

Welfare Reform, 1834

[Of the English poor laws] Instead of making the poor rich, they are calculated to make the rich poor....The principle of gravitation is not more certain than the tendency of such laws to change wealth and power into misery and weakness.

David Ricardo, 1817¹

Abstract

The Old Poor Law, which provided welfare guarantees to the elderly, children, the improvident, and the unfortunate in England before 1834, was a *bête noire* of the new school of Political Economy: Smith, Bentham, Malthus and Ricardo all demanded its abolition. The Poor Law Amendment Act of 1834, drafted by the Political Economists, sharply cut payments to the poor. The local nature of provision for the poor under the old system allows us here to estimate the social cost, including such costs as work disincentives, of the extensive earlier social welfare system. Surprisingly there is no evidence of any social costs before 1834, despite the substantial size of the payments, and the passion of the denunciation of the pre-1834 poor laws.

Gregory Clark and Marianne Page
Department of Economics, UC-Davis
(gclark@ucdavis.edu, mepage@ucdavis.edu)
May, 2008

¹ David Ricardo, 1919, 83, 86.

Introduction

Up until 1834 England operated an extensive welfare system which guaranteed subsistence to all, provided mainly as cash transfers to the elderly, widows, working families with large numbers of children, the sick, the disabled, and the unemployed. Probably 9% of the population was in receipt of such relief in any year between the 1790s and 1834.²

Smith, Bentham, Malthus and Ricardo all denounced this system as impeding labor markets.³ It reduced incentives to work and save for the poor. It discouraged investment in areas of high unemployment by taxing employers. It impeded labor mobility out of such impoverished areas. It increased the fertility of the unemployed and underemployed. As Mark Blaug summarized, the system allegedly “demoralized the working class, promoted population growth, lowered wages, reduced rents”⁴ These complaints, of course, prefigure closely the criticisms that have been made of modern welfare systems, including that of the United States.⁵

Before the triumph of free trade in the 1840s, the first great achievement of the new school of Political Economy in England was the reform of the Poor Laws in 1834. The *Poor Law Commission Report* of 1834, the manifesto for the reform, was written by Edwin Chadwick, Bentham’s former secretary, and Nassau Senior, the first professor of Political Economy at Oxford. The Commission’s Report prompted a radical reform of the welfare system in 1834. The legal right to support was retained, but welfare payments were changed to make them unattractive to all but the most destitute. In principle, welfare could now only be received under strict supervision in a workhouse. As a result of the reform real payments per capita declined by nearly 40% between 1833 and 1838. Taking into account the much greater administrative costs of the new system the real benefits received per person probably fell by 50% or more.⁶

² This was the share of the population that received payments at some point in each of the year 1813-5.

³ Smith, 1776, Bentham 2001, Malthus, 1970, Ricardo, 1919, 82-6.

⁴ Blaug, 1963, 151.

⁵ On Sweden, see for example, Lindeck, 1997.

⁶ It was 2-4 times as expensive per head to support a pauper in the workhouse as it was to support them in their own homes. By 1841, however, only about 15% of the poor had been accommodated in workhouses.

There has been considerable debate since about the social gains from this reform. And indeed debate continues about the social costs of all welfare systems.

The reforms took a local system of welfare provision with differential payments and eligibility by parish, and replaced this with a more uniform national system. We measure whether the 1834 reforms did produce social gains by comparing land rent and population changes in parishes before and after the reform according to the magnitudes of the changes the reform imposed. Per £1 in reduced transfers to the poor, what was the benefit to those who paid for the welfare system, land and housing owners?⁷ And per £1 in reduced transfers, how much did the population of these locations decline relative to England as a whole between 1831 and 1841?

Academics and policymakers have long debated the degree to which providing for the poor adversely affects their employment, fertility and mobility. The reforms of 1834 are similar in character, though more extreme, than the reforms of recent years. Although there are numerous, conflicting, estimates of the degree to which the current U.S. welfare system affects individual behavior, there are no estimates for earlier periods or programs.⁸ Is the historical evidence in favor of a generally high social cost to such systems? A nice feature is that there is data, depending on the question, for nearly 2,000-7,000 parishes in England in 1834. Until the United States' recent welfare reform, poor relief levels in this country varied only at the state level limiting the amount of potential information.

Welfare before 1834

From 1601 anyone in England unable to earn their subsistence had a legal right to support from their parish. Each of the 15,000 parishes and townships in turn had the right to levy a local rate on the occupiers of property, proportionate to the rental value of the property, to fund these payments to the poor. Up until 1834 local magistrates, with jurisdiction over groups of parishes, adjudicated if the parish denied relief to an applicant and set the level of relief that had to be

⁷ The currency system of England in this period was £1 = 20 s., 1 s. = 12 d. An average weekly wage for a farm laborer would be 10 s.

⁸ Moffet, 1992.

offered.⁹ The administration of relief in each parish was controlled by the parish vestry, composed of the occupiers of land and housing who paid the poor rates.¹⁰

The Old Poor Law thus mixed a national right to relief, with local setting of eligibility and relief levels. The Poor Law Report of 1834, and other sources, suggest that the same subsistence levels were set for all parishes within a magistrate's jurisdiction. But relief levels varied substantially by district. Thus in 1832-3 the payment guaranteed to a family of a husband, wife and three children varied from 5.6 s. per week to 13.8 s. per week across 337 parishes whose payments were recorded in the Poor Law Commission report.

Workers received support when they were too old to work, when they were ill, when they were unable to find work, and when their earnings fell below the adjudged subsistence level for their family. 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, 1834b, p. 202b).

The allowance paid to the working laborers in Toddenham 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. In some cases the parish themselves decided on the scale of relief, in others 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:...”¹¹

By the early nineteenth century, large numbers of workers in many parishes were receiving some wage subsidy under the poor law. Thus in 81 out of 261 rural parishes surveyed in 1832-3 the subsistence level set for a family with three

⁹ Thus in the parish of Ardleigh, in Essex, in 1795 the overseer's account book notes “Relieved John Lilly on complaint by order, 5 s.” (Essex Record Office)

¹⁰ The vestry was the parish council. Membership varied over time but by 1834 land and housing owners had no vote in the vestry unless they also occupied property and paid rates.

¹¹ Similarly in Wellesbourn Mountford the overseer noted that “The Magistrates order each family 2s. per head a week; consequently character is not considered.” Parliamentary Papers, 1834b, p. 554b.

young children was greater than or equal to the non-harvest wage level for farm laborers.

