THE POLITICAL ECONOMY OF INCLUSION: THE RISE AND FALL OF THE WORKHOUSE SYSTEM

BY

COSMA ORSI

The aim of this article is to describe the rise and fall of the workhouse system in connection with the developments that took place in economic thought in the transition from mercantilism to the Classical tradition. By examining the economic debate about wages, efficiency, labor market, workers’ mobility, and unemployment, we discuss whether the social policy shift epitomized by institutional reforms like the Gilbert Act (1782), the Rose Act (1793), and the Speenhamland system (1795) was accompanied and eventually inspired by a change in the perception of major political economy issues. In doing so, we review the writings of Jacob Vanderlint (d. 1740), George Berkeley (1685–1753), Malachy Postlethwayt (1707–1767), Josiah Tucker (1713–1799), David Hume (1711–1776), and Adam Smith (1723–1790), among others. Although a direct influence by these writers cannot be proven, the originality of the present work rests on the effort to put into perspective the arguments elaborated by economic thinkers and the proposals made by social reformers so as to identify possible connections between economic theorizing and social legislation.

I. INTRODUCTION

The aim of this article is to describe the rise and fall of the workhouse system in connection with the developments that took place in economic thought in the transition from mercantilism to the Classical tradition. From the Gilbert Act of 1782 to the establishment of the New Poor Law (1834), English social legislation shifted from a safety
devised to deal with emergencies to a social security system implemented to cope with the threat of unemployment and poverty at any point in time over a worker’s life cycle. During the last quarter of the eighteenth century, England had to deal with the speed of the parliamentary enclosure process, fear induced by the French Revolution, the subsequent Napoleonic wars, and a series of economic crises that, by the 1790s, threatened to slash the social fabric at its core. In a period marked by growing inequality (Kuznets 1966, p. 217), the call for public policies on behalf of the poor increased. It was thanks to this legislative effort that the late eighteenth-century English society came to consider the poor as “an integral part of local society, rather than a collective body of others” (King 2000, p. 53).

Social and economic historians have provided different explanations for this shift. Many commentators on the Old Poor Law argue that the workhouse system achieved dismal results (Webb and Webb 1927–29, p. 223; Marshall 1956, pp. 153–154; Poynter 1969, p. 16). Its management was poor and often corrupt; it was difficult to find appropriate employment for inmates with little work experience. When offered, incentives were too meager to be effective. Physical punishment, a poor diet, and gender segregation were part of the parcel. Under these conditions, neither moral regeneration nor a positive attitude toward labor could be imparted.

Other scholars described the policy switch as an “emergency response to the extremely high food prices which began in the 1760s and stretched until the end of the century, which caused real wages in rural areas to fall temporarily below subsistence” levels (Boyer 1990, p. 2). For the neo-traditional scholars, the shift from indoor to outdoor relief was caused by “the economic collapse of the economic position of the rural labourer” (Hammond and Hammond [1911] 1929, pp. 120, 123, 170; Webb and Webb 1927–29, p. 419). From still another perspective, Mark Blaug claimed that “outdoor relief was used to supplement ‘substandard’ wage rates and to support seasonally and structurally unemployed workers” (Blaug 1963, p. 171). Some scholars explain this shift as the culmination of a process, matured throughout the century, leading to a more benevolent attitude toward the poor and their living conditions (Marshall 1956; Coats 1958, 1960; Cowherd 1960, 1977; Himmelfarb 1984). However, Peter Mandler disagreed, maintaining that the general hostility toward the poor was due to the unsympathetic sentiments of property owners and greedy farmers alike (Mandler 1987, p. 134).

Such an array of different, even contrasting, claims calls for further analysis of a period that has been somewhat neglected as a result of the far-reaching shadow cast on the period by the Poor Law Commissioners Report of 1834, which led to the New Poor Law (1834). It should be stated from the outset that, on the grounds of the literature here reviewed, any attempt to prove the existence of a direct influence of economic thought on social policy is doomed to fail. The economic thinkers discussed in the following analysis, in fact, did not hold civil service positions that could have directly affected policy decisions leading to the transformation of the English social legislation. Yet, a thorough examination of the most debated issues of the time, such as wage rates, labor market, workers’ mobility, and unemployment, might offer a broader and insightful perspective on the historical and cultural context in which the above-mentioned reforms were formulated, approved, and implemented.

This paper is structured as follows: section II introduces the main tenets of the utility of the poor doctrine and the early arguments expounded by authors like John Bellers (1654–1725), Daniel Defoe (1660–1731), and Laurence Braddon (d. 1724),
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who highlighted the workhouses’ shortcomings. Section III analyzes the emergence of a renewed approach to economic development, which entailed improving the living conditions of the low ranks of society. In doing so, we consider the reflections of Jacob Vanderlinit (d. 1740), George Berkeley (1685–1753), Malachy Postlethwayt (1707?–1767), Josiah Tucker (1713–1799), David Hume (1711–1776), and Adam Smith (1723–1790), who carved out a set of arguments that led to a different understanding of poverty. Section IV evaluates the congruence of the above authors’ ideas with the institutional changes on poor relief: the Gilbert Act (1782), the Rose Act (1793), the introduction of the Speenhamland system (1795), and proposals by Samuel Whitbread (1764–1815) to implement a minimum wage (1795) and by William Pitt (1759–1806) to increase labor-force mobility (1796). Section V looks at the emergence of Friendly Societies as a new policy approach toward poverty and its relief. Section VI pulls together a few final considerations.

II. WORKHOUSES: THE ECONOMIST’S POINT OF VIEW

The Elizabethan Old Poor Law (1601) provided assistance to a considerable number of poor people through a combination of indoor and outdoor reliefs (Ashby 1912, p. 155; Hampson 1934, p. 37; Oxley 1969, pp. 27–28; Knot 1986; Boyer 1990; Taylor 1991), with the former gradually gaining priority over the latter.1 By the mid-seventeenth century, an embryonic national workhouses system was established with the intent to both lower the burden of assistance and make the poor contribute to the country’s welfare.2 This shift in attitude was influenced by economic thinkers and social reformers alike, who “saw a need for a planned and organized commercial strategy to generate wealth based mainly on manufacturing” (Ivison 1997, p. 123). From the 1680s to the 1750s, the attempt at establishing a nationwide workhouse system was reinforced by an abundant pamphlet literature integrating social concern, repressive attitudes, and anti-poor prejudices with political and economic arguments. Notably, mercantilist authors contributed to the stream of thought concerning poverty, work, and the promotion of national prosperity. Detailed plans for workhouses were put forth by, among others, writers like Joshua Child (1688), Richard Haines (1674, 1781), Thomas Firmin (1678, 1781), Matthew Hale (1683), Richard Dunning (1681), John Cary (1695, 1700), John Locke (1697), Charles Davenant (1699), John Bellers (1695, 1714), Laurence Braddon (1717), Matthew Marryott (1725), William Hay (1735, 1751), Thomas Alcock (1752), and Henry Fielding (1751, 1753). In a context where growth in

1During the seventeenth and eighteenth centuries, the poor were those “without income from property or profession and, therefore, dependent upon their manual labour for living” (Cowherd 1977, pp. 1–2). For its scope, scale, uniformity, and comprehensiveness, the Elizabethan system of poor relief was a unicum in Europe (van Leeuwen 1994; Solar 1995, p. 2; Patriquin 2007, p. 2).

2From the mid-seventeenth century onward, the increase of the Poor Rates between 1685 and 1701 was a problem addressed by many authors. Davenant (1696) set the expenditure for poor relief during the last year of Charles II’s reign to a total of £665,362, an amount similar to that claimed by Gregory King in 1688: namely, £622,000 (King 1688, p. 31). During the eighteenth century, Henry Fielding declared that the amount of the rates had reached one million (Fielding 1753, p. 12). By 1787, the total sum paid for poor relief in England and Wales reached nearly two million (Marshall 1926, p. 77; Purdy 1860, p. 287).
manufacturing represented the main vehicle for increasing national wealth, work-
houses were intended to help in expanding production.

