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In the Shadow of Speenhamland

Social Policy and the Old Poor Law

Karl Polanyi devoted two chapters (6 and 7) of *The Great Transformation* (hereafter GT) to an analysis of the Speenhamland Act—a reference to late eighteenth century English history that is often puzzling for readers. Yet the Speenhamland story has had a very real impact on social policy debates in England and the United States for two full centuries. Moreover, over the last half century, even Polanyi's interpretation of Speenhamland has had a surprising impact on policy debates. One striking incidence of this influence occurred during the Nixon Administration, when Daniel Patrick Moynihan developed his Family Assistance Plan. As Moynihan recalled:

> In mid-April Martin Anderson, of [Arthur] Burns's staff, prepared "A Short History of a 'Family Security System'"in the form of excerpts on the history of the Speenhamland system, the late eighteenth-century British scheme of poor relief taken from Karl Polanyi's *The Great Transformation* (Moynihan 1973, 179).

The gist of Anderson's memo was that in that earlier historical case, the intended floor under the income of poor families actually operated as a ceiling on earned income, with the consequence that the poor were further impoverished [] and even discouraged from seeking further work. Anderson worried that Moynihan's income floor might inadvertently produce the same unintended consequence. Anderson's memo was sufficiently powerful that Nixon asked Moynihan to investigate the accuracy of Polanyi's historical analysis. Moynihan's staffers were sent scurrying off to investigate the views of contemporary historians on this question. The Family Assistance Plan was ultimately defeated in the U.S. Senate but only after Richard Nixon had a conversation about the work of Karl Polanyi (Moynihan 1973, 179–180.)

Canada had a similar episode more recently. In December 2000, newly reelected Prime Minister Jean Chretien floated as a trial balloon the idea of a comprehensive anti-poverty program based on a guaranteed annual income for all Canadians. A flurry of press reports followed, including an article in the *National Post* that explicitly referred to the Speenhamland enactment of a guaranteed income scheme in 1795. The article insisted that in this earlier episode, employers had paid below-subsistence wages, and some workers chose the collection of benefits over work: “The first enactment of a guaranteed annual income may have been in 1795 in England, where the Speenhamland system extended subsidies for the infirm to include able-bodied workers…. The system revealed the challenge inherent in designing such a policy; the supplement served as a subsidy that allowed employers to hire workers at below-subsistence wages, and allowed landlords to raise rents. Meanwhile, some workers found themselves better off collecting benefits than working” (Chwialkowska 2000). In both of these cases, the Speenhamland story in which an income floor was inadvertently transformed into an income ceiling served as a chilling cautionary tale against governmental initiatives to establish a guaranteed annual income.

The same argument has been repeated by progressive thinkers in recent debates over the desirability of establishing a universal basic income for all citizens (Van Parijs 1992; Cohen and Rogers, eds. 2001). Analysts who favor using state action to improve the situation of the poor question whether a well-intentioned minimum income would follow the Speenhamland precedent and become a maximum income (Bluestone and Ghilarducci 1996; Howell 1997; Clement 1997). They fear that employers would use the increased income received by the poor as an excuse to lower the wages that they pay these employees. The appearance of this argument would be reason enough to revisit the actual history of Speenhamland. But there is a second and more powerful justification for focusing on this historical episode.

Conservative critics of welfare in the United States in the period from 1978 to 1996 formulated their criticisms of the main federal welfare program—Aid to Families with Dependent Children (AFDC)—in precisely the same terms that English critics of Speenhamland had used in the first decades of the nineteenth century. The parallels in these arguments have been recognized by Albert Hirschman (1991) in his analysis of perversity as one of the three "rhetorics of reaction." The core of the perversity thesis is that well-intentioned policies that provide assistance to the poor by means of state intervention will inevitably harm the recipients by substituting perverse incentives in place of the market mechanisms that teach the poor to work hard and exercise sexual restraint (Persky 1997; Reekie 1998; see also Chapter 6, below).

A number of these conservative critics of AFDC were completely self-conscious about the parallels between Speenhamland and AFDC. The same Martin Anderson who wrote the memo in the Nixon White House published *Welfare* (1978), which was one of the first conservative scholarly attacks on AFDC. Anderson quoted Polanyi's account of Speenhamland at length to argue against both income guarantees and programs like AFDC. In 1984, the neoconservative historian Gertrude Himmelfarb published her influential study *The Idea of Poverty,* in which she carefully recounted the criticisms of the Speenhamland system advanced by Malthus, Burke, de Tocqueville, and others. Later on, she published a series of articles and books (Himmelfarb 1994, 1995) that explicitly drew the parallels between the dire consequences of the English welfare system in the Speenhamland period and the negative consequences of AFDC. Marvin Olasky, a policy intellectual who George W. Bush credited as the theorist of "compassionate conservatism," published an influential book called *The Tragedy of American Compassion* (1992), whose title encapsulated his restatement of early nineteenth century critiques of Poor Law assistance. As we show in Chapter 6, these self-conscious efforts to mobilize the perversity rhetoric against AFDC had an appreciable effect on both elite and public opinion and contributed to the passage in 1996 of the *Personal Responsibility and Work Opportunities Reconciliation Act* (PRWORA) that ended the long-standing entitlement of poor families to assistance—so much so that it is fair to say that our recent welfare legislation was passed in the shadow of Speenhamland (Weaver 2000).

It is common for social scientists to complain that public policy is made with insufficient attention to history and social theory. In this chapter, however, our argument is that for both discussions of guaranteed incomes and welfare policy, a particular and tendentious reading of social history has been given far too much weight by policy makers and policy intellectuals. This is particularly true in the case of the Speenhamland story because, over the past forty years, economic and social historians have produced a large and impressive literature that has reanalyzed the English Poor Law in general and the Speenhamland period in particular (Blaug 1963, 1964; Baugh 1975; Marshall 1985; Snell 1985; Huzel 1989; Boyer 1990; Sokoll 1993; Lees 1998; King 2000). Yet most of this literature is unknown to social scientists, and its findings about the Poor Law have had little impact on social policy debates.

In this chapter, we propose to rethink and retell the story of Speenhamland. This means, fundamentally, showing how the findings of recent studies in social and economic history undermine the Speenhamland narratives that have been deployed in social policy debates. But this involves more than simply reporting other scholars' results; we are offering our own analyses of some of the important remaining puzzles in this literature. Our findings and analysis should also have bearing on the history of social theory. While we are critical of Karl Polanyi's history of the Speenhamland episode, we are in fundamental agreement with his insistence that classical political economy was deeply shaped by the effort to explain the persistence of poverty in the Speenhamland epoch (GT, ch.10; Procacci 1991). Specifically, Malthus and Ricardo relied on arguments about biological drives to explain human behavior, and the resulting "social naturalism" became an important assumption behind mainstream economics. We hope to build on that insight by unraveling the naturalizing logic that critics of public assistance continue to invoke. Moreover, we will offer our own alternative narrative that both makes sense of recent historical findings and helps to explain the centrality of the Speenhamland story to classical political economy.

<A>The Speenhamland Stories

Speenhamland refers to a town in Berkshire County, England, where the county squires decreed in May 1795 that the poor should be entitled to a specific quantity of assistance depending upon the price of bread and the size of the family. This form of provision is often called aid-in-wages because when the gap between wages and the price of bread widened, the parish used poor relief funds to supplement the wages of workers and their families (GT, ch.7; Webb and Webb 1927, 168–189). As the program spread (although it is a subject of debate as to how widely it was practiced) among England's parishes, it generated controversy. It was perceived by critics that all precedent had been violated by providing relief not just to the infirm, the aged, or the dependent, but also to the "able-bodied." These criticisms were further fueled by the dramatic increase in local poor rates (taxes) and by the findings of a series of Parliamentary reports that played a considerable role in shaping public opinion.[1] The most important of these was the Royal Commission Report of 1834 that issued a devastating indictment of Speenhamland and created irresistible pressure for the New Poor Law passed later in the same year. Based on what we now know to be a nonsystematic and ideologically driven method of collecting answers to a survey questionnaire, the published report confirmed what the commission had set out to document in the first place (Blaug 1963, 1964; Finer 1972; Cowherd 1977; Henriques 1979, ch.2; Marshall 1985). The main evidence mobilized in the report was hundreds of stories from local parish officials—mostly clergy—confirming the immorality and degradation of the rural poor. The report concluded that Speenhamland and the Old Poor Law more generally were wrongheaded intrusions of state power into self-regulating labor markets. Poor relief created new and perverse incentives that led to increasing pauperization. Exponential increases in childbirth and illegitimacy, declining wages and productivity, assaults on public morality and personal responsibility, and the development of a culture of indolence were only some of the effects attributed to Speenhamland.