Although parishes were required to provide subsistence, they could choose how it was provided. Some of the poor, typically the old, the infirm, and children, were accommodated in Poor Houses. But the great majority were supported in their own homes with weekly stipends and rent and clothing subsidies, as in most modern welfare systems. Many families received a weekly cash allowance from the Overseers of the Poor.

By the early nineteenth century a substantial fraction of English families were in receipt of relief at some point in the year. 9% of the population in 1813-15, for example, received poor relief at some point each year according to official statistics. But in the rural areas of southern England the fraction of the population receiving relief was higher: 13% or more in these same years. Thus in Ardleigh in Essex where we have detailed poor relief expenditures and population figures for 1821-1823 377 people, 28% of the population were in families in regular receipt of relief in 1823. In addition at least 103 able bodied men out of a total of 460 males aged 15-59, or 22%, received unemployment payments at some point in the year 1821.¹²

Poor relief payments per person varied widely across parishes under the Old Poor Law. Figure 1, for example, shows payment per person in 1829-33 by parish. The average was £0.8 per person, compared to a likely average wage income per person of £8 per year per person for laboring families (so poor relief payments on average were more than 10% of the budgets of laboring families). But in 5% of parishes payments were more than twice this average, and in 17% of parishes less than half the average.

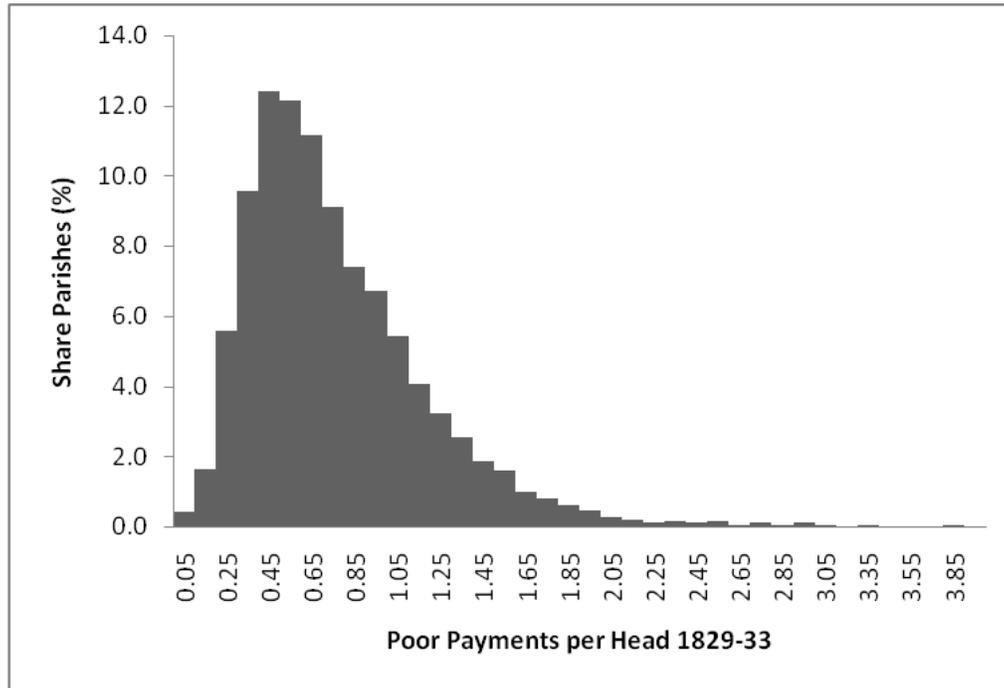
Using a set of 786 parishes where we have information on average farm wage in 1832 we explored the source of this variation in the following regression:

$$PPN_{1829-33} = a + b_1W_{1832} + b_2FLABAG_{1831} + b_3FCNTYARA + b_4DEN_{1831} + b_5DN + b_6DSE + b_7DSW$$

where W_{1832} is the estimated annual wage in farming in the parish in 1832, $FLABAG$ the fraction of the men aged 21 and over engaged in farming, $FCNTYARA$ the fraction of the land in the county the parish was in employed in arable farming in 1837, DEN_{1831} the density of population (people per acre) in

¹² Essex Record Office, Overseers Accounts, D/P 263/12/7-8, Census Returns 1821, D/P 263/28/1.

Figure 1: Poor Payments per head, 1829-33 (£)



Source: Parliamentary Papers, 1835.

1831, DN an indicator for the parish located in the north of England, DSE and indicator for the parish located in the SE, and DSW an indicator for the parish located in the SW (with the Midlands the omitted category).

The variables in the regression explain 39% of the variation in poor payments per person across parishes. Most of that 39% of explained variation came from the location of the parish, rather than factors like the local wage, the importance of agriculture, or population density. If we just have these three variables in the regression the R^2 falls to 0.14. A regression of poor payments per head just on the three regional indicators has an R^2 of 0.28. The South East of the country was a very high poor relief area, even controlling for wages, and the North and South West very low relief areas. An important component here seems just to have been differences in regional “tastes” for providing welfare

Table 1: Explaining the variation in poor payments per person, 1829-33

Variable	Coefficient estimate	Standard Error
Constant	0.83	0.130
Farm Wage 1832 (£/year)	-0.010**	0.003
Fraction of labor in agriculture	0.558**	0.059
Fraction of county acreage arable	-0.173	0.110
Population density	-0.012	0.009
In North	-0.355**	0.042
In South East	0.240**	0.033
In South West	-0.265**	0.042

Note: ** indicates statistically significant at the 1% level.

payments, rather than as argued by Boyer a difference in the type of agriculture. Even if we restrict ourselves to parishes with most of the men employed in agriculture, the regional effects dominate compared to the fraction of land in arable cultivation.¹³

Since the average poor payment per person was £0.8, the difference of £0.6 between the average south eastern and northern parish was very substantial. Rural parishes had substantially higher payments than urban, again a £0.6 difference, compared to an average of £0.8, though since these parishes were mainly very rural this explains little of the variation.

Higher wages had a very modest impact in reducing poor payments. Going from the lowest annual wages of £19 to the highest of £46 reduced poor payments per head by £0.27, which was much less than the regional or rural/urban differences.

¹³ King, 2000, makes the argument that there were regional differences in attitudes to welfare that created these different expenditures.

The 1834 Poor Law Report

The old poor law was argued by the Poor Law Commission Report to have four significant social costs.

Reduced Work Incentives - 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. This should have reduced work effort since the costs of unemployment were lowered. The commissioners concluded this would lower market wages.