Workhouses became a nationwide system from the beginning of the eighteenth
century. In 1711, Parliament approved the establishment of a new workhouse in
Norwich; in 1714, the counties of Olney, Witham, Chelmsford, Essex, and Berkshire
founded their workhouses, and, after 1718, local communities in the East Midlands
followed the same route (Nicholls 1854, p. 373, Hitchcock 1985, p. 37). The Workhouse
Test Act, passed by Parliament in 1723, expanded the process. This piece of legislation
legitimized one of the most odious practices put in place to extract profit from the poor
(privately contracting them out—better known as “farming”), with the explanation
that it was the easiest method for reducing the financial burden of parishes (Fideler
2006, p. 154). Between 1723 and 1750, approximately 600 new workhouses were
established in England and Wales, many of which “were constructed by or leased to
local manufactures eager to avail themselves of the supply of cheap labour” (Ashcraft

The schemes for employing the poor rested on the so-called utility of the poor doc-
trine, whose main tenet was the acceptance of forced labor by the poor as a necessary
condition for national prosperity (Furniss 1920). This mindset rested on a specific
understanding of human nature and attitude toward the work of the poor. The common
belief was that the poor did not work because they were naturally idle and inclined
toward licentious behavior (Mun 1664; Dunning 1686; Cary 1695; Locke 1696; Defoe
1704; Mandeville [1714] 1962; Clayton 1755). Dorothy Marshall summarized the
mercantilist point of view whereby the aversion to labor of the poor was perceived as
immoral because it represented the amount by which a nation’s wealth “could have
been increased, and was not” (Marshall 1956, p. 181). From this perspective, since a
negative attitude toward work was an inborn trait of the poor, only “penury and want”
could make them “wise and industrious” (Mun 1664, p. 73). If wages were fair, the
poor would work considerably less (grasping the essence of what was later described
as a backward-bending labor supply curve) and spend their money on alcohol, gam-
bling, etc. Also, wages above bare subsistence would destroy the poor’s productivity
and encourage insolent and impertinent behavior (Furniss 1920, p. 118). Thus, low
wages were seen as a disciplining tool for transforming the poor into more respectful

In 1681, an anonymous writer discussing the “strange idleness and stubbornness of
our poor” claimed that “surly most of them will not work at all, unless they might earn
as much in two days as will keep them a week. And when they do work they will often
mar what they do” (Anon. 1681, p. 8, quoted in Sobel 1989, p. 25). However, the
canonical position on the issue was expressed by John Locke (1632–1704), who,
in 1697, argued that poverty “can be nothing else but relaxation of discipline and
corruption of manners” (Locke [1697] 1997, p. 184). Throughout the following cen-
tury, adherence to this view was reiterated on many occasions. Daniel Defoe argued
that “there is a general Taint of Slothfulness upon the Poor, [so that] there’s nothing
more frequent, than for an Englishman to Work till he got his Pocket full of Money,
and then go and be idle, or perhaps drunk, till ‘tis all gone, and perhaps himself in
Debt” (Defoe 1704, p. 27; see also Mandeville [1714] 1962, p. 192). In 1755, the cleri-
gymman John Clayton (1709–1773) maintained, “It is a melancholy Truth which cannot
be concealed … that much of the poor’s Mystery is owing to themselves; and may with
great Justice be imputed to that Idleness, Extravagance, and Mismanagement, which are as notorious, as the Poverty that proceeds from them” (Clayton 1755, p. 5). Three years later, the clothier and writer on economics William Temple (1705–1773) stated that laborers “are guided in their pursuit by hunger and lust … the only way to make [the poor] temperate and industrious is to lay them under the necessity of labouring all the time they can spare from meals and sleep in order to procure the common necessity of life” (Temple 1758, pp. 56–57). In 1786, the Anglican clergyman, physician, and geologist Joseph Townsend (1739–1816) recalled, “The Poor know little of the motives which stimulate the higher ranks to action—pride, honour and ambition. In general, it is only hunger which can spur and goad them on to labour” (Townsend 1786, p. 23). In Townsend’s opinion, poverty was not only “a law of nature” but also the necessary motive for labor (Townsend 1786, p. 51).  

As the schemes for employing the poor were more consistent with the needs of the emerging capitalist economy than with those of the poor, they generated an interplay of contradictory stimuli (Nacol 2012, p. 4). Even if workhouses were ideally meant to provide the poor with a chance to reinforce their rights and duties as members of the community, a minority stream of thought contested, on both moral and economic grounds, the desirability and efficiency of the workhouse system. Gender segregation, poor diet, and horrifying working and hygienic conditions led the Quaker economic thinker and social reformer John Bellers to claim that “[a] workhouse bespeaks too much of servitude” (Bellers 1696, p. 28). In 1722, the same view was endorsed by the politician and writer Lawrence Braddon, who recognized, “Many thousands of the incapable Poor are almost starved for want; thousands of them not having above nine-pence per head per week, for Lodging, Diet and all Necessaries” (Braddon 1722, p. 62). In 1732, an unknown Overseer reported that “we have many here who would choose to starve, rather than be maintained in … the house of correction, as they call it” (anon. 1732, p. 127). During the second half of the eighteenth century, the perception that the utility of the poor doctrine led to the establishment of a system of relief that turned the poor into objects of scrutiny and control became even more crisp (Maisse 1757; Scott 1773, p. 36; Potter 1775, p. 52; Zouch 1776, pp. 6, 19–21, 34, 41–43; Jones 1776, pp. 11–15; Blackstone [1776] 1803, p. 439).

Yet, it was Daniel Defoe who provided the most influential challenge to the system of indoor relief. In order to prove its inefficiency, he supported his analysis with strict analytical arguments. Offering work to the unemployed was wrong, he claimed, because it failed to consider three major factors. First, unemployment was not due to lack of labor demand. Second, poverty should not be disciplined through institutions designed to provide work for the poor. Third, state intervention on behalf of the poor would end up increasing rather than decreasing poverty (Defoe 1704, p. 9). Defoe defended

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3Echoes of this way of conceiving poverty as a motive for labor can be found in Malthus (1798). According to James Bonar, Malthus “thought to have shown the power of poverty as the cause of labour” (Bonar 1885, p. 41). Also, in the Poor Law Commissioners Report of 1834, it was held that poverty was the best incentive to labor (Poor Law Commissioners Report 1834, p. 227).
4Before Defoe, John White (1630, p. 20), Samuel Hartlib (1649, p. 8), and John Graunt (1662, p. 351) had already expressed their concerns about the economic and administrative rationale governing the system of indoor relief (Slack 1999).
5Like Locke, he blamed the increase of poverty on a deterioration of morals and an increase in idleness and extravagance (Defoe 1704, p. 543).
English manufactures because they represented the foundation of trade. They were “so Essential to the Publick Benefit” that any forced alteration would cause “irreparable Damage to the publick” (ibid., p. 544). More workhouses would represent a “Grievance to the Nation” because their establishment would upset the interregional division of labor, distorting the natural order of trade. When the produce of workhouses did not find new outlets, Defoe believed, the only alternative would have been to bring it into the current market to compete with the goods of private manufactures.

The consequences were obvious for Defoe. Existing private manufactures would be weakened due to competition with public workhouses. The trade industry would be negatively affected because, if each parish became self-sufficient by producing its own goods, thanks to the labor of the poor, it would make “our Towns and Counties independent of one another, and put a dump to Correspondence [or communication]” (ibid., p. 545). Defoe concluded that “this will ruin all the Carriers in England,” as “the wool will be all Manufactured where it is sheer’d, every body will make their own Cloaths, and the Trade which now lives by running thro’ a multitude of Hands will go then through so few, that thousands of families will want Employment” (ibid.).

Defoe’s attack against the Poor Laws should not induce us to think that he was indifferent to the fate of the poor. In an earlier pamphlet, he placed poverty and unemployment among the worst social ills and suggested a remedy. The ultimate end of Defoe’s *An Essay Upon Projects* was to “banish beggary and poverty out of the kingdom” (Defoe 1697, p. 171) by replacing the contemporary state of affairs with a society in which “all mankind, be they never so mean, so poor, so unable, shall gain for himself, a just claim to a comfortable subsistence” (ibid., p. 23). In his opinion, the best way to eradicate poverty was not by establishing more workhouses, but rather by introducing a nationwide Friendly Society, which the laboring poor would be obliged to join to provide for themselves in times of sickness or unemployment, thus taking the strain off the authorities in charge of poor relief (ibid., p. 118). This had the advantage, he argued, that all “disasters in the world might be prevented by it, and mankind be secured from all miseries, indigences, and distresses that happened in the world” (ibid., p. 123).