The Royal Commission Report was widely distributed, and it influenced a broad range of scholars up through the middle of the next century. In fact, until quite recently, the report was treated as one of the important moments in the rise of the social sciences—one of the first times that a government body relied on systematic collection and analysis of data to analyze an important social problem. But a number of recent scholars have persuasively shown that the Commissioners did very little data analysis and simply used an elaborate structure of appendixes to give more weight to their "findings" (Brundage 1978 [; Boyer 1990). Moreover, there was little in the commission's analysis that was original; their narrative drew heavily on arguments that had been elaborated by Joseph Townsend and T. R. Malthus in the last part of the eighteenth century.

Joseph Townsend's *Dissertation on the Poor Law* (1971 [1786]) used the "fable of the dogs and goats" on an island in the Pacific to make its case against poor relief. Townsend argued that just as the populations of goats and dogs reached equilibrium as they each adjusted to the changing food supply, so would the population of the human poor naturally reach equilibrium were it not for the artificial intervention of poor relief. "Hunger will tame the fiercest animals, it will teach decency and civility, obedience and subjection, to the most perverse. In general it is only hunger which can spur and goad them [the poor] on to labour; yet our laws have said they shall never hunger" (GT, 118). We have already quoted Polanyi's devastatingly incisive if pithy analysis: "Hobbes had argued the need for a despot because men were *like* beasts; Townsend insisted that they were *actually* beasts and that, precisely for that reason, only a minimum of government was required" (GT, 119).

When the first edition of Malthus's *Essay on the Principle of Population* was published in 1798, there was no mention of Townsend's pamphlet even though Malthus's argument followed along identical lines. (Malthus did, however, cite Townsend in subsequent editions, after being stung by accusations of plagiarism.) Malthus's argument began from two postulates: "First, That food is necessary to the existence of man. Secondly, that the passion between the sexes is necessary and will remain nearly in its present state" (Malthus 1985 [1798], 70).

The identification of these two biological drives—hunger and sex—was the basis for Malthus's central claim that growth of human population will inevitably outstrip the available food supply. Following Townsend, Malthus argued that poor relief interferes with the self-regulating mechanisms that serve as the incentives necessary to drive the poor toward self-disciplined behavior and reproductive prudence. These mechanisms exist in the economy only in its untouched and natural state—the condition of scarcity. So, for example, when poor relief promises child allowances for those parents too poor to make ends meet, young people need no longer delay marriage until they have adequate resources to support a family. Since Malthus strenuously opposed birth control, his goal was for the poor to postpone marriage. Precisely because every additional child promises to produce additional income for the family, the existence of poor relief encourages calculated childbearing as a more expedient means of survival than disciplined productive labor. The consequence is a rise of the birth rate that places an unwanted burden on the rest of society that has to pay the bills.

Malthus also stressed a second line of criticism—that poor relief undermined frugality, personal responsibility, and, above all, work discipline. Once again, the working premise is that the labor market depends on a delicate self-regulating system in which a perfect equilibrium of supply and demand occurs only when it functions in its natural state of scarcity. Remove the scarcity and gone is the spur to labor that only the fear of hunger can provide; no longer will workers be interested in pleasing their employers or in saving for the future. Measures designed to diminish poverty so end up making it worse: “Hope and fear are the springs of industry…. It is the part of a good politician to strengthen these: but our laws weaken the one and destroy the other.” (Townsend 1971 [1786], 17).

For Malthus and those who followed his logic—including the Royal Commissioners—the specific rules for allocating poor relief were not very important; as long as some of the able-bodied poor were eligible for assistance, the negative dynamics were set in motion because people were being protected from the consequences of their own decisions. Hence, supporters of this story tended to assimilate all forms of outdoor relief to the able bodied under the single heading of the allowance system, and as long as per capita poor law outlays were high, they were able to make their case that poor relief was making poverty worse.

<A>The Other Story

Leftist critics of unfettered market allocation have had their own version of the Speenhamland story, although their narrative has had a more limited impact on social policy. Marx and Engels drew from the Royal Commission Report, just as they mined other Parliamentary documents to piece together the story of early industrialization in England. However, their specific references to Speenhamland are brief. Engels wrote in *The Condition of the English Working Class:* “As long as the old Poor Law survived it was possible to supplement the low wages of the farm laborers from the rates. This, however, inevitably led to further wage reductions since the farmers naturally wanted as much as possible of the cost of maintaining their workers to be borne by the Poor Law. The burden of the poor rates would, in any case, have increased with the rise in population. The policy of supplementing agricultural wages, of course, greatly aggravated the position” (1958 [1845], 278). In *Capital,* Marx wrote, “At the end of the eighteenth century and during the first decade of the nineteenth, the English farmers and landlords enforced the absolute minimum of wages by paying the agricultural laborers less than the minimum as actual wages and making up the balance in the form of parish relief" (1930 [1890], 662).

Marx and Engels agreed with the conclusions of the Royal Commission Report, but they rejected its explanatory logic. They agreed that the Poor Law had contributed to the immiseration of the rural poor, but the crucial mechanism was that farmers had pushed wage levels down by shifting costs on to the parish. Since a strapped employer might realistically only be able to pay eight shillings per week to an employee, the parish would add four additional shillings to ensure that the workers' families would have enough bread. But now the employer, having caught on to the dynamic, had a clear incentive to lower his own expenses by paying just seven shillings the next week so that the parish would increase its supplement to five shillings.

It is not difficult to explain why Marx and Engels took this position on the core dynamic of Speenhamland; widespread degradation of the rural poor fit the logic of their broad theory of capitalist development. Both enclosures and the Poor Law were part of the process by which wealth was extracted from the rural poor in order to help finance industrial investment. Moreover, Marx and Engels saw the system of poor relief as nothing more than a feudal remnant. However, Marx and Engels were able to take this position because they were writing a decade or longer after the militant working-class protests that had been engendered by the 1834 New Poor Law. Had they recognized the centrality of the mobilization against the New Poor Law to the development of the working-class movement in England, they might have seen things differently (Edsall, 1970; Rose 1970, 78–94; Knott 1986; Driver 1993, ch.7).

They should have considered why industrial workers in the industrial North of England cared so deeply about a mere "feudal remnant." Their failure to address this issue had unfortunate consequences. Given their political and intellectual authority, the view that the Poor Law between 1795 and 1834 played a critical role in immiserating the rural working class gained credibility that lasted for more than a century. Subsequent historians writing from a perspective critical of capitalism followed their lead. W. Hasbach, a scholar of the German Historical School, published his important study in German in 1894 and in English translation in 1908 (1920 [1908]). He was followed by J. L. and Barbara Hammond (1970 [1911]), [Sidney and Beatrice Webb (1927), Polanyi (2001 [1944]), and E. J. Hobsbawm and George Rude (1968), all of whom concurred in seeing the Poor Law as a factor in rural impoverishment.[2]

But it is not as though the Royal Commission's narrative completely escaped criticism. It was denounced by the rural and urban poor who mobilized extensively against the 1834 New Poor Law, and "Tory radical" opinion allied with the poor in resisting both the dismal implications of Malthus's doctrine and the harshness of the 1834 bill (Hill 1929; Driver 1956; Ward 1962). Even J. R. McCulloch (1938 [1845], 290an important classical economist, called into question the objectivity of the investigation. Criticism continued in the twentieth century in R. H. Tawney's reference to "that brilliant, influential, and wildly unhistorical report" (cited in Webb and Webb 1927, 84).

Ironically, the most elaborate criticism was offered by the Webbs in Part II of their *Poor Law History*. The Webbs note that the Royal Commission "was not an inquiry into the prevalence and cause of destitution: for the 'poverty of the poor' was at that time deemed to be both explained and justified by the current assumptions underlying the Malthusian 'Law of Population' and the economists' 'Theory of the Wage Fund'" (Webb and Webb 1927, 83). In other words, the Commissioners neglected all structural sources of poverty because they had already embraced theories that explained poverty by Malthusian and Ricardian causes—and prejudices: "The active members of the Commission … started with an overwhelming intellectual prepossession, and they made only the very smallest effort to free their investigations and reports from bias—a defect in their work which is not to be excused merely because we are to-day inclined to believe, as they were themselves complacently assured, that their prepossessions against the Rate in Aid of Wages was substantially right" (Webb and Webb 1927, 86–88).