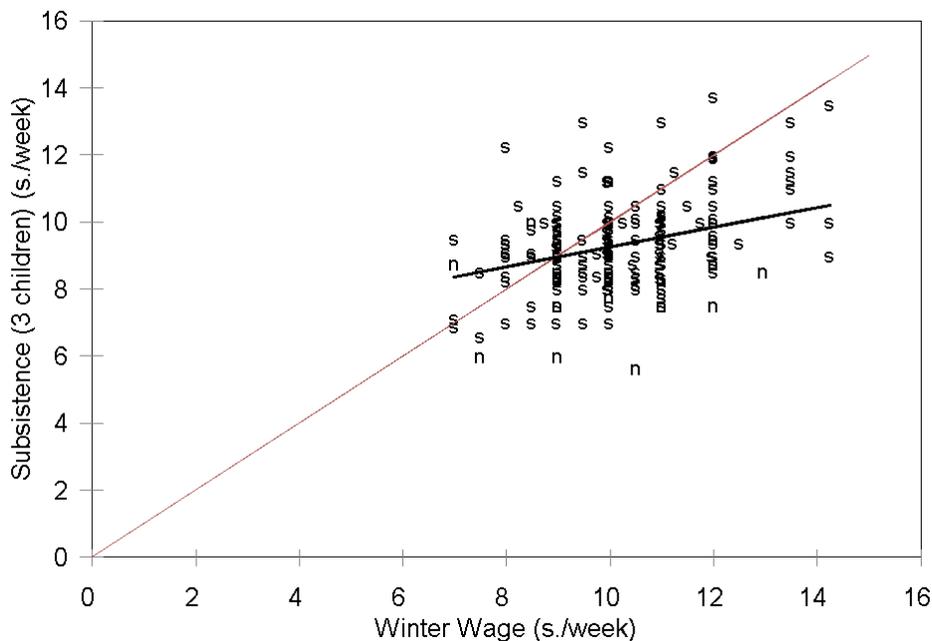
Figure 2 shows for 261 parishes or townships in 1832-3 both the reported weekly wage in winter for an adult male in agriculture, and the level of income at which the parish would start supporting a family of husband, wife and 3 young children. On average that subsistence allowance was 93% of the winter wage, and in 24% of cases it exceeded the winter wage. The need to meet the subsistence wage for each family allegedly caused parish officers to encourage employers to hire married men with families in preference to single men, or childless married men. They also allegedly encouraged employers to allocate any extra earning opportunities to married workers. The report concluded

We have seen that in every instance in which the able-bodied labourers have been rendered independent of partial relief, or of relief otherwise than in a well-regulated workhouse -

- 1. Their industry has been restored and improved.*
- 2. Frugal habits have been created or strengthened.*
- 3. The permanent demand for their labour has increased.*
- 4. And the increase has been such, that their wages, so far from being depressed by the increased amount of labour on the market, have in general advanced.¹⁴*

¹⁴ Parliamentary Papers, 1834a, 146.

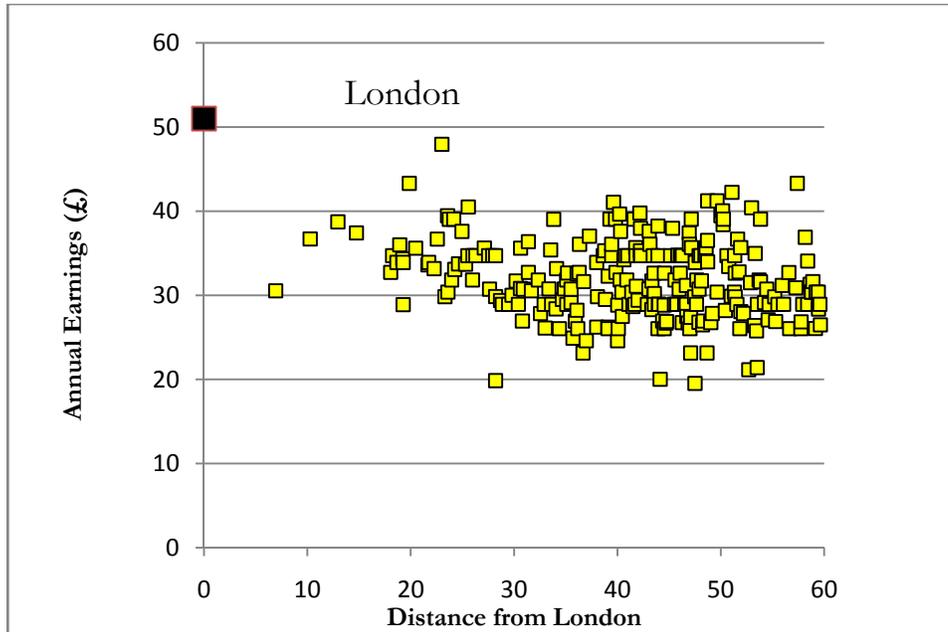
Figure 2: Winter Wages versus the Subsistence Allowance, 1832-3



Note: “n” indicates a parish in the north, “s” a parish elsewhere.

Reduced Labor Mobility - Since workers were guaranteed a subsistence income in their place of birth they had reduced incentives to bear the costs and hazards of moving in response to higher wage opportunities in the cities, or in other parishes. Thus poor relief impeded labor mobility. Figure 3 shows annual agricultural wages in 1832 in parishes within 60 miles of London in the south of England, as well as the annual wage of a building laborer in London (£51). The average wage in these parishes was less than £32. Housing was much more expensive in London, but even taking this into account, the real wage in London substantially exceeded that in nearby rural areas. There were parishes less than 50 miles from London where the annual wage was below £20. The poor relief system was retarding labor mobility to high wage opportunities.

Figure 3: Wages in London and nearby parishes



Source: Parliamentary Papers, 1834b.

Reduced Investment - Thirdly, the Old Poor Law should have reduced landowners' incentive to invest capital in land improvement. Although the poor relief levels were set by the magistrates, they were paid out of parish taxes that were assessed on occupiers of housing and farmland according to the estimated rental value of the property. While land value was partly determined by soil fertility, it was also affected by investments in farmhouses, buildings, roads, fences and drainage systems. The tax rate on property under the Old Poor Law was as high as 40% in some rural parishes. In these parishes the required return on investments in land improvement would be correspondingly greater.¹⁵ Thus the Old Poor Law reduced rural labor demand by discouraging investment.

¹⁵ Another cost that contemporaries focused on, but we do not investigate here, was the alleged effects of the system in increasing the fertility of the poor. Since each additional child increased the poor relief allocation to the family the costs of fertility to poor households were thereby reduced.