The logic upon which Defoe built his case was impeccable: “‘tis kind that my Neighbor shou’d Relieve me if I fall into Distress or Decay; so ‘tis but Equal he shou’d do so if I agreed to have done the same for him; and if God Almighty has Commanded us to Relieve and Help one another in Distress, sure it must be commendable to bind our selves by Agreement to Obey that Command” (ibid., p. 87). Defoe’s reciprocity rule led him to elaborate an insurance scheme open to all laboring people under the age of fifty (men and women alike with the exception of soldiers and beggars), each paying an initial fee of sixpence and one shilling per quarter (ibid., pp. 146–147). In return, they would become eligible for a selected range of benefits, such as free medical care in case of accidents and sickness, a lifetime pension of twelve pence per week for loss of limbs, residence in a hospital for the elderly and infirm, widows’ maintenance, etc. Claims could not be made in the first year of the program for any reason.

The *Essay* disclosed a disturbing problem that characterized post-revolutionary England: the existence of the laboring poor. In this pamphlet, Defoe showed that the problem could not be treated simply according to the rules of a competitive market or via state intervention alone. Rather, the solution required the involvement of the poor themselves.
Defoe’s assumption that common risks give people common interests could have had substantial implications for social policy. Since all members of society faced the risk of either becoming poor or paying for maintaining the poor, the shared risk would have brought the entire population within the purview of Friendly Societies. He believed that if the scheme were implemented, the laboring poor, in times of economic distress, could avoid poverty not by relying on public or private charity, but thanks to their membership in a Friendly Society. As we shall see below, although nothing came of Defoe’s proposal, throughout the eighteenth century, Friendly Societies played an important role in the life of the working poor. Especially during the last quarter of the eighteenth century, authors such as Richard Price (1771), Francis Maseres (1772), Thomas Gilbert (1786), Joseph Townsend (1786), John Acland (1786), and Sir Frederick Morton Eden (1797) would discuss “ways in which mutual benefit societies might be encouraged in order to induce the working classes to practice self-help” (Solt Dennis 2005, p. 4).

III. THE NEW VIEW ON HIGHER WAGES, INEQUALITY, AND ECONOMIC DEVELOPMENT

In a context where the newly established patterns of consumption constantly reduced the previous limits to national prosperity, those who championed the emancipation of the low ranks of society had to confront a resilient opposition. The belief that the poor had their rightful place at the bottom of the social ladder persisted throughout the eighteenth century (Fielding 1751, p. 5; Alcock 1752, p. 9; Townsend 1786, p. 35). Advocates believed that an increased standard of living for the poor represented a menace for society. The poor, they insisted, “might cease to labor, and so destroy the trade upon which English prosperity was built” (Marshall [1926] 2007, p. 34).

Although, at the end of the seventeenth century, the shortcomings of the utility of the poor doctrine had been pointed out (Harris 1691, p. 53; Gouldsmith 1725, p. 18), it was only from the second quarter of the eighteenth century that a new and dynamic idea of economic development emerged, recognizing that “causation runs from the poor relief and the minimization of risk and uncertainty that it entailed to economic success” and not the other way around (Smith 1986, p. 206).

The first author who addressed this issue was Jacob Vanderlint. He defined the necessary consumption level of laborers by assuming a direct relationship between the rise in real wages and an increase in the laborer’s industriousness. Apropos, he introduced the idea of an appropriate level: a wage suitable to “support such a family as is often the lot of them to have” (Vanderlint 1734, p. 15). Conversely, he believed, “[l]owering wages would be injurious since the labouring class, being the bulk of mankind, would in this case affect consumption of things in general so mightily that there would be a want of trade and business among the other part of the people” (ibid., p. 120). In fact, he believed that better rewards would have led to further efforts on the part of the workers: “The working people can and will do a great deal more work than

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7Defoe’s advocacy for self-help did not prevent him from acknowledging the importance of public relief—provided that it was confined specifically to the impotent poor (Defoe 1713, pp. 3–4).
they do, if they were sufficiently encouraged. For I take it for a maxim, that the people of
no class will ever want industry, if they don’t want encouragement.” He added, “We
know the weavers, dyers, tailors, etc. at such time work almost night and day, only for
the encouragements of somewhat better pay and wages, which an extraordinary demand
for goods is necessarily connected with” (ibid., p. 122). In support of his case against the
utility of the poor doctrine, he used both supply-side and demand-side arguments.

Between 1735 and 1737, the Bishop of Cloyne George Berkeley published the
Querist, a seminal pamphlet in which he strongly refuted the argument whereby only
necessity induced the poor to work. He believed the best way to induce steady labor,
cleanliness, and civil behavior was to expand the pattern of wants. As Berkeley put it:
“Whether the creating of wants be not the likeliest way to produce industry in people?
And, whether, if our peasants were accustomed to eat Beef, and wear Shoes, they
would not be more industrious?” (Berkeley 1735–37, p. 5). He insisted that only by
developing the domestic market could the poor advance their condition by using the
assets at their disposal. This understanding is captured nicely in Query 577: “Whether
it be not the Interest of England, that we should cultivate a domestic Commerce among
ourselves? And whether it could give them any possible Jealousy, if our small Sum of Cash
was contrived to go a little further, if there was a little more Life in our Markets, a little
more buying and selling in our Shops, a little better Provision for the Backs and Bellies of
many forlorn Wretches throughout the Towns and Villages of this Island?” (ibid., p. 121).
Berkeley concluded that a nation’s wealth consisted of a well-fed, -clothed, and -housed
population, and that, since such a wealth could stem only from human industry, the state
had the duty to encourage the industriousness of its people (Kelly 1986, p. 104).

By mid-century, a different economic landscape appeared. England was experiencing
“a great expansion and an apparent growth of national income” (Marshall [1926] 2007,
p. 79), but simultaneously, vast sectors of the population suffered severe unemploy-
ment and underemployment due to high food prices, low wages, and the effects of
enclosures. As a result, by the end of the century, the laboring poor represented the
majority of both internal migrants and poor relief recipients (King 1997, pp. 325–326;
Fideler 2006, p. 147). It was in this context that David Hume and Adam Smith carved
out their influential ideas in the fields of social philosophy and economics, paving the
way for a new vision of poverty and its remedies.

David Hume pointed out that all members of the political community should enjoy
the benefits of the newly established commercial society. Hume believed that “where
the riches are in few hands, these must enjoy all the power, and will readily conspire
to lay the whole burthen on the poor, and oppress them still farther, to the discour-
agement of all industry,” concluding that a “too great disproportion among the citizens
weakens any state” (Hume [1752] 1955, p. 15). Hume offered another powerful state-
ment, anticipating a modern concept of welfare economics: “Every person, if possible,
ought to enjoy the fruits of his labour, in a full possession of all necessaries and many
of the conveniences of life. No one can doubt, but such equality is most suitable to
human nature, and diminishes much less from the happiness of the rich than it adds to
the poor” (ibid.).

Hume added seminal economic arguments to his ethical and political ones. He rejected the idea that high wages for the laboring poor would be beneficial for
enhancing national prosperity. An expanding economy requires new laborers, which in
turn oblige firms to pay higher wages, which in their turn stimulate further economic
expansion (ibid., p. 37). As Claudia Schmidt cogently pointed out, here Hume seems to suggest that the promotion of a flourishing national economy requires not only “a basic level of subsistence, but also the possibility of an increasing level of prosperity for the working class” (Schmidt 2003, p. 304). Hume, who was writing at the end of a period of low inflation, believed that real wages would increase together with the quantity and the quality of the manufactured goods. As he put it, the worker carries his money to the market, where he finds everything at the same price as formerly, but returns with greater quantity and of better kinds, for the use of his family. The farmer and the gardener, finding, that all their commodities are taken off, apply themselves with alacrity to the rising more; and at the same time can afford to take better and more clothes from their tradesmen, whose price is the same as formerly, and their industry only whetted by so much new gain. (Hume [1752] 1955, p. 38)

Thus, national production was fostered by a policy of high wages that would expand the market for traded goods without provoking inflation.

Shifting to a microeconomic perspective, Hume dismissed the idea that indolence, laziness, and idleness were inborn traits that only harsh working and living conditions could overcome. According to Hume, laborers were not hostile to work per se:

Indolence or repose, indeed, seems not, of itself, to contribute much to our enjoyment; but like sleep, is requisite as an indulgence to the weakness of human nature, which cannot support an uninterrupted course of business or pleasure. That quick march of the spirits, which takes a man from himself, and chiefly gives satisfaction, does in the end exhaust the mind, and requires some intervals of repose, which, tho’ agreeable for a moment, yet, if prolong’d, beget a languor and lethargy, that destroy all enjoyment. (ibid., p. 25)

On these grounds, he rejected the dominant view that the resistance to work could be overcome only by constant repetition. The only achievement of such a course of action, according to him, would be the development of a ‘passive habit’ of work. Instead, to acquire an active habit of work, workers should be offered some form of variety and challenge (Hume 1739–40, p. 263).