Thus, despite their apparent criticism of the Commissioners' hidden biases, their censure was overshadowed by their endorsement of the report's foundational assumption—that the allowance system set up perverse disincentives to work that were profoundly destructive to society and workers alike. In their admiration of the pseudo-scientism of the report's presentation, moreover, the Webbs helped to perpetuate the image of the investigation as a genuine and exemplary work of social science when they wrote of the commission's investigation: "Their voluminous reports, together with the equally voluminous other statements, were printed in full, comprising altogether no fewer than twenty-six folio volumes, containing in the aggregate over thirteen thousand printed pages, all published during 1834–1835, being by far the most extensive sociological survey that had at that date ever been undertaken" (Webb and Webb 1927, 54). All told, the Webb's ambiguous verdict helped the authority of the Royal Commission Report to survive until the revisionist assault began with Mark Blaug's articles in the 1960s (1963, 1964).

<A>Polanyi's Contribution

When Karl Polanyi began to explore the Speenhamland episode in the 1930s, virtually all of the historical sources available to him affirmed that the Speenhamland episode had degraded the rural poor. Nevertheless, Polanyi was determined to challenge the economic liberals—especially the Austrians von Mises and Hayek—who had demonized Speenhamland as prefiguring the state interventionism of the late nineteenth and early twentieth centuries that they so condemned. They claimed that all efforts to use government to improve the life chances of the poor would end up undermining the economy's vitality and would ultimately hurt the people that the policies had been intended to help. As a supporter of the achievements of municipal socialism in Vienna, Polanyi (GT, 298–299) was determined to demonstrate the flaws in the historical parallel that these free market theorists had developed between Speenhamland and Vienna's extraordinary socialist experiment (see also Polanyi-Levitt and Mendell 1987; Congdon 1990, 78–84).

Polanyi's strategy was to bring a greater degree of institutional specificity to the historical comparison. Instead of just discussing markets and state action in the abstract, he sought to unpack the Speenhamland episode by looking more closely at the actual workings of institutions. His central argument was that the Speenhamland incident could not be generalized to later cases of state action because it occurred before the working class was capable of mobilizing to defend its own interests. This was exemplified by the existence of the Anti-Combination Laws that prohibited all trade union activity. Polanyi (GT, 85) is explicit that had it not been for these laws, Speenhamland's aid-in-wages might well have "had the effect of raising wages instead of depressing them as it actually did." But even more fundamental than the legal obstacles to trade union activity was the fact that the complicated payment system that Speenhamland initiated prevented rural workers from understanding their actual social position: Speenhamland "prevented laborers from developing into an economic class and thus deprived them of the only means of staving off the fate to which they were doomed in the economic mill" (GT, 103). For Polanyi, then, the difference between Speenhamland and Vienna was that in the former case the workers had not been able to organize themselves as a class, so there was no mechanism to block state action from producing perverse consequences.

However, while Polanyi's analysis was clearly an advance over earlier versions of the Speenhamland story, he also was seriously misled by the historical sources. Ironically, Polanyi was warned of the problems in his argument by G. D. H. Cole, the great English labor historian and social theorist. Polanyi had sent Cole the first half of the manuscript of GT in 1943, and Cole wrote back with extensive criticisms: "I think that all through this chapter [7] you treat Speenhamland as much more universal than it was, and also make much too light of county differences in wage policy" (Cole 1943). However, the criticisms arrived too late, since Polanyi had already sent the manuscript to its U.S. publisher.[3]

<A>Divergent Narrative

<Insert Table 5.1 here>

As Table 5.1 shows, these various efforts to make sense of Speenhamland shared similar conclusions about its ultimate impact on the rural poor. Critics of capitalism saw a very different dynamic at work than that identified by free market advocates, and Polanyi, in particular, added another layer of institutional causality. The body of historical scholarship that has developed over the past forty years, however, should make it difficult for any of these narratives to continue to be used to justify social and political policy.

<B>Complexities and Causal Gaps

Speenhamland begins to look very different when viewed in the context of England's long and unique Poor Law history (Solar 1995; Lindert 1998). Although initial practices date to the late thirteenth century, the famous 1597 and 1601 Elizabethan Tudor statutes were the most important pieces of English Poor Law legislation. The law established an obligation at the local level to assist those who were impoverished as a consequence of illness, infirmity, family breakdown, or temporary unemployment. There was much variation in actual Poor Law practices as parishes experimented with a variety of different policies designed to protect the poor while maintaining work incentives (Marshall 1926; Webb and Webb 1927). There was also considerable variation over time within parishes; efforts to find the right policy mix at the local level sometimes produced alternating periods of generosity and stinginess (Thomson 1991).

Some degree of controversy over the Poor Laws existed from their inception, but it was in the last years of the eighteenth century that debate intensified with calls for the complete abolition of all "outdoor"—outside the workhouse—relief. Much of the blame for this shift in attitudes is generally placed on the rapidly rising cost of maintaining parish relief in this period. Per capita poor relief outlays are estimated to have more than doubled between 1749 and 1801 (Lindert 1998). Considerable uncertainty about these rising expenditures remains to this day because of the sheer empirical difficulty of understanding a highly decentralized system of social welfare in which critical decisions were made by local parish officials. While we have data on the total Poor Law outlays of fifteen thousand parishes in England for selected years from 1802 to 1834, we do not know precisely how the expenditures were divided among assistance to the vulnerable populations—the elderly, the sick, orphans, and unwed mothers; support for local poorhouses; and various forms of outdoor relief, including assistance to the able-bodied poor. In some parishes, detailed registries of all outlays have survived, but it is often difficult for historians to reconstruct the particular rules under which a specific individual was given six shillings each week. Even after two centuries, historians have closely analyzed the surviving records of a relatively small number of parishes (Huzel 1989; Sokoll 1993). There were some periodic parliamentary surveys that sought to determine the specifics of local relief policies, but generally responses were received from only a small fraction of all parishes, and it is difficult to know if the responses are representative (Williams 1981).[

It is clear, however, that the sharp rise in Poor Law expenditures was largely a regional phenomenon—concentrated in southeastern England, both the wheat-growing areas and the pastoral areas where both rural and cottage industries were in decline.[4] In the older cities, it is believed that poor relief for the able bodied was rare, except for periods of acute unemployment or abrupt increases in the price of bread.[5] In the North, the combination of sheep and cattle pasturage, a tradition of small-owner cottage industry, and rapidly growing urban industry meant that per capita poor relief outlays were far lower than in the South (Somers 1993; King 2000). These regional differences were magnified by the greater seasonal demand for labor that was characteristic of the wheat-producing areas, especially as alternative income sources began to dry up (Berg 1994; Valenze 1995).

But if we focus on the southeastern parts of England, there is a second dimension of empirical complexity. During the Speenhamland period—1795 to 1834—parishes experimented with a broad array of different ways of distributing relief that would have quite varying consequences. In fact, the range of measures closely resembles the repertoire of relief policies that are still debated two hundred years later. And because of the decentralization of administration, we lack definitive information on how widely each of these particular practices was employed. These policies are listed by their modern names when available

<Insert Table 5.2 about here>

One of the recurrent problems in the literature is that analysts group a number of these distinct policies under one heading and proceed as though all the methods can be expected to have the same consequences. For example, “the allowance system” and “aid-in-wages” are often used to cover the first six different policies. As we will see, these disaggregation problems contribute to the difficulties in developing a clear understanding of Speenhamland.

A third empirical complexity results from the rapid change in prices that occurs across the Speenhamland period. The first half of the period coincides with the Napoleonic Wars that produced an extremely sharp increase in price levels, particularly for wheat—the dietary staple of both the rural and urban working classes. From 1813 on, as the war winds down, there is a sharp fall in price levels that continues beyond 1834. These dramatic shifts in price levels generated enormous debates among contemporaries and, to this day, economic historians are still debating the appropriate measures of price changes in this period (Snell 1985; Feinstein 1998 Clark 2001).

<Insert Figure 5.1 about here>

A final empirical complexity may well be the most serious and the most telling. As only parish officers could be counted on to give the kinds of answers that commissioners or parliamentary investigators were seeking, it is extremely rare that an actual recipient of poor relief would ever be questioned. Hence, the testimony of recipients is not available to counter or compare against the extensive reports from local elites, most of who readily complied with the commissioners in making broad generalizations about the behavior, motivation, and mental states of the recipient population. Only now are we beginning to break these long silences as historians mine letters, wills, and petitions from the rural poor to create a more holistic view of the system of poor relief (Snell 1985; Valenze 1995; Hitchcock et al. 1997).

<B>Causal Gaps

Both the narrative constructed by Malthus and the Royal Commissioners and the alternative narrative constructed by critics of the market have gaps in their causal logics. In the market liberal story, the work disincentive effects of Poor Law assistance are simply assumed and treated as invariant. But let us imagine a parish in which Poor Law assistance primarily took the form of seasonal unemployment insurance. This was often the case in the 1820s, when seasonal unemployment had become the dominant cause of poverty (Boyer 1990, 86–93). When jobs were available on local farms, able-bodied workers would not be eligible for assistance, but as demand for labor diminished in the winter months, those who had been employed would become eligible for unemployment benefits. As long as the administration of the Poor Law blocked those with real work opportunities from receiving these unemployment benefits, it is difficult to see any work disincentive effects. Moreover, it would have been rational for local farmers to provide this seasonal unemployment insurance or much of their labor force would be tempted to move elsewhere.