Increased Fertility by the Poor - Since each additional child received a proportionate allowance it was feared that precisely for the poorest of the population, those in receipt of relief, the normal economic costs of greater fertility had been taken away. Where for richer groups earlier marriage implied more children and a substantial decline in living standards, for the poor earlier marriage had no costs. Fertility would be increased most precisely in those areas with the least demand for labor. And fertility would increase for those with the least education and prospects.

The 1834 Reform

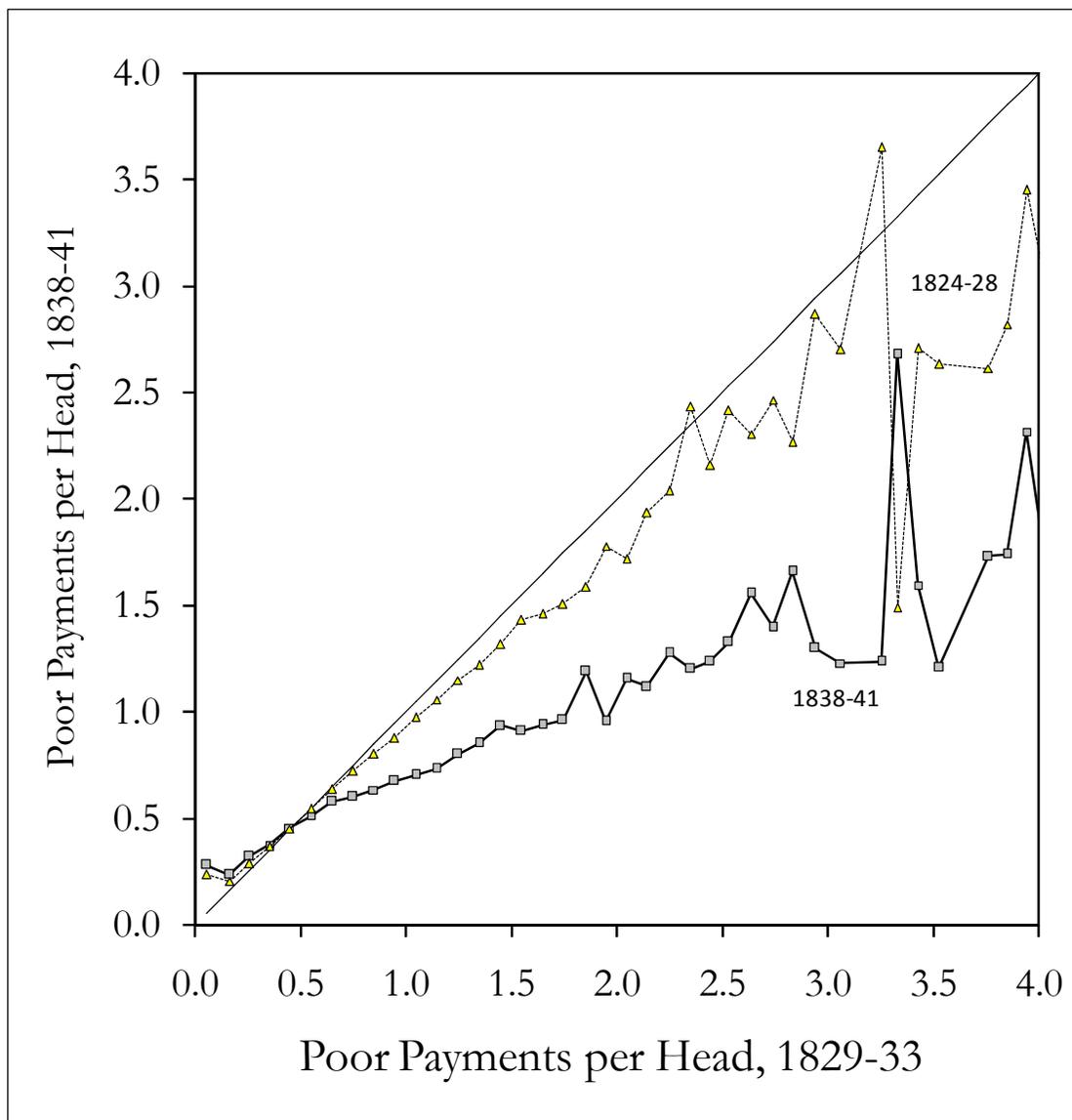
Poor Law Amendment Act of 1834 enacted radical reforms. The legal right to relief, was maintained, but now able-bodied applicants for relief were expected to enter a workhouse to receive it. In the workhouse, the conditions were deliberately planned to be wholesome but monotonous and confining. This was the so-called “Workhouse Test.” There was to be no payment to relief to those living independently or as a subsidy to wages, except on a temporary basis in the case of illness. It was known that indoor relief was more expensive than outdoor, but the hope was that the new regime would discourage all but the truly needy from applying. Workers would instead migrate in search of work, limit fertility (through a later age of marriage), or just make do with what the market offered.

To ensure compliance with the reform objectives at the local level parishes were organized into unions, where the decision about who was entitled to relief, and how much relief to provide, was now to lie with the Board of Guardians of the union. The Board of Guardians was composed on the magistrates resident in the Union, along with an elected representative from each parish. In the election for the guardians, however, large occupiers and large landowners were given more votes. Though the 1834 reform was not immediately implemented in all its rigor – there were not sufficient workhouse places and there was significant local opposition to the measures – it did lead to a sharp reduction in poor relief.¹⁶

In the years before the reform there is a strong correlation between the places with high payments in 1829-33 and those with high payments in 1824-8, with little sign of regression to the mean. The payment pattern across parishes was stable, as figure 4 shows. After the reform the payment pattern is largely unchanged for parishes with payments per head of population of less than

¹⁶ Digby (1975) and Apfel and Dunkley (1985) explore the extent of the application of the new law in particular locations.

Figure 4: The effects of the New Poor Law by the earlier level of payments per head



£0.60. For these parishes average payments per head went from £0.42 to £0.40. 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 £1.07 to £0.68. Thus the reforms were imposing real cuts, and they were imposing them in the areas of the higher relief payments per head.¹⁷

Our interpretation is that 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. The effects found in aggregate also show up if we divide the data into four regions, the North, the Midlands, the South West and the South East. Payments fell most where they had been highest. In rural parishes in the south west average poor payments per head fell from £0.62 to £0.58. In the south east average payments fell from £1.09 to £0.73.