Though Hume acknowledged that necessity “is the great spur to industry and invention” (Hume [1752] 1955, pp. 17–18), his reasoning provided support to the idea that higher wages were the best incentive for English workers’ diligence and industry (Hume [1752] 1955, p. 13; see also Coats 1958, p. 67; Marshall 1998, p. 313). Hume developed a twofold argument that had significant policy implications. First, he explicitly linked the consumption of luxury goods to a vibrant economy. Imported luxury goods provide novel and exotic “delicacies and luxuries” that “gratify the senses and appetites.” They can “rouse men from their indolence” by exposing them to things “never before dreamed of” (Hume [1752] 1955, pp. 13–14). By contrast, he affirmed

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8 Hume never advocated an increase in real wages as a means for increasing worker productivity.

9 The economic ideas championed by English economic thinkers were echoed especially in France where the system of Poor Laws did not exist. In particular, the questions of consumption and the role of demand were clearly analyzed by Pierre le Pesant de Boisguilbert (1704, pp. 29–30), François Veron de Forbonnais (1754), Vincent de Gournay (1754), and, a little later, by the Physiocrats. In France, these reflections were independent of any progress in social legislation.
that in the absence of demand for superfluities, “men sink into indolence, lose all
enjoyment of life” (ibid., p. 15). Second, he noted that fair wages were the most pow-
erful incentive for working hard. He further added, “It is a violent method and in most
cases impracticable to oblige the labourer to toil, in order to raise from the land more
than what subsists himself and the family. Furnish him with manufactures and com-
modities, and he will do it of himself” (ibid., p. 12). It was on this ground, Edward
Soule argued, that Hume supported state intervention “in labor relations for …
ensuring that workers be paid fairly and that they not be denied the fruits of their labor”
(Soule 2000, p. 144).

Between the end of the 1750s and the beginning of the 1770s, pro-poor labor senti-
ments became stronger. Malachy Postlethwayt argued that the poor were not respon-
sible for being idle, and neither were they criminal, because “if they were sufficiently
encouraged” they “would work far more than they do” (Postlethwayt 1759, p. 43).
A few years later, Nathaniel Forster (1726–1790) and Thomas Mortimer (1730–1810)
argued against low wages. In 1767, the former maintained, “If a man sees that the
harder he labours, the higher he shall be taxed, or if he finds in private life that his
wages are lowered in proportion to his industry, is it in nature that either of these
circumstances should tend to increase his industry? They must always have a contrary
effect, and will necessarily crush and extinguish it” (Forster 1767, p. 58). He con-
cluded that it was “as good a general maxim as ever was advanced, that the sure way
of engaging a man to go through a work with vigour and spirit is, to ensure him a taste
of the sweets of it” (ibid., p. 61). In 1772, the latter argued that it was “the combined
plagues of dearness of provisions, incessant labour and low wages” (Mortimer 1772,
p. 90) that diminished both the skills and creativity of laborers. Also, the critic of the
laziness of the lower ranks of society, Josiah Tucker, argued that any productive fea-
ture of economic progress requires increasing living standards for the working classes.
Tucker believed that an appropriate reward for labor was desirable because it would
prompt a speedier division of labor, and the productivity obtained would in turn be
used to pay higher wages: “In such a Case, Is it not much cheaper to give 2s. 6d. a Day
in the rich Country to the nimble and adroit Artist, than it is to give only 6d. in the poor
one, to the tedious, awkward Bungler?” (Tucker 1774, p. 34).

Adam Smith was probably the most influential pundit who questioned the prevail-
ing views on the effects of poverty. He was truly concerned both with the plight of
severe poverty (Himmelfarb 1984, pp. 46–62) and the imbalances of economic power
among the social classes (Baum 1992, p. 144). Smith’s approach to poverty was
extremely innovative and radical: by escaping “from the marshy ground of morality,
religion, or politics,” he “took the bold step of linking poverty with the dynamic
working of the economic system of production” (Ashcraft 1996, p. 54). Though the
Wealth of Nations’ primary focus was economic growth, “universal opulence” should
“extend itself to the lowest ranks of people” (Smith [1776] 1976, p. 15). Bettering the
living conditions of the poor was advantageous to all:

Servants, labourers and workmen of different kinds, make up the far greater part of
every great political society. But what improves the circumstances of the greater part
can never be regarded as an inconveniency to the whole. No society can surely be
flourishing and happy, of which the far greater part of the members are poor and mis-
erable. It is but equity, besides, that they who feed, cloath and lodge the whole body
of the people, should have such a share of the produce of their own labour as to be
themselves tolerably well fed, clothed and lodged. (ibid., p. 88)

Smith’s persuasion that economic freedom led to economic growth was coupled with
his concern for economic inequality. Similarly to Hume, he claimed that the varying
statuses of the different strata of society did not derive from the faults of individuals, but
rather from circumstances (ibid., p. 19), and emphasized the inequality intrinsic to the
process of economic growth: “Wherever there is great property, there is great inequality.
For one very rich man, there must be at least five hundred poor, and the affluence of the
few suppose the indigence of the many” (ibid., p. 232). Possibly more important, Smith
found Locke’s idea that poverty was a product of lack of discipline and/or corruption of
manners unconvincing. Laziness and intemperance are not inherent traits of the poor, but
rather the result of adverse institutional or economic circumstances. For instance, those
who were unemployed due to sickness or disability bore no responsibility for their
condition, which was neither deserved nor a fate that they could escape from with the
resources at their disposal. Thus, Smith saw no faults in the morals of the laboring poor.
The poor were prudent, industrious, and reflective citizens (Rothschild 1995, p. 4), and
they were so concerned with their social position that “a creditable day-labourer would
be ashamed to appear in public without a linen shirt” (Smith [1776] 1976, p. 399).

Furthermore, Smith held that the main drive governing human action was not
necessity, but rather the desire to better one’s condition\(^\text{10}\) that “comes with us from the
womb, and never leaves us till we go to the grave” (ibid., pp. 362–363). He thought
this applied to all social classes. A poor laborer, like any other citizen, was moti-
vated by the prospect of “ending his days perhaps in ease and plenty” (ibid., p. 91); he
also championed fair wages for the working class. Smith’s affirmations rested on the
consideration that they were an indicator of a flourishing and healthy economy as well
as an essential feature of a fair society.

He opposed the prevailing wisdom that in “cheap years, … workmen are generally
more idle, and in dear ones more industrious then ordinary” (ibid., p. 85). In Smith’s
eyes, this was a falsehood circulated by the “Master of all sorts” who “frequently make
better bargains with their servants in dear than in cheap years, and they find them more
humble and dependent in the former than in the latter. They naturally, therefore, com-
mend the former as more favourable to industry” (ibid.). He also opposed the idea that
high wages would lead to a decrease in labor supply. He acknowledged that “some
workmen, indeed, when they can earn in four days what will maintain them through
the week, will be idle the other three. This, however, is by no means the case with the
greater part” (ibid., p. 91). On the contrary, he maintained, “[w]hen wages are high …
we shall always find the working man more active, diligent and expeditious, than when
they are low” (ibid., p. 85). It is improbable, he added, “that men in general should
work better when they are ill fed than when they are well fed, when they are disheart-
ened than when they are in good spirits, when they are frequently sick than when they
are generally in good health” (ibid., p. 92); “The wages of labour are the encourage-
ment of industry, which, like every other human quality, improves in proportion to the
encouragement it receives” (ibid., p. 91).

\(^{10}\)He rejected the argument according to which people work harder when they are afraid, or when real
wages are low (Smith [1776] 1976, p. 92).
One cannot but agree with Blaug’s statement that Smith’s overall opinion on the Poor Laws has been either ignored or, worse, misinterpreted (Blaug 1978, p. 157). It is well known that Smith was uncomfortable with the Act of Settlement and Removal (Smith [1776] 1976, p. 157). However, his opposition to the 1662 Act was limited to the hindering of the free circulation of labor throughout the country, which interfered with his system of natural liberty: “To remove a man who has committed no misdemeanor from the parish where he chooses to reside, is an evident violation of natural liberty and justice” (ibid.). Nothing in this argument can be taken as a general attack on the Poor Laws as such. Geoffrey Gilbert’s inference seems to be accurate that Smith had no objections to the principle of the Poor Laws, or he would have expressed them (Gilbert 1997, p. 287). Incidentally, the argument against the Settlement Act was related to the problem of the increasing costs of poor relief. If the poor had been free to move from place to place in search of gainful occupation, not only would their liberty have increased considerably, but that mobility also would have contributed to reducing the tax burden.