Indeed, there is reason to believe that many parishes were administered in exactly this way. Given the small size of most rural parishes, parish officials knew well the condition of the local labor market, including whether or where vacancies or layoffs were occurring. Moreover, parish officials were not shy about denying assistance when they suspected that an individual was simply shirking (Sharpe 1997, 99–103). This makes it implausible that large numbers of people were able to cheat routinely and work only when they felt like it. If large increases in Poor Law outlays were primarily caused by the growth of seasonal unemployment insurance, there is no reason to believe there were significant work disincentive effects.

A second causal gap is shared by both stories—a failure to focus specifically on the type of relief that sought to create employment for the unemployed. Public works projects, the employer subsidies, and workfare jobs were all efforts to deal with a growing problem of rural unemployment, and they all faced the classical dilemma involved in "make work" projects. When public agencies create employment specifically with the goal of making recipients work in exchange for relief, supervisors usually find it difficult to elicit high levels of work effort because recipients know that they are not working in a real job.[6] On the one side, the threat of being fired does not have the same credibility as in an ordinary employment relation. On the other, there is no particular reward for hard work since there are no prospects for promotion or greater employment security. These difficulties can be somewhat mitigated if recipients can be persuaded that success in this activity will lead to some form of real employment. But when the unemployment problem is structural and intractable, “make work” efforts are likely to be accompanied by declining morale among recipients.

Many of the specific complaints in the historical record about the corrosive effects of the Poor Law actually center on “roundsmen” or others who were engaged in these kinds of “make work” activities. The Royal Commission Report quotes Mr. Hennant of Thorney Abbey, Cambridge, who describes his experience with employees hired under the labor rate system: “If I complain of the little work done, or its being ill done, the reply is, (interlarded with the grossest blackguardism,) “Oh, we don’t care a ___________; if you don’t like it as it is, you may do your work yourself; for, if you discharge us, you must keep us, or have others of the same sort in our stead” (Royal Commission 1834, 223). A similar sentiment toward such workers follows from Mr. Stephen Cadby of Westbury, Wiltshire: “The greatest evil, in my opinion, is the spirit of laziness and insubordination that it creates; if you remonstrate with these men, they abuse or injure, certain, however their conduct, they shall receive their money” (Royal Commission 1834, 223).

There may be truth to these complaints, but the obvious problem is with structural unemployment that deprived so many of both meaningful work and social dignity. Moreover, there is little reason to credit fears that the attitudes of the unemployed subverted the work discipline of those who were regularly employed. It is much more logical to assume that the sight of the roundsmen would serve to reinforce the regular employees’ fear of unemployment. While they might very well sympathize with the plight of the roundsmen, they would not be eager to share that fate. There is little reason to believe that poor productivity on the part of “make work” laborers would subvert the productivity of those who were still gainfully employed.[7]

A third gap in causal logic can be found in the assumption that employers would deliberately lower wages to take advantage of the parish's guaranteed wage supplement. There are several serious problems with this argument. First, we know that farmers competed with each other to attract the most skilled and energetic employees, and there was considerable employment turnover in this period (Kussmaul 1981; Snell 1985). Hence, even though trade unions were outlawed in this period, there were still limits on what employers could do (Rule 1979; Dobson 1980; Rule and Wells 1988). Unilateral reductions in wage levels—even if they were balanced by poor relief supplements—seem like a perfect way to signal that a particular employer was seeking only lower quality workers. Moreover, even if all the farmers in a given parish managed to agree on a collective strategy to lower wages, they would still have to worry that the better workers would defect to higher paying farms in nearby parishes. This was a real threat because agricultural workers were often in walking distance of employment opportunities in neighboring parishes so that they could change employers.

To be sure, employers were able to impose unilateral wage cuts in periods of sharp economic downturn, but this was because employers experienced a general and simultaneous reduction in their need for workers, and rising unemployment deprived workers of any bargaining power. But in the absence of this kind of generalized downturn, there were significant obstacles to unilateral wage reductions. Arguments that assume unilateral wage reductions mistakenly assume that the characteristics of one particular type of parish were general across the countryside. The conventional image of eighteenth century southern England pictures a homogeneous arable countryside dominated by manorial landholdings of a wealthy semi-aristocratic commercial gentry. Their farming parishes were termed "close" (today, the more easily accommodated "closed" is acceptable) because residential in-migration was restricted and controlled by a very small number of wealthy landholders who governed simultaneously as local magistrates, supervisors of the Poor Law officials, and employers of agricultural laborers. This local property-owning elite sometimes made a practice of demolishing cottages that had earlier housed agricultural workers as a means to reduce the present and future population that would be entitled to Poor Law relief. This had the added benefit of allowing landholders to shift the burden of poor relief onto those living in neighboring parishes (Holderness 1972; Mills 1980; Somers 1993, 601). For their workforce, they relied instead on nonresident workers who commuted from neighboring "open" parishes—so called because, in the absence of dominating landlords, they were open to anyone who could gain settlement there.

The combination of economic and legal power exercised by these parish oligarchs caused great hardship for those subjected to this regime. But the existence of closed parishes hardly sustains the Speenhamland story. For one thing, even though employers in closed parishes were able to shift their Poor Law costs unto others, they also had to worry that lowering of wage levels might mean that vacancies went unfilled. More important, we know now that closed parishes represented a relatively small percentage of all rural parishes and an even smaller percentage of rural population. Among recent analysts, Banks (1988) is highly skeptical of the open/closed distinction, while Song (1998), who considers the distinction important, finds that in Oxford in 1831, 25% of parishes conform to the full definition of closed, with low population density, minimal poor relief outlays, and domination by a few large landholders.

Furthermore, most open parishes had a substantial number of "middling sorts"—small farmers, craftsmen, shopkeepers, and rural artisans—some of whom rotated from being recipients to being those who paid some of the taxes out of which poor relief was financed (Boyer 1990). In their capacity both as ratepayers and as potential recipients of poor relief in bad years, it is unlikely that these middling sorts would see any reason to join with larger agricultural employers in a strategy to keep wage levels low by shifting costs on to the parish.

The final gap in causal logic has been the focus in much of this literature on adult male agricultural wages when the reality of rural life was that family income had been for generations pieced together from multiple different sources, including the earnings of wives and children and money made by men outside of their primary work (Kumar 1988]; Berg 1994; Horrell and Humphreys 1995; Reay 1996). In fact, when we look at the data on trends of male agricultural wages, the most striking thing is that they move far less dramatically than shifts in the price index. It was possible for farmers to resist more rapid adjustment of wages to price levels precisely because neither employers nor laborers assumed that working-class families could survive on the male workers’ wages alone.

This problem of focusing on male wages suggests that when the famous debate between “optimists” and “pessimists” over the impact of the Industrial Revolution on working-class standards of living shifted to the countryside, it often became a dialogue of the deaf (Taylor, ed. 1975). At the beginning of our period—around 1790—most rural laboring families pieced together their household incomes from agricultural wage labor, including that of women and children; from periodic work in rural industries; from their own production on small plots or the parish commons; and from multiple miscellaneous sources of income such as gleaning, fishing, hunting, and casual jobs. By the end of our period, structural changes in the economy including enclosures and the decline of rural industries in southeastern England had undermined some of these important streams of rural working-class income (Snell 1985). Hence, as we shall see, even if wages did not follow the trajectory outlined in the standard Speenhamland stories, the standard of living of many rural people suffered significantly in this period.

<A>Reconstructing the Reality of Speenhamland

The empirical complexities and causal gaps are enough to make us suspicious about both of the Speenhamland stories, but a close examination of the historical evidence is even more devastating. First, the very Speenhamland system that allegedly produced significant work disincentive effects turns out to have been far less common than earlier believed. When properly defined as strictly limited to a bread scale that provided different levels of support depending on family size, it becomes apparent that Speenhamland could not have produced the effects that have been attributed to it. Second, there is strong evidence against the decline in rural productivity that both stories have claimed to have been one of the effects of Speenhamland. Finally, when we look more closely at what happened to the rural standard of living across the period from 1790 to 1834, it is very difficult to resist the conclusion that rising Poor Law outlays were a response to the loss of established forms of family income rather than a cause.