We can explain 58% of the variance in the change in poor payments per head by parish or township between 1829-33 and 1838-41 (ΔPPN) with the simple regression specification

$$\Delta PPN = \beta_0 + \beta_1 PPN_{1829-33} + \beta_2 DHIGH \cdot (PPN_{1829-33} - 0.5) + \varepsilon$$

where $PPN_{1829-33}$ is the poor relief payments per resident in 1829-33, and $DHIGH$ is an indicator variable which is 1 when $PPN_{1829-33} \geq 0.5$. In contrast if we look at the changes under the old poor law regime between 1824-28 and 1829-33, then the same specification explains just 8% of the variance. Thus the regime change alone explains at least half of the changes in poor payments per head between 1829-33 and 1838-41.¹⁸

¹⁷ We include the 1824-28 data to show that the relationship between the payments in 1829-33 and 1838-41 cannot be just the result of larger random components in the higher paying parishes in 1829-33. If so the curve relating 1824-28 payments to 1829-33 would show a similar regression to the mean.

¹⁸ Addition of other variables such as indicator variables for local effects, for urban versus rural parishes, and for the poor law the parish belongs to can raise the R^2 to 0.64. But this implies that these other elements explain only a very small share of the variance.

Social Gains from the Reform?

The Poor Law Commissioners expected that the reform would raise wages, raise land rents, increase labor mobility out of parishes with high poor rates, and reduce fertility in such parishes. These conclusions have been challenged. Mark Blaug argued that payments under the Old Poor Law were too small to change workers' incentives.¹⁹ The Poor Law did involve a transfer from landowners to the poor, but without additional efficiency costs. Blaug would thus expect the reform to leave wages unchanged, raise rents, and have no effect on labor migration.

More recently George Boyer, has argued that the Old Poor Law did not even transfer income from property owners to the poor, but instead reallocated labor costs in rural parishes from farmers to non-labor hirers, such as the collectors of tithe payments. It persisted because rural landlords, whose tenant farmers operated the poor relief system within parishes, were gaining from the payments.²⁰

Boyer pointed to the surprising geographic variation in relief payments under the Old Poor Law, noted above, as support for his argument. Payments per head of population were greater in rural parishes than in urban, and they were greater in the grain growing south east than in the equally poor but pastoral south west. The reason for this, argues Boyer, was that labor-hiring farmers used poor relief to supplement wages. Such farmers operated within a competitive labor market, and needed to pay enough to retain adequate labor in the countryside. By laying-off workers when labor demand was low in winter, and having them supported by the parish, they reduced net labor costs since the occupiers of the houses and the tithe owners paid part of the poor relief.

This device was only profitable if there is a period where the marginal product of farm workers is very low. This explains more extensive poor relief payments in the grain areas where labor demand was much more peaked in the summer. Since poor relief payments were being used largely to substitute for wages they would also have no effect on the stock of population in rural parishes. Boyer did find that the poor law enhanced fertility, however.²¹

¹⁹Blaug 1963, 1964

²⁰Boyer, 1990. Boyer considers the main loser from these transfers to be smallholders who did not hire labor, or house owners. But the tithe collectors, who could get as much as 20% of the rental income in a parish, would also typically not hire labor locally.

²¹ Boyer, 1989.

The reform of the poor laws had little apparent effect on day wages in rural England. Table 2 shows average nominal winter day wages in the various regions of England in each of the 5 year periods, 1830-4, 1835-9, 1840-4 and 1845-9 from a sample of farmers in each of these regions. We saw above that on average the welfare cuts were greatest in the south east. Day wages did not rise in compensation in the south east in comparison with areas that experienced little reduction in poor payments such as the south west and the north. As in the rest of England rural wages in the south east changed little in this era. Thus any efficiency gains from the poor law reform would have to appear in higher land rents, or the movement of labor to higher paying locations and occupations.

To estimate the gains by landowners we assume that the farmland rent per acre in each parish i with poor payments of 0 would be in year t $V_t + \epsilon_{it}$. When a poor rate is charged the actual rent becomes

$$\text{RENT}_{it} = V_t - b \cdot \text{POOR}_{it} + \epsilon_{it} \quad (1)$$

The change in rent between the earlier period and 1842 is thus

$$\Delta \text{RENT}_i = \Delta V - b \cdot \Delta \text{POOR}_i + \Delta \epsilon_i \quad (2)$$

ΔPOOR measures the change in the tax on farm land in each parish between the two periods. b measures the fraction of the reduction in the tax rate which gets translated into higher rental values for land owners.

If poor payments are just a transfer to the needy from landowners, with no effects on investment, wages, or labor efficiency, then changes in wages and capital will be zero, and the estimate of b from the reduced form will be 1. This is the result implied by Blaug's views.

The Poor Law Commission interpretation, however, was that poor relief was reducing investment in land improvement by driving up the cost of capital, and raising the effective cost of labor. In this case when we estimate the reduced form we will find $b > 1$. For in the reduced form it will pick up also gains in rent after reform from the lower real labor cost and the greater investment in land improvement.

Table 2: Day Wage Movements after the Poor Law Reform

Period	North (d./day)	Midlands (d./day)	South East (d./day)	South West (d./day)
1830-4	24.1	23.4	22.6	18.8
1835-39	23.2	22.7	21.4	19.1
1840-4	23.0	23.9	22.2	19.5
1845-9	25.3	23.5	21.8	19.9

Source: Clark, 2001. These are male wages outside the harvest season (October-May).

On Boyer's interpretation, where poor relief payments were mainly a replacement for wages, the reduced form estimate of b will actually be negative. For if we assume that wages in each rural parish are set by the wage level in the nearest urban community, then the total of poor relief plus wage payments in each parish will not change after the reform. Thus for every £1 of relief payments avoided wages have to be supplemented by a £1. But since others were paying some of the taxes landowners end up paying an increased wage bill, and hence land rents fall. The system persisted for so long, argues Boyer, because it was in landowners' interests in rural areas where they controlled poor relief policy.

The reduced form estimation above will give a biased estimate of the total effects of poor relief reforms on land rents if the changes in poor relief payments were partially endogenous. This bias could go in either direction.

Suppose, for example, poor relief payments declined more in 1829-33 to 1838-41 in parishes close to growing urban areas because of a more buoyant demand for labor. The growing urban areas would also increase land rents. In this case the estimated value of b will be biased upwards from the true value.

Alternatively suppose that some parishes had larger than average internal population growth. The enhanced labor supply would drive down wages, and drive up rents. But the decline in wages would be accompanied by more poor relief payments.