Although Smith was very cautious in expressing a view with regard to government intervention in assisting the poor, he did believe that “some attention of government is necessary in order to prevent the almost entire corruption and degeneracy of the great body of the people” (Smith [1776] 1976, p. 734). Smith’s reasoning rested on the idea that there were shortcomings in economic progress. If, on the one side, the division of labor improved the workers’ dexterity, on the other side, it corrupted his “intellectual, social, and marital virtues” (ibid., p. 327). It was for this reason that Smith’s idea of social welfare called for a government concerned with the health of both the mind and the body of its people: “Even though the material spirit of the people were of no use towards the defense of society, yet to prevent that sort of mental mutilation, deformity, and wretchedness, which cowardice necessarily involves in it, from spreading themselves through the great body of the people, would still deserve the most serious attention of government” (ibid., p. 739). Both social reformers and political leaders during the 1780s and 1790s would take the above guidelines very seriously. The *Inquiry into the Nature and Causes of the Wealth of Nations* “became a textbook for statesmen seeking to avoid the twin specters of famine and destitution” (Cowherd 1977, p. xiii).

IV. THE POLITICAL ECONOMY OF INCLUSION AND THE SHAPING OF THE NEW POOR LAWS

Economic theory can become a theory of societal change only within a historical context. In this and in the following section, we evaluate whether the line of defense

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11Geoffrey’s argument resembles very closely the one proposed by Jacob Viner, who believed that if Smith had been pressed, he would have expressed approval for poor relief (Viner [1927] 1958, p. 241). Other scholars have differing views on the subject. To the same question, Blaug answers with a sound “no” (Blaug 1978, p. 50), while Samuel Hollander does not provide a clear-cut answer (Hollander 1973, p. 243).

12For him, it was a matter of “the greatest delicacy” (Smith [1759] 1976, p. 734).

13Smith also proposed better regulation of the wheat market so as to reduce the price of bread without penalizing the producers. This can be configured as an anti-poverty policy as it could be understood as an indirect subsidy to the poor (Smith [1776] 1976, I, p. 587).
devised by social reformers against high inflation and reduced levels of income, which
categorized the last quarter of the eighteenth century, was consistent with the reflec-
tions that emerged from the field of political economy. Though further research must
be undertaken, an initial comparison can be made of how economists’ arguments and
social legislation suggest unintended convergences—the combination of which may
have contributed to shaping a social security system whereby the mass of the laboring
poor enjoyed rights, dignity, and assistance (Mitchison 1991, p. 33).

This very point marks the pre-Malthusian stage of the discussion. As Donald Winch
pointed out, T. Robert Malthus’s message was that poverty should be alleviated through
voluntary charity and not by “the forced varieties that have spread through use of the
allowance system” (Winch 1998, p. 15). From this perspective, the round of reforms
that occurred in the last quarter of the eighteenth century confused moral duty with
the task of legislating. One of Malthus’s closest followers stated that compulsion
had destroyed “the very essence not only of benevolence, but of all virtue,” since the
decision to be virtuous must be voluntary (Coplestone 1819, p. 18). This mindset also
attracted one of Smith’s closest disciples, the Calvinist Reverend Thomas Chalmers
(1780–1847), who argued for the abolishment of the Poor Laws. Like Malthus, he saw
charity as an active Christian principle not to be confounded with “the passive obliga-
tion like the rates paid to maintain a poor law” (Goodlad 2003, p. 18). As Chalmers put
it, charity was a gift of “judgement,” “time and attention,” and monetary assistance
(Chalmers 1900, p. 221; see also Alcock 1752, p. 21).

Gilbert’s attempts to raise the poor’s standard of living while reducing the tax
burden began in 1765 when his proposal to incorporate parishes into large districts
was defeated in the House of Lords by sixty-six votes to fifty-nine.14 Gilbert did not
surrender, and prepared for other attempts at reform. In the following years, he acu-
accumulated impressive data on poverty. He developed a framework to address the preoc-
cupations already expressed by economic thinkers like Defoe and other observers
before him. In 1781, he wrote that workhouses were “generally inhabited by all Sorts
of Persons. … Hence arise Confusion, Disorder, and Distresses, not easily to be
described. I have long thought it a great Defect in the Management of the common
Workhouses, that all Descriptions of poor Persons should be sent thither; where, for
the most Part, they are very ill accommodated” (Gilbert 1781, pp. 6–8). As stern vigi-
lance and refusal for outdoor relief were a course of action very difficult to maintain,
considering the altered economic conditions, Gilbert proposed that, for the sake of
both the poor and the rates, workhouses should be reformed to promote industrious
behavior (ibid., p. 11).

By the 1780s, Gilbert’s objectives had become many: first, he meant to repeal the
practice of farming out the poor; second, he wanted to extend mobility to the laboring
poor; third, he meant to provide outdoor relief to the most possible number of needy

14It is interesting to note that the same year, the French clergyman and economist Nicolas Baudeau (1730–
1792) published Idées d’un citoyen sur les besoins, les droits et les devoirs des vrais pauvres (1765). In this
work, Baudeau extended Montesquieu’s idea of a national obligation to provide public assistance to the
poor. Baudeau’s fundamental principle was “that the supreme bureau would have ownership and control of
all properties, funds, and income intended for the aid of the poor throughout the kingdom, and that it would
be responsible for maintaining this fund and improving it” (McStay Adam 1990, p. 47). As with Gilbert’s
proposal, it did not lead to substantial reforms.
persons; finally, he aimed to reduce the Poor Rates. Success smiled at him when, in 1783, Parliament finally passed three Bills that substantially amended the Workhouse Test Act. Gilbert’s Bills made provisions for the unemployed, the rogues, vagabonds, sturdy beggars, and the impotent poor. To meet the needs of the first category, he proposed to make it easier for the unemployed to move from rural parishes to industrial towns while creating more job opportunities through public works. Parishes had “to provide for the Maintenance and Employment of their Poor at a common Expence, without farming them out” (Gilbert 1781, p. 6). For the second group, he proposed to lodge them in houses of correction, rather than in workhouses, since they were less severe in handling the poor (Cowherd 1960, p. 331). Workhouses were transformed into residences and remained available for children, the old, and the infirm.

Gilbert believed that in most cases, it was preferable for the impotent poor “to remain in their own Habitations (if they have any) or to be placed with any Friend or Relation, at weekly Allowances, adapted to their Circumstances and Situation; it being understood, in all these Cases, that the Persons who keep them shall have the benefit of such Labour as they are able to perform; and weekly Pay to be fixed accordingly” (Gilbert 1781, p. 8). The rationale for this resolution rested on the twofold idea that workhouses had high running costs compared to their productive capacities and that inmates were deprived of their freedom. Like Smith, Gilbert was unconvinced by the Law of Settlement and Removal. Accordingly, his reform contributed to relaxing the geographical immobility of the laboring poor by prohibiting the removal of both sick members and pregnant mothers belonging to the parishes reunited under its provision (Gilbert 1781, pp. 4–7).  

By the end of the century, England was at war with France and foodstuffs were difficult to import from abroad. Life became extremely harsh, and the price of bread soared. The already precarious conditions of the poor were further worsened by a series of scarce harvests, which gave rise to food shortages and riots. Repeatedly reported by eminent observers, the severity of the situation called for more drastic measures than those incorporated by the Gilbert Act. An attempt to reduce the poor’s

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15 Gilbert’s work paved the way to the approval by Parliament of the Removal Act (1795) that prohibited “the ejectment of poor immigrants unless they actually become chargeable to the parish” (Mokyr 1999, p. 35).

16 The Poor Law Returns of 1803 assessed Gilbert’s success. By that time, the majority of the workhouses had turned into poorhouses and, out of nearly a million poor, only 83,000 received indoor relief. Furthermore, the expenditure for the materials needed to put the poor to work amounted to less than £50,000. The practice of contracting out of the poor was enforced only in 293 parishes (Abstract of Returns 1804, p. 716).