<B>The Limited Pervasiveness and Episodic Nature of the Bread Scale

Speenhamland is itself a contested term. Some have used it to cover the full range of relief policies in which able-bodied individuals and their families received assistance, while others have used it more narrowly to refer to the specific use of a bread scale in allocating assistance. Precisely because of the need to differentiate items numbered 1 and 2 from our list in Table 5.2 from the various forms of employment creation, we will define *Speenhamland* strictly as the use of a bread scale to determine assistance by the size of the family and the cost of wheat.[8] While the Royal Commission Report takes pains to condemn all forms of assistance to the able-bodied, its initial focus is on the allowance system, and it differentiates between parishes that occasionally provide allowances and others where such assistance has been routinized: “In others it is considered that a certain weekly sum, or more frequently the value of a certain quantity of flour or bread, is to be received by each member of a family. The latter practice has sometimes been matured into a system, forming the law of a whole district, sanctioned and enforced by the magistrates, and promulgated in the form of local statutes, under the name of *Scales*” (Royal Commission 1834, 21). This is immediately followed by the printing of a number of representative examples of such scales, including one particularly impressive table from a parish in Essex that provides precise allowances for more than twenty different wheat prices ranging from one to seven shillings per peck. Much of the Report's subsequent fury is then directed against this "allowance system."

Yet few of the indictments of Speenhamland hold up against the evidence. The claim that the use of the bread scale starting in 1795 was unprecedented is simply wrong. Wage-price indexing for the able bodied goes back to the 1349–1351 Ordinance and Statute of Labourers and was most elaborately spelled out in the famous 1563 Tudor Statute of Artificers (Tawney and Power, eds. 1924; Lipson 1943, 253; Tawney 1972 [1938]; Somers 1993, 1994, 1995 . Moreover, bread scales had been used in years of high wheat prices at other times in the second half of the eighteenth century (Henriques 1979; Neuman 1982).

Another misperception is the belief in Speenhamland as a continuous forty-year policy with territorial and temporal uniformity. Mark Blaug (1963, 1964) first called this into question with pathbreaking research that challenged the geographical uniformity of its application. Blaug showed that the use of the bread scale was not geographically universal even in wheat-growing areas. Neuman (1982, 160), in a sample of sixteen parishes in Berkshire County itself, found none that used the Speenhamland scale in the whole period up to 1834. Poynter (1969), Baugh (1975), Huzel (1989), Lees (1998), and King (2000) also stress the limited use of the bread scale. Baugh suggests that it was much more common for parishes to respond to years of very high grain prices by using poor relief funds to purchase grain that was then redistributed to households. In other parishes, the farmers sold wheat to their employees at below-market prices or, as had happened in earlier famine years, extra charitable efforts by the rich provided some of the poor with food (Baugh 1975).   Even so, it is useful to think of the bread scales in certain parishes in 1795 and subsequent famine years as the first Speenhamland episode. In 1795, in 1802–1803, and still again in 1812, a confluence of several factors created the kind of calamity that forced many parishes to take action. In each case, two bad harvests in a row coincided with wartime limitations on agricultural imports from the Continent. The dramatic and severe upward spike in the price of wheat that followed placed this dietary staple well beyond the reach of most agricultural, rural-industrial, and even urban working people. Moreover, as the poor shifted their demand to coarser but cheaper grains, their prices spiraled upwards as well. The consequence was severe distress and the outbreak of food riots in which protesters seized grain from middlemen and bakers (Wells 1988 see also Tilly 1995, 228–232). In 1795, these riots occurred against the backdrop of revolutionary events on the other side of the English Channel, so that local elites had strong incentives to respond to the threat of famine and revolutionary disorder. Despite the arguments of Speenhamland's critics, the use of the bread scale was a very logical method to respond to the threat of famine without permanently altering wage rates or long-term relief patterns. (This is consistent with Sen's [1982] argument that famines are rooted not in an absolute shortage but in political decisions to restrict distribution and entitlement to food.) As soon as the price spike passed, most households would no longer be eligible for assistance because the standard wage would purchase a sufficient amount of bread.

There are two striking features of this initial Speenhamland episode. First, the trend of Poor Law outlays is similar between those parishes that adopted the bread scale and those that used other means to distribute food to the hungry. Baugh (1975) analyzed data from more than seven hundred parishes in Essex, Kent, and Sussex and showed that poor relief outlays very closely tracked the fluctuations in the price of wheat (see Figure 5.1). Sokoll (1993, 138) extensively analyzed Ardleigh, a parish in Essex that did not adopt the bread scale in this early period, and he shows that its outlays also rose and fell in parallel with the other agricultural parishes in Essex that Baugh examined. Second, as Sokoll (1993, 142) emphasizes, these patterns undermine one of the core claims of the Royal Commission Report—that allowances have a kind of addictive and self-expanding effect. The Commissioners claimed, "Profuse allowances excite the most extravagant expectations on the parts of the claimants, who conceive that an inexhaustible fund is devoted to their use, and that they are wronged to the extent of whatever falls short of their claims" (Royal Commission 1834, 49). But in this episode, whether parishes used the formal mechanism of the bread scale or other methods of distributing relief, what is so striking is that outlays fell virtually immediately when the price of wheat fell.

The second discrete Speenhamland episode occurred in the years after the end of the Napoleonic Wars and was not related to famine conditions.[9] With the end of the war, there was a period of severe economic contraction marked by a dramatic decline in wheat prices (see Figures 5.1 and 5.2). There was some downward adjustment of wage rates in this period, but this adjustment was much smaller than the sharp fall in prices. As a consequence, some farms simply went out of business and other agricultural employers sharply reduced their employment levels during the growing season and to a great extent during the winter months. These cutbacks were driven by the introduction of threshing machines—the proximate trigger of the famous 1830 Captain Swing riots—that sharply reduced the demand for labor in the critical months after the harvest. All these processes significantly increased rural unemployment and distress and accounted for the sharp rise in poor relief outlays after 1813.[10]

<Insert Figure 5.2 about here>

There is strong consensus in the recent literature that the post-1813 renewal of Speenhamland measures was catalyzed by a shift from inflation in grain prices to structural transformation in employment opportunities, leading primarily to radically new patterns of seasonal unemployment (Snell 1985, Boyer 1990). The period was also marked by the decline of women's farm labor income and an accelerated decline of rural crafts that had provided employment for women (Snell 1985; Berg 1994; Valenze 1995).

But while the bread scale returned, its meaning shifted in an important way. In the earlier period, employed farm workers would receive an income supplement, contingent on family size and the wheat price, to help them get through the period of high food prices. In the later period, the bread scale was used primarily to determine the amount of relief that seasonally unemployed farm workers were entitled to, given the size of their families.[11] The importance of this seasonal dimension of poor relief is amply supported by data showing that poor relief outlays were often two or three times higher in the winter months than in the spring or summer (Emmison 1933; Snell 1985; Boyer 1990; Reay 1996). As Boyer has argued extensively, there were strong reasons for parish authorities to provide relief in the winter for unemployed farm workers. Employers were constantly worried by the threat of out-migration, which would mean labor shortages during the summer months and severe shortages at harvest time (Boyer 1990, 31–43). Without such relief, levels of out-migration, whether to the north or to urban areas, would have been much higher.

This second phase of Speenhamland is exemplified by events in Ardleigh—the Essex parish that has been closely studied by Sokoll. The parish had no earlier history of the use of the bread scale, but a formal bread scale was instituted in September of 1823, followed in 1831 by another Speenhamland statute (Sokoll 1993, 140). This late adoption of the bread scale by parish officials is especially notable because it occurs after decades in which Speenhamland had been denounced for its horrible consequences. This suggests that there was widespread skepticism at the time with the anti-Speenhamland rhetoric and that local officials were undeterred because they were simply trying to find the best practical way to deal with the crisis presented by high levels of unemployment.

<A>Trends in Productivity and Wages

The standard Speenhamland stories insist that rural productivity collapsed in the face of the corrosive impact of the Poor Law. The available data provide no support for this claim. Total wheat production increased substantially between 1790 and 1834; Fairlie's estimate shows that wheat production fluctuated sharply between 1791 and 1811 and then more than doubled by 1834 (John 1989, 1054–1055). This increase was facilitated by an expansion in acreage; Holderness (1972) estimates that acreage increased from about 2.45 million acres in 1801 to 3.4 million in 1836—an increase of almost 39%. But it was not only increased acreage; Holderness suggests that yields per acre might have risen by 33% between 1790 and 1830 (Holderness 1972, 140); Overton (1989) suggests that the increase was 15% between 1801 and 1831.[12]

The official decennial census of population did not begin until 1801. Even then, the early censuses did not ask about employment, so estimates of the size of the agricultural labor force between 1801 and 1831 in the southeastern counties are little more than guesswork. Nonetheless, the labor force seems to have grown substantially more slowly than either wheat output or acreage. Wrigley (1986) estimates that for the whole country, the number of adult males employed in agriculture increased from 910,000 in 1811 to 981,000 in 1831—growth of only about 8%. Since the wheat-growing counties were home to a large portion of English farm workers, it is unlikely that labor force growth in these counties was substantially faster than national growth. Given the doubling of wheat output between 1811 and 1834, there can be little doubt that output per worker rose in this period. Overton (1996) suggests quite substantial increases in labor productivity in agriculture across the whole period from 1800 to 1850. Moreover, even Clark, who has been most outspoken in criticizing the idea of a productivity-increasing “agricultural revolution” in the first three decades of the nineteenth century, acknowledges that labor productivity was either constant or increasing slightly in this period (Clark 1991, 1999).