We control for this potential endogeneity by using an instrument for the change in poor rate payments per acre 1829-33 to 1838-41. That instrument, based on figure 4, is just the predicted change in poor payments per unit of rent in a parish based on the level of those payments per person in 1829-33. Since the instrument depends only on features of the parish before the cuts in welfare payments it is purged of any endogenous connection between changes in rents and changes in poor rate payments in a parish after 1829-33.

In the tests of the effects of the poor law reform below we will be using as an independent variable poor payments per acre in rural parishes, defined as those with the majority of workers employed in agriculture. Changes in poor payments per acre in rural parishes are even more predictable than changes in poor payments per head. If we translate the equation above into poor payments per acre by multiplying every term by people per acre in 1831 then we can explain 68% of the variance in changes in poor payments per acre between 1829-33 and 1838-41.²²

Table 4 shows the results of estimating equation (5) using both Ordinary Least Squares and Instrumental Variables. We include also two control variables in the regression. Another change that was occurring in English agriculture in this period was the conversion of land from common status to private status. This change was accompanied by an increase in rents. We know the fraction of land that was still common in parishes in 1842. We know also the fraction of the plots that was used for the earlier rent estimate that was common. Thus we can construct a measure of the change in the fraction of private land between our estimates for these two dates. This variable is included as a test, since we know the magnitude of this coefficient should be around 0.3 for this period based on earlier work on the gains from enclosure of common land in this period.²³ We also include measures of population density in 1831 both as controls for differential rent trends in more urbanized parishes and more fertile land, and as being linked to the errors in estimating parish rents from plot rents on the left hand side (see the data appendix).

The main result that emerges is that the decline in poor rate payments did very little towards increasing property values. The results are stronger with the instrumental variable estimates, but even there the implication is that each £1 saved in poor rate payments increased rents by only £0.24-0.37. We can certainly rule out with confidence the idea that poor rate payments imposed any significant

²² Again looking at the change from 1829-30 to 1831-33 the same variables explain only 2% of the variance.

²³ Clark, 1998, 88.

Table 3: Estimate of the Effects of Poor Payments on Land Rental Values

Independent Variables	OLS	OLS	OLS	IV	IV	IV
Δ Poor Rate per Acre	0.15 (.24)	-0.25 (.24)	-0.23 (.27)	1.04** (.29)	0.27 (.29)	0.41 (.32)
Δ Share land private	-	0.35** (.09)	0.39** (.09)	-	0.35** (.09)	0.39** (.09)
Population per acre, 1831	-	1.02** (.17)	0.95** (.18)	-	0.93** (.17)	0.87** (.18)
County Dummies	NO	NO	YES	NO	NO	YES
Number of parishes	2,207	2,207	2,207	2,207	2,207	2,207

Note: ** indicates defers from 0 at the 1% level of statistical significance.

burden on rents above the the actual amount collected. The most plausible interpretation is that the poor payments which were being cut were largely serving as a subsidy to wages, and that farmers had to increase wage payments to compensate for the decline in these payments.

The possibility that our results stem just from mis-measurement of the earlier rental value of land in the parishes can be ruled out by the fact that we do detect very clearly the gains from land switching from common to private control. The magnitude of this effect is exactly in line with that found in Clark (1998).

The estimated parish rent per acre for 1820-33 is also clearly linked to rents per acre in 1842. Thus if we regress the average rental value per acre of holdings in the years 1820-1834 ($rent_{20-34}$) in the sample of rural parishes on the rental value per acre of the parish as a whole in 1842 ($rent_{42}$) the estimate is

$$Rent_{20-34} = 1.011 + 0.560rent_{42} \quad R^2 = 0.13$$

(.047) (.031)

The rent estimated for 2,207 parishes in 1820-34 from individual plots is highly significantly linked to later average parish land rents per acre.

Reform and Labor Mobility

The estimation above does not deal with the second cost of the Old Poor Law alleged by the Poor Law Commission, delaying migration from country to city, and increasing fertility in parishes with high poor rates. Boyer and Blaug, of course, would both argue that the system had no effects on migration. In Boyer's view the payment cuts after 1834 were replaced by farmers offering more winter employment. Boyer (1990) following the method of Williamson (1987) also shows that even if poor relief did raise family incomes in rural parishes above the market clearing level, the net loss to the economy from this misallocation of labor would have been modest.²⁴

If the Poor Law Report is correct, however, there should have been a decline in the relative population of rural parishes which had the largest cuts in poor relief payments between 1831 and 1841. To test for this we estimate the parameters of the expression

$$\left(\frac{N_{41} - N_{31}}{N_{31}} \right)_i = a + b\Delta PPN_i + \sum_j c_j \text{CONTROLS}_{ji} + e_i \quad (3)$$

where N_{31} and N_{41} are the parish populations in 1831 and 1841, and PPN are poor payments per head of population. It is not possible with this data to disentangle the effects of enhanced out migration with those of potential fertility reductions from delayed marriages. Instead we will see a combined effect.

Population rose in the predominantly rural parishes in our sample by an average of 8% between 1831 and 1841, which is much less than for England as a whole so that most of them were experiencing significant out migration.²⁵ The

²⁴ Though the loss as a fraction of poor payments would have been greater.

²⁵ We excluded parishes where less than 50% of males were employed in agriculture in 1831, and where the population in 1831 was less than 50 people.

average poor payment per head in 1829-33 was £0.8, which represented more than 10% of the income of rural laboring families.

If Boyer or Blaug are correct b should be zero. If, however, the Old Poor Law was supplementing the wages of the able bodied above the market wage rate in the countryside, rural parishes where the Poor Law Reform saw large payment reductions will experience population losses. In the *CONTROL* variables we include the growth of population from 1801 to 1831, the population density in 1831, and the fraction of labor in 1831 in agricultural employment.

As with the change in rents, ΔPPN is potentially endogenous. Suppose parishes are subject to shocks in labor demand in a way not controlled for by the *CONTROL* variables. Then a parish which experienced a positive labor demand shock between 1833 and 1841 could see both a decline in relief payments per head and a larger than expected population relative to 1831. We deal with this again by using as an instrument for ΔPPN the predicted change from payments per person in 1829-33.

Table 4, reports OLS and IV estimates of the parameters of equation (3) linking population change to changes in poor payments per head. With the OLS estimation there is a significant negative association between the change in poor relief payments per head and the population change. This is because parishes where poor payments per head fell saw greater population growth. Thus the 15% of parishes which saw poor payments per head fall £0.5 or more had a population growth of 12% on average between 1831 and 1841, while the others had an average population growth of only 8%.