17 As Eden (1766–1809) claimed, the situation was so bad for the poor that “numberless extraordinary demands for parochial assistance” were made both by the “infirm and impotent” and by the “able-bodied and industrious who had, very few of them, ever applied to the parish for relief.” This situation led him to recognize that laborers were due an increase in wages: “There was no doubt but that the circumstances of the times required an increase in the income of the labourers in husbandry, who, in this country at least, compose the most numerous body of those liable to want assistance form the parish” (Eden 1797, pp. 120–121).
hardship was made by extending to all the laboring poor the provisions made in 1793 by the Rose Act, whereby no industrious laborers looking for employment outside their parish could be removed until they became dependent upon the parish for relief (35 Geo. III, c. 101). However, given the exceptional situation, this law, designed to increase the mobility of labor, had to be “enacted in conjunction with the increase in outdoor casual relief” (Cowherd 1960, p. 334). Starting from the premise that the Workhouse Test Act was “inconvenient and oppressive inasmuch as it often prevents an industrious person from receiving such occasional relief as is best suited to the peculiar case of such poor person” (36 Geo. III. C. 23, in Eden 1797, p. 238), the Relief of the Poor Act (1795) commanded the justices of the peace to grant casual relief “to any industrious poor person” who finds himself in “temporary distress,” adding that “he shall be entitled to ask and receive such a relief at his home or house” (ibid.).

In April 1795, following a poor harvest, the governing elite of Berkshire County, fearing popular upheaval, decided to hold a meeting at the Pelican Inn in Speenhamland to discuss the “miserable state of the labourers and the necessity of increasing their wages to subsistence level, instead of leaving them to resort to the parish officer for support for their families” (Hammond and Hammond [1911] 1929, p. 137). Chaired by Charles Dundas (1751–1832) and attended by local magistrates and clergymen, the meeting was held on May 6. On that occasion, the elites of Berkshire County discharged the minimum wage option and passed a resolution based on the premise that “the present state of the poor does require further assistance than has been generally given them” (Berkshire Session Order of Book 1791–1795, in Aspinall 1959, p. 414). In order to retain the affection of and control over their laborers, the justice of the peace established “that every man has the right to a minimum subsistence, and that if he can earn only part of it then society owes him the difference” (Mantoux 1905, p. 437). With the blessing of both farmers and landlords, it was thus decided that “subsidies in aid of wages should be granted in accordance with a scale dependent on the price of bread, so that a minimum income should be assured to the poor irrespective of their earnings” (Polanyi [1944] 1998, p. 78).

Situated on the periphery of the declining southwest textile industry, Berkshire County was heavily affected by enclosures. As Mantoux observed: “In the south-west the general distress caused by the rise in the cost of living had been aggravated by a crisis in the woolen industry, which at the time was thought to be only temporary, but was, in fact, the beginning of an irretrievable decay, finally to deprive the country people of one of their traditional resources” (Mantoux 1955, p. 436).

As Eastwood pointed out, he “had a statistical basis and an analytical context against which to understand the likely impact of massive food prices rises in late 1794 and early 1795” (Eastwood 2002, p. 52).

During the Speenhamland era, there were other mechanisms devised to make sure that the incomes of the poor were insulated from rising prices due to the Napoleonic inflation and poor harvests. In addition to allowances in relief of wages (for those employed and funded by the parish), the ways by which the unemployed were aided outside the workhouse were the labor rates, the roundsman, and, to a lesser extent, public works. The combination of these measures was compatible with the understanding of economic development proposed by late mercantilist and Classical economic thinkers like Hume and Smith. Providing financial help to the poor in case of hardship presupposed the realization that they were not inherently idle, but rather victims of circumstance. Furthermore, it provided a more balanced relationship between personal freedom and economic growth, as well as a more equitable distribution of income.
of supplementary wages from the parish funds had become usual practice in many counties.

Even if this rule was never formally transposed into law, it radically altered the workings of the Poor Laws for the forty years that followed. This form of non-residential guaranteed minimum income, independent of workers‘ earnings, not only guaranteed minimal subsistence in times of hardship and additional purchasing power when circumstances improved, but also allowed for greater mobility for laborers in seeking employment. It helped the laboring population cope with the inability of the labor market to offer sufficient wages (income) and occupations (Smelser 1959, p. 357). It aided the ‘victims’ of technological change by preventing both the laboring poor and the unemployed from becoming dependent on parish relief, providing a wage subsidy on which to subsist (Snell 1985, pp. 104–105). Above all, this system allowed a considerable amount of resources to be transferred from the landowners, upon which most of the tax burden under the Poor Laws fell, to the manufacturing entrepreneurs, who benefited from the relatively lower wages permitted by the payment of allowances to their workers.

Authors like Mark Blaug and Daniel Baugh highlight that under the Speenhamland system, the laboring poor were better equipped to exploit the economic opportunities available to them. Three of Blaug’s arguments are important for our analysis. First, he argued that low wages were not an effect of outdoor relief, but rather the reason for enforcing allowances in aid of wages (Blaug 1963, pp. 161–162; and 1964, p. 242). Second, in sharp contrast with Donald McCloskey (McCloskey 1973, pp. 424–427), he pointed out that the provision of allowances in aid of wages led to an increase in labor productivity by restoring “nutritional deficiencies” caused by substandard wage rates (Blaug 1963, p. 155). Last, he showed that the funds provided for outdoor relief were so low that it could not have been “an attractive alternative to gainful employment” (Blaug 1963, pp. 161–162). Baugh supported another of Blaug’s findings, that the workers’ average income did not decline between 1792 and 1814, “for, if [it] had, the real cost of relief should have risen” (Baugh 1975, p. 61). He also agreed with Blaug that, even in the short run, the allowance system “did not produce a disincentive to labour,” but provided an alternative explanation: “rural parishes were generally small enough to supply any relief with discretion” (ibid.).

Alternative solutions were considered, but soon discarded either for their impracticability or for ideological reasons. Some suggested the introduction of a diet reform (Eden 1797, pp. 496–535; Colquhoun 1806, pp. 273–274); others, like Rev. David Davies (1741–1819), the agriculturalist Arthur Young (1741–1820), and Eden

21 In 1797, Pitt attempted—and failed—to press Parliament into passing the Speenhamland system into legislation.
22 Regarding low-wage agricultural workers, Blaug argued that a supplement to wages increased the consumption and hence the energy and productivity of the workforce (Blaug 1964, p. 242). Contrary to Blaug, Karl Polanyi considered the long-run results of the Speenhamland experiment “rather ghastly,” underlining, as one effect, that “[w]ithin a few years the productivity of labor began to sink to that of pauper labor … the intensity of labor, the care and efficiency with which it was performed, … became indistinguishable from ‘boondoggling’” (Polanyi [1944] 1998, pp. 79–80).
23 Young was attuned to Smith’s ideas—especially his insistence on the poor’s self-determination, their responsibilization, and inducements for improving living standards through labor. It is worth mentioning that, like the economic thinker and Vicar of Dunmow John Howlett, Young was an advocate of enclosures as a way of increasing industriousness (Young 1794, p. 412).
proposed allotment schemes (Davies 1795, pp. 81–82; Eden 1797, I, pp. xx, and II, pp. 471, 687; Young 1801, p. 509). The diet solution was discarded because its enforcement would have been too impractical, and allotments were rejected, as land redistribution was unwelcomed by both “the large farmer, who did not like saucy labourers, and the shopkeeper, who knew that the more food the labourer raised on his little estate the less would he buy at the village store” (Hammond and Hammond [1911] 1929, p. 159). Moreover, Davies and John Howlett (1731–1804), the latter at that time concerned with the effect of rising food prices on the lower class (Cowherd 1977, p. 16; Neeson 1996, p. 49), called for the establishment of a minimum wage to ensure that the laboring poor’s resources would not be overtaken by their expenses. After witnessing the misery that farmers had to endure over the last decade of the eighteenth century, Howlett began advocating for decent wages for agricultural laborers and underlined the positive effects of the Poor Laws (Howlett 1796, pp. 11–12).