Since the available data on productivity in the wheat-growing regions are sketchy at best, a number of analysts have supported the Speenhamland thesis by arguing that agricultural wages fell sharply in this period and that it is reasonable to see wages as a reliable proxy for productivity. Influential historians writing in the first half of the century, such as Hammond and

Hammond (1970 [1911], ch.7) [Webb and Webb (1927, 422–423), and Mantoux (1962 [1928], 431–439) have insisted that wage levels fell dramatically during the Speenhamland period . However, most of the available data series that we have that trace rural wages in this period reveal the same basic pattern. Rural weekly wages for men rise from 1790 through to the end of the Napoleonic Wars; there is then a sharp decline during the agricultural depression, followed by a recovery and a slightly rising trend from the early 1820s through to 1834. The first systematic series on agricultural wages was developed by Bowley at the end of the nineteenth century, and it rises from 53 in 1790 to 105 in 1812, then falls to 72 in 1824 before rising to 79 in 1834 (see Figure 5.2) (Mitchell and Deane 1962, 348). Eccleston found a similar pattern in five Midland counties, and Richardson reports a parallel pattern in wages on a large farm in Essex (Ecceleston 1986; Richardson 1991). Clark (2001) has developed a series for weekly winter wages in the southeastern counties based on various surviving estate records, including those used by Richardson, and he finds the same pattern of decline from the peak reached in 1810–1814. The respected historian K. D. M. Snell calculated trends in annual wages for farm servants in a number of southern counties from a unique data set drawn from settlement examinations. For most counties or groups of counties, Snell's (1985) findings move in the same pattern as weekly wages cited elsewhere in the literature, but in some counties he did find that wages fall steadily from the 1820s onward.

Interpreting these patterns of nominal wages has been extremely difficult because of the dramatic price changes that occur across this period. There is no question that in the famine years, such as 1795, 1802–1803, and 1812, the price spike in grains lead to dramatic, albeit temporary, declines in the real wage. Nevertheless, the view advanced by Prothero (1912, 313–315) that wage levels during the Napoleon War doubled while prices actually tripled is no longer accepted. When one brackets the famine years, real agricultural wages clearly rose between 1790 and 1815. Second, since the post-Napoleonic period was one of steadily falling price levels, the small recovery in nominal wages between 1824 and 1834 reported by Bowley understates the gain in real wages in this period.

<Insert Figure 5.2 about here> In the end, we come to the conclusion that the question that has preoccupied so many analysts—were agricultural real wages higher or lower in 1834 than they were in 1795—is the wrong question for three different reasons. First, the reality was that real wages—with the critical exceptions of the famine years—first rose, then fell, and then rose. Second, when rural workers are compared to the inhabitants of urban England, who had greatly expanded access to a wide variety of manufactured goods between 1790 and 1834, there can be no doubt that their relative standard of living declined sharply during this period of industrial transformation. Finally, translating weekly wages into a standard of living depends critically on the number of weeks of employment available per year, and we know that seasonal unemployment rose dramatically in the countryside after the Napoleonic Wars (Snell 1985).

Instead of focusing on the wrong question, then, it is the Royal Commissioners' claim that Speenhamland policies damaged rural productivity that must be scrutinized. The argument is already undermined by evidence that the bread scale was neither pervasive nor continuous. It is further weakened by both the data on agricultural output and the trends in weekly wages that provide no support for a claimed collapse of rural productivity.

<B>Household Income and the Poor Law

It is precisely because of the variety and variability of the income sources on which families relied that it is extremely difficult to identify any clear trends in average family income across this period. The best estimates that we have come from surviving family budget data that have been compiled by Horrell and Humphries (1995). They indicate that for the low-wage agricultural sector—that tends to overlap with the southeastern counties—there was a small upward trend in real household income between 1790 and 1834. But this average figure conceals much variation, and poor relief outlays represented a rising component of family income, rising from a negligible level in the early period to 8% of family income for the 1821–1840 period. In this context, poor relief can best be understood as a mechanism to sustain family income in a context in which it had become increasingly difficult for the rural poor—through no fault of their own—to piece together an adequate income.

The increasing importance of poor relief can be seen as compensating for three broad trends. First, rural craft industries suffered a dramatic decline in the southeastern counties in the period after 1790 (Snell 1985; Boyer 1990; Allen 1992). Some of this decline had been going on for centuries, but the pace of decline was clearly accelerated by the rapid rise of industrial production in the northern part of the country (Hudson 1986, 1989, 1992; Kriedte, Medick, and Schlumbohm1991) This meant that opportunities for family members, especially women, to supplement income with labor on rural craft production simply disappeared in many places. Second, enclosures and consolidations of holdings meant that many rural laboring families lost the capacity to earn additional income by keeping farm animals or maintaining a vegetable garden. In fact, during the Speenhamland period, a major alternative to the Poor Law that was widely debated was to provide laboring families with allotments—small pieces of land—that would make self-provisioning a real alternative to poor relief in hard times (Barnett 1967). But while the idea was widely discussed, it was implemented only in a few localities. Third, particularly after 1813, the demand for farm labor diminishes, so that there are reduced earning opportunities for wives and children while men experienced longer periods of unemployment in the winter and early spring months.[13] Reay, for example, finds that in one Kent parish, 60% of farm laborers and small farmers required poor relief during the winter months in the 1830s (Emmison, 1933; Reay 1996, 129).

In short, the family budget data provide a different angle of vision that further undermines the conventional Speenhamland stories. Instead of bread scales undermining work effort, we get a picture of a rural population facing broad structural forces that undermine their capacities for self-support. In this context it is difficult to see increasing poor relief as anything but a partial remedy to problems outside the control of the rural poor.

<A>A Revisionist Narrative

The strength of the evidence against the standard Speenhamland stories raises the obvious question of why the past forty years of historical scholarship have not yet had any significant impact on social policy discussions. There are undoubtedly multiple reasons, but two are especially compelling. The first is that the Malthusian foundation on which the perversity thesis rests followed the logic of Newtonian physics. Just as Newton explained the causal logic behind the fall of an apple not by the simple appearance of things but by explicating the real, albeit hidden, law of gravity, so Malthus explained the perverse consequences of poor relief not by citing data but by invoking a hidden and constant causal logic. By insisting that there was a deeper truth than that of empirical "appearances," Malthus effectively insulated his argument from empirical disconfirmation.[14] This is the reason the perversity thesis has been so effortlessly recycled to analyze poverty populations who live under radically different conditions than those of the Speenhamland epoch. The second is that, since the revisionist work has been produced by a theoretically diverse group of scholars, the findings have not been organized into a coherent alternative account. As of yet, opponents of the perversity thesis lack a compelling narrative structure.

It seems useful, therefore, to suggest an alternative narrative that would place these new historical findings into a framework that social policy analysts might find compelling. This alternative narrative centers on the problems of legitimating the new science of political economy that emerged out of the fundamental contributions of Malthus and Ricardo. Malthus and Ricardo famously disagreed on some key theoretical and policy issues, and later thinkers, such as Marx and Keynes, explicitly embraced one while denigrating the other.[15] But there was also much agreement between the two figures, and ultimately it was Malthus's critique of the Poor Law that helped divert attention from the negative consequences of Ricardo's first great policy success—the decision at the end of the Napoleonic Wars to restore the pound's parity to its prewar level. In short, the construction of the Speenhamland story was intimately connected to Britain's embrace of the gold standard.