But this association seems to come mainly from unobserved shocks on labor demand that both increased population and reduced poor relief payments. For with the instrumental variable estimation this association disappears. Poor payment cuts had no statistically significant association with population growth.

Indeed the best estimate from table 4 is that a reduction of poor payments in a parish equivalent to about 5% of annual wage income for all workers, which would be twice the average decline, would lead to a decline in population between 1831 and 1841 of 0.7%. Thus whether the population movements induced by the poor law reform were statistically significant or not, they would have an imperceptible impact to the average person in England in 1834.

Table 4: Estimate of the Effects of Poor Payments on Population Changes, 1831-41

Independent Variables	OLS	OLS	OLS	IV	IV	IV
ΔPoor Expense /Person	-0.14** (.008)	-0.14** (.008)	-0.17** (.009)	-0.003 (.011)	0.003 (.011)	0.018 (.013)
$(N_{1831}-N_{1801})/N_{1801}$	-	-0.04** (.008)	-0.05** (.008)	-	-0.05** (.008)	-0.07** (.023)
Population per acre, 1831	-	-0.14** (.024)	-0.12** (.028)	-	-0.09** (.017)	-0.09** (.029)
Fraction Agricultural 1831	-		0.07** (.021)	-		0.06** (.021)
County Dummies	NO	NO	YES	NO	NO	YES
Number of parishes	6,948	6,948	6,948	6,948	6,948	6,948

Note: ** indicates defers from 0 at the 1% level of statistical significance. * indicates defers from 0 at the 5% level of statistical significance.

The failure of population to adjust is consistent with the possibility advanced above that farmers had to compensate workers for the decline in poor relief payments, and that the labor market was actually in equilibrium before the reform of the poor law. The population movements after the reform of the Old Poor Law are inconsistent with the law having large efficiency effects through misallocation of labor. This result is consistent with Boyer's theory of the law, and also with the idea that poor relief was a transfer mainly to the truly indigent.

Conclusion

Despite the polemics of the political economists and pamphlet writers the Old Poor Law seemingly imposed little cost on landlords in 1834, and little barrier to labor mobility. The draconian reforms of the New Poor Law, dramatized by Charles Dickens in *Oliver Twist* in 1838, had no perceptible social benefits. Indeed they may even have gained nothing for the land and property owners who funded poor relief.

Why did the system turn out to have so little apparent social cost? A key element here was that it was the people operating the system at the local level who bore the costs. As owners of land, or more frequently as tenants, any money they saved from reduced poor payments went directly to their pocket (though for tenants those savings would in a few years get transferred to the landlord in the form of higher rents when the next lease renewal came). Within the constraints of the law, then, they had the incentive to operate the system as efficiently as possible.

Take the example of allowances paid in aid of wages. Since the minimum subsistence income set for a man with three or more children frequently exceeded the going wage, the argument was that such payments must have severely undermined labor incentives and so driven up real labor costs even beyond the amounts paid in poor rate taxes. However, the detailed records of parishes likely Ardley in Essex suggests that, well aware of the incentive issues, parishes would fix a standard allowance to be paid, independent of the actual earnings of the family. If the husband could earn more then he got to keep all of it. The very pervasiveness of such payments reflected in part an attempt to avoid the incentive problems that would arise if industrious workers lost out as a result of their industry.

Similarly the lack of any increased emigration out of parishes with high poor rate payments after the cuts reflects the fact that local parishes before the reform were entitled to use the poor rate to pay the costs of emigration for families. If they had surplus workers who could productivity be employed elsewhere they had a financial incentive to pay the costs of their relocation.

One of the provisions of the New Poor Law was an explicit authorization for parishes to subsidize the foreign immigration of their poor. In 1836-1852 English parishes, for example, paid for the emigration of paupers to Australia. Yet the numbers involved were very modest in proportion to the total rural population. And in 1852 Australia refused to accept such pauper immigrants. There was no large pool of productive pauper labor awaiting reallocation.

Table 5: Urban and Rural Relief Payments by Region, 1829-33

Region	Most Urban Number of Parishes	Most Urban Payments per head	Most Rural Number of Parishes	Most Rural Payments per head
South East	122	£0.78	810	£1.18
Midlands	142	£0.68	683	£0.90
North	340	£0.25	330	£0.77
South West	163	£0.35	421	£0.65

Sources: Parliamentary Papers, 1833, 1835.

The empirical results on day wages, land rents, and migration are consistent with Boyer's interpretation of the Political Economy of the Old Poor Law. Boyer's primary empirical support for his theory is data from the Poor Law Commission on a cross section of parishes in 1832-3. He shows that parishes with higher poor law payments were those with more seasonal labor demands, and also those with a larger proportion of ratepayers who were farmers.²⁶

However, as is shown below in table 5 even entirely urban parishes in the south east paid more per person in poor payments in 1829-33 than urban parishes in the south west and north. Poor payments per head in the most urban parishes, those with fewer than one male in 10 employed in agriculture in 1831 followed the same regional pattern as those in the most rural parishes, those with more than 8 in 10 males employed in agriculture. This evidence starkly conflicts with Boyer's particular Political Economy story. It is more consistent with King's argument that there were regional welfare cultures.²⁷

Thus while it seems likely that farmers reduced wages in response to poor rate payments, it seems that this was driven more by the socially driven generosity of these payments in some parts of the country, than any rational calculation about shifting wage costs to other ratepayers.

²⁶ Boyer, 1990.

²⁷ King, 2000.

Data Appendix

Because of the intense public debate about reforming the poor law, the English collected a great deal of information about poor payments, population and occupations by parish in the years 1825-1842.

For the tests outlined above we will measure farmland rents in 1842 from the tax valuations for this year (Parliamentary Papers, 1845). The rental value for properties let within 7 years of the assessment (i.e. 1835-42) was the contracted value. For properties on longer leases it was the assessed market value. Thus the land rents measured in 1842 all stem from the post reform period. We added any tithe payments (also recorded in this source) to the rents, so that the 1842 measure is for all rental claims on the land. Only parishes with more than two-thirds of the property value coming from land in 1842 were included so that we are dealing mainly with rural parishes.

To get rent per acre we divide by the recorded area of the parish. Since not all of this is farmland it introduces an error in this measurement, which fortunately is on the left hand side of our estimation above. Even for rural parishes there were some where a large part of the land was not used for agriculture, being too hilly. For rural parishes the extent that the area is farmland will thus correlate with the population density. So we include that as a control when estimating equation (2) above.

