raised for the poor in local taxes either looking after people in expensive workhouses, or in building new

workhouses. This money otherwise could have been used to improve the food ration received by the poor.

Thus the workhouse test applied in Ireland seemed to have a large hand in killing them. Reflecting this the death rate of those accepted into the workhouses and receiving relief was high. In April 1847 in one workhouse 2.5% of the inmate population died. If this was repeated throughout the year then 130% of people in the workhouse would have died in the course of a year. Thus from 1841 to 1851 in Ireland, 284,000 people died in workhouses under the care of the guardians of the poor. It seems at least partially correct to say, as some did at the time, that “the Irish died from Political Economy.”

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