While assessing how best to compensate rural laborers for the decreased standards of living caused by nearly fifty years of Parliamentary enclosures, the authorities considered Whitbread’s minimum wage Bill. Quoting one of the most recognized authorities in the field of actuarial mathematics, Richard Price (1723–1791), Whitbread maintained that “in the course of two centuries, the price of labour had not increased more than three or at most four-fold; whereas the price of meat had increased in the proportion of six or seven; and that of clothing, no less than fourteen or fifteen fold in the same time” (Cobbett 1818, p. 703). The introduction of a minimum wage, Whitbread said, would “rescue the labouring poor from a state of slavish dependence; to enable the husbandman, who dedicated his days to incessant toil, to feed, to clothe, and to lodge his family with some degree of comfort” (ibid.). Opposed by an admirer of Smith’s (Himmelfarb 1984, pp. 71–72), William Pitt (and his Tory government), Whitbread’s Bill was defeated.

A year later, Pitt submitted his own reform proposal. Reluctant to interfere with the regulation of wages, he preferred to increase the mobility of the laboring poor because he believed that in doing so, “the wealth of the nation would be increased, the poor man rendered not only more comfortable but more virtuous, and the weight of the poor rates … greatly diminished” (Cobbett 1818, p. 709). He further called for the provision of casual outdoor relief to large families and single mothers, along with the establishment of schools of industry in order to offer some kind of education to poor children in the hopes that they would, one day, improve their position in life. The granting of credit to the poor for the “purchase of a cow or other capital which would...

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24 As Gilbert had done, Howlett pointed out the inefficiency of the workhouse system (Howlett 1781, pp. 39–40).
25 If, at the beginning of the eighteenth century, roughly half of the country’s arable soil was cultivated with the open field system, by the end of the following century, 95% of that soil was enclosed (Thompson 1963, p. 237; Deane 1965, pp. 52–57; Hobsbawm and Rudé 1970).
26 Pitt feared “that if once wages were raised to meet the rise in prices it would not be easy to reduce them when the famine was over” (Hammond and Hammond [1911] 1929, p. 144).
27 Like Smith, Pitt believed that the “poor laws of this country, … had contributed to fetter the circulation of labor.... They had prevented the workman from going to that market where he could dispose of his industry to the greatest advantage” (Eden 1797, III, p. cccx). In economic terms, Pitt was also influenced by Tucker (Hont 2008, p. 299, in Schabas and Wennerlind, p. 283).
help them to help themselves” or “for setting up the needy in business where there was a prospect of self-support” (Cowherd 1960, p. 336) was an integral part of his proposed Bill.

Pitt’s proposed reform was so far-reaching that it raised a general alarm. He withdrew it, realizing that an across-the-board legislative obstruction would have made it impossible for the Bill to pass in any case. His supporters, however, were able to pass the Bill piecemeal over the following years. What is of interest for our discussion is the influence Adam Smith’s Wealth of Nations had on both Whitbread and Pitt. Whitbread argued that Smith had implied a sort of regulation in favor of the working poor as well as a plea for high wages. Pitt evoked Smith’s support in arguing for the elimination of restrictions on the free circulation of the unemployed workforce (Rothschild 1992, p. 84; McLean 2006, pp. 90–91). Above all, in his Bill, Pitt adopted Smith’s idea that poverty should not only be relieved, but—possibly more importantly—be prevented (Sen 2010, p. 50). As Pitt put it: “The law which prohibits giving relief where any visible property remains should be withdrawn; no temporary occurrence should force a British subject to part with the last shilling of his little capital, and compel him to descend to a state of wretchedness from which he could never recover, merely that he might be entitled to a casual supply” (Pitt’s speech 1796, in Eden 1797, p. cccxii).

Another admirer of Smith’s, Thomas Paine (1737–1809), proposed a scheme for greater economic security of the lower ranks of society. Paine’s reasoning echoed Smith’s optimism on social and economic security within a system of natural liberty (Himmelfarb 1984, p. 88). Both saw poverty as the result of external circumstances. More specifically, Paine viewed poverty and inequality as by-products of mis-govern-ment and the rapaciousness of landowners who expropriated the common land from the poor (Paine [1791] 2003, p. 274). In The Rights of Man, he advocated abolishing the Poor Laws and replacing them with a non-contributory social insurance scheme in the form of pensions for the elderly and endowments for motherhood. Thus, Paine believed large-scale poverty was neither deserved nor inevitable. His proposals were firmly grounded in justice and rights rather than need or charity: “But it is justice, and not charity, that is the principle of the plan” (ibid., p. 376). He further added that relief to the poor was “not of the nature of charity, but of a right” (ibid., p. 235).

In a pamphlet written in 1795 and published in 1797, Paine went a step further and stated that the monetary economy had transformed land from its original condition to a commodity. Against Locke, Paine argued that land had been illegitimately subtracted from the natural owners without indemnification (Paine [1797] 2003, p. 375). Thus, each landowner “owes to the community a ground-rent (for I know of no better term to express the idea) for the land which he holds; and it is from this ground-rent that the fund proposed in this plan is to issue” (ibid., p. 374). Raised by a 10% tax on inherited property, the ground rent would have funded the payment of fifteen pounds sterling to every member of the community who had “arrived at the age of twenty-one years.” He further called for the payment of “ten pounds per annum, during life, to every person now living, of the age of fifty years, and to all others as they shall arrive at that age” (ibid., p. 376).

Paine’s proposal for improving the standard of living of the poor was congruent with Smith’s idea that overall social well-being entailed extensive consumption

Paine advocated welfare provisions within a well-functioning market society.
opportunities for all of society’s members. He reformulated this approach on the basis of an equal birthright to land and natural resources, which, in turn, implied the right of the holder to an equal share of the original value of the uncultivated land (Cunliffe and Erreygers 2004, p. 10). This equal share was considered an unconditional cash endowment for all adults. For Paine, the proposal of providing basic capital could be interpreted as going much further than calling for outdoor relief in the form of monetary grants. Rather, the way in which he penned it suggests that he was consciously proposing a negative income tax, a way of subsidizing the poor through state intervention.  

Interesting for the present discussion is that Paine’s rights-based approach closely resembles the one adopted by Pitt when he defended children’s allowances as a “matter of right and honour instead of a ground of opprobrium and contempt” (Pitt 1796, in Eden 1797, p. cccxi). Ailsa McKay comments that Paine’s proposal of state provision for a minimum income based on general taxation closely resembles the rationale supporting the Speenhamland system (McKay 2005, p. 112). This comment is also supported by Donald McCloskey, who argued that relief in aid of wage was in effect a negative income tax “with a 100 per-cent marginal rate of tax on earned income below the minimum” (McCloskey 1973, p. 434).

V. FRIENDLY SOCIETIES

It was in the above context that another major reform would play a fundamental role in the demise of workhouses. In 1793, Parliament decided to financially sustain Friendly Societies and their insurance schemes. Proposals aimed at establishing a nationwide Friendly Society can be dated back to roughly a century before Parliament passed the Rose Act in 1793 (Becher 1826, p. 3; Poynter 1969, p. 117; Clark 2000, p. 4). However, it was only late in the eighteenth century that these organizations began to be increasingly perceived as the solution “for the dependence of the labouring population on the Poor Law” (Poynter 1969, p. 115). Eden was among those who believed that the benefits obtained in return for contributing to the Friendly Society’s fund allowed the laboring poor not to resort to parish relief there. He plainly recognized that he did “not find … that any parish has been burthened with the maintenance of a member of any Friendly Society; nor are the instances numerous of families of members becoming chargeable” (Eden 1801, pp. 10–11).  

There were other motivations in favor of Friendly Societies. Some believed that in the new industrial environment, with larger trade cycles, Friendly Societies should serve as buffers for the laboring poor (Smelser 1959, pp. 346–353). Others found that their members were “less likely to be incited to insurrections and disturbances than those having no communication with any class of men superior to themselves, are easily led on to those riotous proceedings which are a scandal to good government”
Still others believed that Friendly Societies not only educated the poor to habits of savings, self-respect, and self-provision, but also gave them “an interest, a stake in preserving, manufacturing, and defending the laws and constitution of the country” (Colquhoun 1806, p. 137).

Defoe’s social configuration was resumed with a seminal essay by one of Smith’s admirers, the mathematician Richard Price (1771). He was aware that an ideal social configuration presupposed a high degree of cooperation in civil society. Price’s idea was that “one could use his youth and health as a present asset that could offset the future liability posed by sickness and age” (Ismay 2010, p. 30). Later on, in 1789, he produced generally applicable tables of contributions and benefits for Friendly Societies (Gosden 1961, p. 3). In 1772, Price’s fellow mathematician Francisc Masere (1731–1824) elaborated a scheme where laborers in the manufacturing districts could purchase an annuity to secure themselves against indigence in old age. He presented his parish-based annuity scheme as “a natural piece of prudence” because the poor “might save, in some safe and easy method that would procure them a suitable advantage from it in the latter periods of their lives” (Maseres 1772, p. 5).