<B>The Return to Gold

As described earlier, the second Speenhamland episode resulted from the severe agricultural downturn at the end of the Napoleonic Wars that led to significant increases in Poor Law outlays. But the most important fact is that the agricultural downturn was not just a brief postwar interlude; rather, it became a long-term reality continuing through and beyond the passage of the New Poor Law in 1834 (Gash 1935; Fussell and Compton 1939; Snell 1985, ch.1). In line with Sen's (1982) contemporary analysis, rural distress was itself closely linked to policy decisions, especially England's decision to restore the prewar value of the pound in relation to gold. What happened in this period is remarkably similar to the decision by England to restore the prewar relationship between the pound and gold after World War I. Keynes (1925) had famously denounced this policy as deeply misguided and insisted that it would produce a period of intense deflationary pressure. Less recognized is that Keynes's prescience derived from his knowledge of economic history and the history of economic theory. He realized that English statesmen in the post-World War I era were simply repeating the mistake that had been made—at the urging of David Ricardo—a century earlier.[16]

Ricardo argued forcefully for restoring the pound to its prewar parity from his first publication in 1810 of a pamphlet called "The High Price of Bullion" (Redman 1997, 276). He insisted that the wartime inflation was a direct consequence of the suspension of gold convertibility and that the only way to return prices to their proper level was to restore the prewar parity. His views and those of other bullionists were endorsed by the parliamentary Bullion Committee in its 1810 Report. By 1816, Ricardo had retired from business, and he reasserted his advocacy of a return to gold with a pamphlet titled "A Proposal for an Economical and Secure Currency." With the publication of Ricardo's *Principles* in 1817 and his entrance to Parliament in 1819, his influence on public policy became greater and was central to the government's decision to restore gold to its prewar parity in 1819 (Fetter 1965; Viner 1965 [1937]; Gordon 1976; Hilton 1977).

This restoration, however, occurred against the backdrop of a severe rural crisis that had begun right at the end of the Napoleonic Wars. The fall in wheat prices in 1813 and 1814 produced a massive collapse of rural banks that had failed to hold on to any reserves. Between 1814 and 1816, 240 rural banks stopped payments leading to a destruction of wealth and a disappearance of credit (McCulloch 1938 [1845] [Fussell and Compton 1939). The result was a dramatic increase in unemployment as farmers and other employers were forced to cut back both investment and the size of their labor force. But as the deflation took hold, there was an ironic consequence—the value of the pound started to rise so that the goal of restoring the prewar parity appeared substantially closer. The response of the authorities in 1816 and 1817, therefore, was to prepare for the resumption of gold payments at the old parity, and in May of 1819, Parliament passed legislation to restore gold payments within two years (Viner 1965 [1937], 172). While there is intense controversy over the specific policies that the government and Bank followed in restoring gold, there is widespread consensus that the sustained effort to return to the prewar parity had a profoundly deflationary impact. On the one side, the government was precluded from pursuing the kind of countercyclical policies that could have revived the rural economy. On the other, the sustained tight money policies greatly restricted the availability of the credit that farmers desperately needed.

Moreover, the deflationary pressures did not end with the success of restoration; the gold standard simply made the pressures on the rural economy permanent. Wheat prices continued to fall until 1829, and after that, prices were stabilized at a very low level. The failure of rural banks was also continuous across the whole period from 1815 to 1830 (Fussell and Compton 1939, 186–189). This context of falling prices and limited credit forced farmers to reduce labor costs and that, in turn, produced chronic rural unemployment and increased use of poor relief. The ongoing pressure of low wheat prices forced the more successful farmers to put increasing resources into labor-saving technology such as the threshing machine. Since hand threshing of wheat could represent as much as one-quarter of the whole year's quantity of farm work, mechanization had a huge impact on the rural demand for labor in the winter months (Gash 1935). Triggered by these high rates of unemployment, the machine smashing in the Captain Swing riots of 1830 exploded (Hobsbawm and Rude 1968; Tilly 1995). Another irony was that this outbreak of rural disorder played a key role in undermining elite support for the Old Poor Law (Dunkley 1982; Mandler 1987).

Absent Ricardo's eloquent pleas for a restoration of the prewar parity, policy makers might well have chosen a less deflationary set of policies. Had the rural economy not suffered the additional shock of the deflationary pressures of gold, the wheat-growing areas might have experienced a recovery and an earlier rebound of wheat prices. Without the ideological commitment to laissez-faire, moreover, the government might have embraced policies that helped to cushion the economy in periods of contracting demand, including provisions for a steady flow of credit to farmers(Hilton (1977, 69–97); Gordon (1976, 71–79). Under any set of policies, there would ultimately have been a problem of a rural labor surplus that could only be solved by more rapid rates of out-migration. But the Ricardian policies dramatically intensified the problem—so that this massive readjustment had to be handled over twenty years rather than forty. As Polanyi (GT, 39) eloquently argues, government policies can help protect ordinary people simply by slowing the rate of change, but the Ricardian policies did exactly the opposite; they vastly accelerated the problem of rural surplus population.

<B>Malthus, Parliament, and the Road to the New Poor Law

The New Poor Law of 1834 officially placed the blame for the rural distress not on macroeconomic policies but on the Speenhamland system that had allegedly demoralized and degraded the rural poor. But the Royal Commissioner's "solution" did not emerge automatically out of the reality of rural distress. The solution had to be politically and rhetorically constructed, and this construction depended, in turn, on two prior conditions—dramatic changes both in elite opinion and in the political system. In short, the path from Malthus's *Essay* to the Royal Commission Report was hardly simple.

Ironically, the influence of Malthus's call for abolition of the Poor Law probably reached its high point in the period between 1815 and 1818—even before the return to gold. Repeated editions of the *Essay*, along with reprints of Townsend's pamphlet, were extraordinarily influential in shaping elite views. Poynter (1969, 224) suggests that "… it was in these years that fundamental disapproval of a legal provision for the poor (and especially for the able-bodied) became sufficiently widespread to be regarded as orthodox, while defence of the Poor Law became, if not quite heretical, at least old-fashioned." This influence was reflected in a series of Parliamentary Reports, culminating with reports in 1817 and 1819 that endorsed the call for abolition of the Poor Laws (see Mandler 1990; Waterman 1991; Poynter 1969; Hilton 1977).

Yet this intellectual influence did not translate into legislation in this period because there was no consensus within the Parliament on the right course of action. In addition to the usual conflicts among factions, some in Parliament were reluctant to abolish the Poor Laws out of the same fear of revolution that had produced the original Speenhamland policy in 1795. Rural unrest was acute in this period, and the unreformed Parliament had good reason to fear that abolition might generate broad protests that would bring together rural laborers, urban workers, and middle-class radicals (Poynter 1969, ch.6).

After 1820, the political strength of the abolitionist position seems to have weakened, but the parliamentary impasse continued. While there were initiatives at the local level to "reform" poor relief to limit outlays, there were still wide disagreements about what to do about rural distress (Poynter 1969, ch.8; Hilton 1977, 98–169). The situation was complicated by further economic downturns between 1819 and 1822 and again in 1825 to 1826. The continuing economic strains generated intense criticisms of the return to gold and calls for aggressive government action to revive the economy. An explicitly anti-Ricardian political economy emerged in this period that drew some of its key inspiration from Malthus's rejection of the view that supply creates its own demand (Link 1959; Hilton 1977, 77–79; Hollander 1997). These underconsumptionist thinkers directly challenged the government's laissez-faire policies and argued for cheaper money, an expansion of rural credit, and programs of public works to increase employment and demand. But these arguments had little impact on government policies.

The Captain Swing riots in 1830 gave new urgency to Poor Law debates. Yet the parliamentary stalemate was not broken until the Whigs came to power and passed the Reform Act of 1832 that expanded the suffrage and gave the middle class effective representation (Poynter 1969, ch.9; Brundage 1979; Dunkley 1982). While the Reform Act was still pending, the Whig government appointed the Royal Commission to investigate the Poor Laws. While all of the Commissioners had been deeply influenced by Malthus's arguments, they rejected his abolitionist policy solution. Their critical rhetorical move was to adopt the language of reform and to argue that "reformed parishes"—those that replaced outdoor relief with workhouses for the poor—had effectively eliminated all of the negative consequences of Speenhamland. In short, by narrowing Malthus's critique of the Poor Law to focus on the "allowance system" and by proposing concrete reforms rather than abolition, the Royal Commission was able to generate a strong parliamentary consensus that led to passage of the New Poor Law.[18]

What the Royal Commissioners succeeded in doing was to mobilize and modify Malthus's arguments to rescue political economy from its responsibility for the plight of the rural poor. By effectively blaming the victims for the macroeconomic policy mistakes that had intensified rural poverty, they turned a potential disaster into a policy triumph. In doing this, they made an enormous contribution to the legitimation of political economy. The severity of the agricultural downturn might well have undermined the whole belief in laissez-faire and self-regulating markets. Classical political economy was in its infancy in this period, and its ultimate maturation and worldwide influence were hardly a foregone conclusion.[19] While it is difficult to think through such a radical counterfactual, an alternative and more pragmatic strand of economic thinking might have become institutionalized in the place of the Ricardo tradition. Instead, the ultimate policy triumph of the New Poor Law diverted attention from the new science's first major policy failure and solidified the electorate's faith in market self-regulation.