There is no parish level data available on land rents before the reform. To get rental values in the years before the reform we use data collected by Clark on newly formed rents (and tithes) on individual plots within parishes in the years 1820-1834.²⁸ From these we estimate parish rental values per acre before the reform by adjusting for plot sizes. Rents per acre tended to be much higher on smaller plots. In 1820-34 overall farm rents stayed constant (Clark, 2002) but in estimating pre-reform parish rents we included year dummies to control for such year effects. From 5,739 plot rentals we estimate 2,207 rural average parish land rentals.

The estimated parish rent per acre for 1820-33 is clearly linked to rents per acre in 1842. Thus

$$Rent_{20-34} = 1.011 + 0.560rent_{42}$$

(.047) (.031)

²⁸ Clark, 2002.

But the fact that the intercept is distinct from 0, and the the coefficient on the later rent less than 1 shows that there are significant errors in the later measures of rent per acre at the parish level.

Data is available on poor rate collections in each of the years 1824-1833, and 1838-41. We average these into poor rate collections in 1824-8, 1829-33, and 1838-41, and so calculate poor rate payments per head, and poor rate payments per acre based on the 1831 and 1841 population totals.

The 1831 census supplies information for each parish on the population, the number of resident farmers hiring labor, the number of resident farmers not hiring labor, and the numbers of agricultural laborers (Parliamentary Papers, 1833). We can thus identify rural parishes where most employment in 1831 was in agriculture. We kept in the sample only parishes where agriculture was the listed occupation for at least 50% of adult males.

BIBLIOGRAPHY

Official Sources

- Parliamentary Papers. 1803-4. *Returns Relative to the Expense and Maintenance of the Poor in England*. Vol. XIII.
- Parliamentary Papers. 1818. *Returns Relative to the Expense and Maintenance of the Poor in England*. Vol. XIX.
- Parliamentary Papers. 1830-1. *Money Expended for the Relief of the Poor, 1825-9*. Vol. XI, 217.
- Parliamentary Papers. 1833. *1831 Census: Abstracts of the Answers and Returns*. Vols. XXXVI-XXXVIII.
- Parliamentary Papers. 1834a. *Report of the Poor Law Commission*. Vol. XXVII
- Parliamentary Papers. 1834b. *Report of the Poor Law Commission. Appendix B. 1. Part II*. Vol. XXXI.
- Parliamentary Papers. 1835. *Money Expended for the Maintenance of the Poor, 1830-4*. Vol. XLVII, 185-400.
- Parliamentary Papers. 1844. *Poor Rates*. Vol. XL.
- Parliamentary Papers. 1845. *Annual Value of Real Property of Each Parish of Each County of England and Wales assessed to the Property and Income Tax, 1842-3*. Vol. XXXVIII.
- Parliamentary Papers. 1852-3. *Number of Inhabitants, 1801-51. Volumes 1-2*. Vols. LXXXV-LXXXVI.

Other Sources

- Apfel, William and Peter Dunkley. 1985. "English Rural Society and the New Poor Law: Bedfordshire, 1834-1847." *Social History*, 10 (1): 37-68.
- Bentham, Jeremy. 2001. *The Collected Works of Jeremy Bentham. Writings on the Poor Laws. Volume 1*. Edited by Michael Quinn. Oxford: Clarendon Press.

- Blaug, Mark. 1963. "The Myth of the Old Poor Law and the Making of the New" *Journal of Economic History*, 23: 151-184.
- Blaug, Mark. 1964. "The Poor Law Report Reexamined" *Journal of Economic History*, 24: 229-245.
- Boyer, George R. 1989. "Malthus Was Right after All: Poor Relief and Birth Rates in Southeastern England." *Journal of Political Economy*, 97(1): 92-114.
- Boyer, George R. 1990. *An Economic History of the English Poor Law, 1750-1850*. Cambridge: Cambridge University Press.
- Clark, Gregory. 1998. "Commons Sense: Common Property Rights, Efficiency, and Institutional Change," *Journal of Economic History*, 58(1) (March, 1998), 73-102.
- Clark, Gregory. 2001. "Farm Wages and Living Standards in the Industrial Revolution: England, 1670-1870." *Economic History Review*, 54 (3), (August): 477-505.
- Clark, Gregory. 2002. "Farmland Rental Values and Agrarian History: England and Wales, 1500-1912" *European Review of Economic History*, 6(3) (December): 281-309.
- Digby, Ann. 1975. "The Labour Market and the Continuity of Social Policy after 1834: The Case of the Eastern Counties." *Economic History Review*, 28 (1): 69-83.
- Eastwood, David. *Governing Rural England: Tradition and Transformation in Local Government, 1780-1840*. Oxford: Clarendon Press, 1994.
- Evans, Eric. 1976. *The Contentious Tithe: the Tithe Problem and English Agriculture, 1750-1850*. London: Routledge and Kegan Paul.
- Kain, Roger J. P. and Hugh C. Prince. 1985. *The Tithe Surveys of England and Wales*. Cambridge: Cambridge University Press.
- King, Steven. 2000. *Poverty and Welfare in England, 1700-1850: A Regional Perspective*. Manchester: Manchester University Press.

- Lees, Lynn Hollen. 1998. *The Solidarities of Strangers: The English Poor Laws and the People, 1770-1948*. Cambridge: Cambridge University Press.
- Lindbeck, Assar. 1997. *The Swedish Experiment*. Stockholm: SNS Förlag.
- McCloskey, Donald. 1973. "New Perspectives on the Old Poor Law." *Explorations in Economic History* 10: 419-436.
- Malthus, Thomas Robert. 1770. *A Letter to Samuel Whitbread...on his Proposed Bill for the Amendment of the Poor Laws*. 2nd. Ed. London: Johnson, 1807. Reprinted in *The Pamphlets of Thomas Robert Malthus*. New York: Kelley, 1970.
- Moffit, Robert. 1992. "Incentive Effects of the U.S. Welfare System: A Review," *Journal of Economic Literature*, 30 (March, 1992), 1-61.
- Ricardo, David. 1919. *The Principles of Political Economy and Taxation*. London: G. Bell.
- Smith, Adam. 1776. *The Wealth of Nations*.
- Song, Byung Khun. 1998. "Landed Interest, Local Government, and the Labour Market in England, 1750-1850." *Economic History Review*, 51(3): 465-488
- Tate, W. E. 1978. *A Domesday of English Enclosure Acts and Awards*. Ed. Michael Turner. Reading: The Library, University of Reading.
- Williamson, Jeffrey. 1987. "Did English Factor Markets Fail During the Industrial Revolution?" *Oxford Economic Papers*, 39: 641-678