In sum, the Speenhamland myth was created in the years of agricultural downturn to divert blame for a deep agricultural crisis away from government policy and toward the rural poor who were the major victims of the economic downturn. Since the decision taken by the government on Ricardo's advice to restore the prewar parity of the pound intensified the rural depression, the mythology worked to cover up the first catastrophic policy failure of the new science of political economy. The importance of this myth becomes apparent in thinking about the diffusion of economic liberalism during the course of the nineteenth century. England's ability to persuade other countries to adopt free trade, the gold standard, and the belief in market self-regulation depended on its ability to present itself as a great economic success story (Semmel 1970;

Kindleberger 1975). Were other societies aware that the price that England had paid for economic liberalism was severe economic hardship in the countryside in the 1820s, 1830s, and 1840s, both the English model and its policy ideas would have been considerably tarnished. By shifting the blame for the problems on to Speenhamland and all its pernicious evils, the economic liberals successfully reframed the agricultural downturn into a problem of individual morality and an enduring parable of the dangers of government "interference" with the market.

<A>Conclusion

The major lesson that we learn from this study is a renewed appreciation for the persuasive power of the metaphors of nature, natural laws, and the "science" of political economy to influence how history is experienced and why certain explanations for distress triumph over others. The Malthusian morality tale about the "perverse" and disastrous consequences of Poor Relief was produced long before any evidence had been gathered and too early for the Speenhamland decision to have produced its alleged consequences. In Malthus's 1798 *Essay on Population,* all the elements of the story line are already in place. Poor relief, by ending the scarcity that is endemic to nature in its untouched state, destroys both the incentive to work in order to eat as well and that to control fertility, and thus leads to a precipitous decline in productivity and a rapid growth of the pauper populations. The only way to return the poor to their natural state of self-discipline in both work and procreation is to abolish the system of poor relief and return to the natural state of scarcity and the human discipline it teaches.

In subsequent years, as political economy gained the privileged status of a recognized science, this story was repeated so frequently by political economists, the clergy, and various Parliamentary commissions that it gained the quality of truth. By the time the Royal Commission was created, a newly reformed parliament included a significant number of factory owners determined to create an available, cheap, and "free" labor force; the thesis was elevated to an absolute Scientific Truth based entirely on the laws of nature. Despite volumes of literature devoted to the subject, it took the next 130 years before there was a serious scholarly effort to show the shallowness and distortions of that document. But even after years of detailed scholarly work had effectively debunked the Speenhamland legend, as we show in the next chapter, the very same arguments were used to create support for the passage of the Personal Responsibility and Work Opportunities Reconciliation Act in the U.S. in 1996.

Our review of the historical evidence suggests two conclusions. First, the perversity story lacks empirical support. The experience of the Speenhamland period is that poor relief did not hurt the poor; it helped to protect them from structural changes in the economy that had made it far more difficult for people to earn a living. Second, the doubts that have hung over guaranteed income proposals since Speenhamland lack historical foundation. While it is theoretically possible that a floor under incomes would be transformed into a ceiling, this certainly did not happen during the Speenhamland period, and there is little evidence that it has ever happened. In fact, there are good reasons this theoretical possibility is rarely likely to occur in practice. In contrast to Speenhamland, most contemporary income guarantee proposals, including variants on the negative income tax, do not require that recipients work. Hence, when employees are faced with an employer who is progressively lowering wages to take advantage of the income guarantee program, they are likely to quit and look for alternative employment, since they know that they will be protected by the income guarantee from economic hardship during their period of unemployment. Moreover, under most circumstances, employers avoid unilateral reductions in wages precisely out of the fear that they would drive away existing employees and make it harder to fill vacancies. It seems only logical that if an income guarantee were in place, employers would become even more cautious about imposing wage cuts.

Welfare and income maintenance policies need to be debated free of the mythologies that were created two hundred years ago. Above all, we need to move beyond the naturalized

Malthusian accounts that see the behavior of the poor as always determined by their biological drives. Discarding the naturalizing blinders and examining the actual situation of the rural poor during the Speenhamland period, we are forced to recognize the central role of larger economic processes such as the severe agricultural deflation and the shift of industry to the North in explaining mounting rural poverty. Relief payments actually provided some protection against these structural pressures. The contemporary lesson is obvious; it is time to reject the ideological claim that the best way to fight poverty is by imposing increasingly stringent conditions on ever-shrinking transfer payments to poor households.

Notes

[1] Among the most important reports were Parliamentary Papers, *Report from the Select Committee on the Poor Laws* (1817), *Report from the Committee on the Poor Laws* (1819), and *Report from the Select Committee on Labourers Wages* (1824). The Royal Commission Report was published as *Report from His Majesty's Commissioners for Inquiring into the Administration and Practical Operation of the Poor Laws* (London: B. Fellowes, 1834).

[2] Also relevant is the work of the important English institutional historian who emphasized the negative consequences of Speenhamland (Cunningham 1922, 718–723). **[**

[3] Polanyi did try to respond to some of Cole's criticisms in the additional note on "Poor Law and the Organization of Labor" that he appended to the 1945 edition of the book. But while Polanyi added some qualifications to his argument, he did not change its main thrust.

[4] To be sure, in those years in which wheat prices were unusually high, Poor Law outlays would rise across the whole country since parishes had to adjust the income of dependent populations. On declining rural industry, see (Kriedte, Medick, and Schlumbohm 1991

[5] On London, see Sharpe (1997); Steinberg (1999). On the role of trade unions and secret societies in providing assistance, see Leeson (1980).

[6] Webb and Webb (1927, 221–240), provide the classic account of the failure of numerous efforts to make profits from the labor of those who were in need of relief.

[7] On the other hand, high rates of unemployment certainly played a role in radicalizing employed farm workers, such as those who participated in the Captain Swing rebellion in 1830. One of the main targets of the rebels was the threshing machines that increased seasonal unemployment (see Hobsbawm and Rude1968; Charlesworth, ed. 1983; Reay 1990 Wells 2000).

[8] Our definition of Speenhamland also excludes child allowances. The justification is simply practical—to make the story more manageable. Child allowances represented only a small proportion of Poor Law outlays and played little role in arguments about work disincentives.

[9] Napoleon abdicated for the first time in early April 1814 and then returned from Elba for three more months of war in 1815. Hence, in annual series, 1813 generally marks the peak of the wartime boom since it was the last full year of war.

[10] On the threshing machine, see Fox (1978) On Swing, see Hobsbawm and Rude (1968). On the rise in unemployment, see Gash (1935); Snell (1985); Boyer (1990).

[11] With this change in meaning, there was also a change in generosity. The post-1813 scales, even holding the price of wheat constant, were considerably less generous than those used in famine years. But the famine payments established a floor for full-time *employed* workers, while the post-1813 payments were going to households of *unemployed* workers. For a somewhat misleading comparison of the scales, see Hammond and Hammond (1970[1911],] 181–182).

[12] Eric Jones estimated that yields per acre rose 16% between 1815–1819 and 1832–1836; see Jones (1974).

[13] Drawing on settlement hearings, Snell (1985), argues that there was a significant decline in women's employment opportunities in the wheat-growing regions from the 1790s onward. However, Horrell and Humphries (1995) use family budget data to show women and children providing an increasing share of family income in the later period.

[14] Malthus's distrust of appearances is indicated by the following passage: "If I saw a glass of wine repeatedly presented to a man, and he took no notice of it, I should be apt to think that he was blind or uncivil. A juster philosophy might teach me rather to think that my eyes deceived me and that the offer was not really what I conceived it to be" (Malthus 1985 [1798], *Essay,* 70).

[15] Marx was bitterly critical of Malthus, but he generally treated Ricardo with respect as an intellectually honest defender of the interests of the bourgeoisie. For Marx's writings on

Malthus, see Meek (1954)]. Keynes (1951 [1933]) reversed this ordering and praised Malthus's underconsumptionist views while criticizing Ricardo's confidence that markets would reach equilibrium.

[16] In an essay first published in 1923,"Alternative Aims in Monetary Policy", **o]** Keynes was explicit about the parallel when speaking of his contemporaries who favored an immediate return to the prewar parity: "This view is in accordance with that expressed by Ricardo in analogous circumstances a hundred years ago." Keynes, *Essays in Persuasion,* 194]. Polanyi also recognized the parallels between the two postwar periods in a short unpublished piece titled "1820 vs. 1920" that is in the Karl Polanyi Archive (Concordia University, Montreal, Canada), but he chose not to emphasize this parallel in GT.

[18] The actual impact of the New Poor Law is still intensely debated. For discussions, see Driver (1993); King (2000).

[19] For the precariousness of Ricardian orthodoxy in this period, see Checkland (1949). On the intensity of the anti-Ricardo backlash after the 1825 crash, see Gordon (1976, ch.4