Three other seminal proposals were made in 1786. Pushed by his success in 1782, Gilbert promoted the establishment of a nationwide Friendly Society. Following his eminent predecessors, he argued that these associations would encourage “sobriety, labour, and industry” (Gilbert 1786, p. 18). Furthermore, he stated that “if the clubs and friendly societies which abound in all parts of the kingdom, particularly in manufacturing and populous places, are promoted, and a proper encouragement given to their benevolent designs; … an entire new face will be given to the concerns of the poor” (ibid., p. 46).

The clergyman John Acland (1699–1796) expanded on Price’s and Maseres’s insurance schemes and proposed a nationwide Friendly Society that would receive weekly contributions from wage-earners and landowners alike to supply various benefits. Even if Acland’s scheme was exceedingly ambitious to gain legislative support, it was relevant in changing the general opinion on poverty. It treated poverty as a social problem that could be dealt with successfully only “if everyone would play a role in its solution” (Ismay 2010, p. 33). Acland believed that rich and poor alike had liabilities; thus, both should contribute to the society’s fund (Acland 1786, pp. 10–11). The proposal acknowledged that while each member of the parish “carried comparable liabilities, not everyone had the same ability to pay for them” (Ismay 2010, p. 33). If the money collected by each society were to be invested in national public securities, the interest earned on these securities would be enough to bridge the gap for those who were not in a position to contribute. Acland maintained that those who snubbed the society’s fund deserved no mercy (Acland 1786, p. 42).

One of the fiercer opponents to Thomas Gilbert’s parliamentary disputes was Joseph Townsend. In his *Dissertation on the Poor Law* (1786), he maintained that the existing system of poor relief discouraged virtue, hard work, and obedience; but his proposal did not intend to leave the poor destitute. In his view, the Poor Laws should be dismantled gradually, in conjunction with the establishment of mandatory Friendly Societies.

Townsend’s abolitionist ideas, based on the replacement of the Poor Laws by private charity, would be developed by Thomas Malthus in his *Essay on Population* (1798).
If not married, the laborer was to contribute a quarter of his wages; if married, “not more than one thirtieth of his income” (Townsend 1786, p. 99). In order “to drive them into these societies, no man should be entitled to relief from the parochial fund who did not belong to one of these” (ibid., p. 99).

A year later, John Rolle (1750–1842) proposed a large-scale allocation of funds to Friendly Societies. Speaking “at the express desire of his constituents,” who feared a rate increase, Rolle proposed a social insurance scheme financed by both employers and employed workers. There would be “one general club or fund throughout the kingdom, with permanency to the body and security to the capital ... to be raised by obliging the rich in a certain limited proportion to become contributors to the benefit of the poor, and to oblige the poor, whilst young and in health, to contribute towards their own support when disabled by sickness, accident, or age” (Rolle 1787, in Namier and Brooke 1964, p. 183). Parliament rejected the proposal, not heeding Rolle’s assurances to the House of Commons that his proposal for a universal benefit society “would reduce expenditures for the poor, relieve distress, give a spur to industry, and encourage population” (Cobbett 1818, p. 1062).

In 1793, Parliament passed the Act for the Encouragement and Relief of Friendly Societies, better known as the Rose Act. It was designed to protect and encourage Friendly Societies “in the raising of funds voluntarily for the mutual relief and maintenance of members in sickness, old age, and infirmity” (Cowherd 1960, p. 333). George Rose (1744–1818) thus succeeded where previous attempts had failed. Rose’s success suggests that, by the end of the eighteenth century, British society had come to realize that the fight against poverty could not be won by allowing market rules to dominate or by allowing the state to take over the economy. The fight could be won only in a mixed economy where state, market, and civil society play complementary roles. Rose was quite optimistic with regard to the industriousness of the Friendly Societies’ members. His Act unambiguously stated that they were necessarily industrious, as they had worked hard enough to save the money needed to become a member. This demonstrated their willingness to work, which rendered them unlikely to become ‘chargeable.’ Rather than asking assistance from the parish during hard times, a member of a society would go to his club to receive assistance.

The Rose Act was able to overshadow the flurry of complaints advanced against Friendly Societies, which spanned from the continuous increase of the contribution rates to the societies’ failure in managing their savings. The Act expressed the view that the introduction of voluntary “separate funds for the mutual relief and maintenance of the said member in sickness, old age, and infirmity, is likely to be attended with very beneficial effects, by promoting the happiness of individuals, and at the same time diminishing the public burthens” (33 Geo. III. c. 54). While not a revolutionary reform, the Rose Act “cemented friendly societies solidly in the social structure of the working class” (Smelser 1959, p. 356). Rose’s Act rested upon a solid rationale. He was conscious of the speed at which industry was expanding and producing an increasing demand for labor, especially in wealthy districts and towns (Vernon-Harcourt 1860, p. 525). In order to help the

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32 Rose was also concerned with providing the working population with “the banking facilities open to businessmen and landowners” (Cooke 1950, p. 116).
laboring poor to move to where job opportunities were greater, he established that
“[n]o member of a Friendly Society was to be removed from any parish until he should
become actually chargeable” (33 Geo. III. c. 54). The success of this piece of legisla-
tion was remarkable: “as long as friendly societies promised to guarantee for its own,
as long as they kept its members from making demands on the parish, individuals
could live peacefully outside their parish of origin” (Kowaleski 2000, p. 53).

The effectiveness of Friendly Societies under the Rose Act has been documented by
Eden. According to Eden’s estimate, the total membership of the societies in 1801 was
astronomic: 5,117 local clubs were registered. To this number, one should add all those
who did not register, bringing the total roughly to 7,200 societies. Making the due
calculations, he concluded that at the turn of the century, there were at least 648,800
members. Three years later, the total membership for England and Wales reached
the astronomical figure of 704,350 (Eden 1801, pp. 6–8). Eden’s appreciation of the
Friendly Societies derived from his preoccupation that the Poor Laws were “costly
beyond all calculations” (Eden 1797, p. xvii). His disaffection towards workhouse
schemes was based on solid economic reasoning. Public provisions to provide work
for the able-bodied, he claimed, “proceeded from the supposed existence of facts in
political economy, which was doubtful at the time, but which experience had since
proven to be mistaken. It is a most satisfying circumstance … to show that the capital
stock of the public cannot enter into competition with the capital and well-exerted
industry of Individuals” (Eden 1797, I, pp. 481 and 586). Eden’s conclusion was
straightforward: such a misconception could be eradicated only by substituting
“voluntary charity and self-help for the Poor Law” (Cowherd 1960, p. 338).

Eden’s argument for the amendment of the Act of Settlement and Removal was
exquisitely Smithian. He situated a man’s wealth in his own labor. He shared Smith’s
premise that the “patrimony of a poor man lies in the strength and dexterity of his
hands; and to hinder him from employing this strength and dexterity in what manner
he thinks proper without injury to his neighbour is a plain violation of this most sacred
property” (Smith [1776] 1976, p. 129), and believed that strict residence requirements
constituted such a violation. In Eden’s works, the mobility of the laboring poor was
not volatile fluidity, but a potent source of labor, which, like capital itself, must be
free to flow.

With regard to the above reflections on Friendly Societies, what is worth noticing is
that Smith’s idea of preventing, rather than relieving, poverty remained prevalent
in the writings of all the reformers. It also remained congruent with Smith’s idea that
“the interests of all would be best served, … within a social order run by … individuals
acting in mutual concert, seeking to improve their lives through that combination of
rivalry, co-operation and emulation that typifies liberty at its best,” and guided by “a
sense of duty to others and aware that their personal contribution to upholding moral
rules counted” (Green 1999, pp. 18–19). Friendly Societies were the best examples
of this tradition. Membership in a Friendly Society protected the laboring class from
risks to which they were particularly exposed: unemployment, industrial accidents,
sickness, and so forth. The voluntary contributions to the Friendly Societies also made
the laboring class less likely to resort to parish resources (Eden 1801, pp. 10–11). In
combination with the modifications to the 1662 Act and widespread allowances,
Friendly Societies weakened the mobility restriction imposed upon the working poor,
improving their chances of finding an occupation.
In the shift from a static economy, based on farming, trade, and the cottage industry, to a more dynamic one dominated by the large-scale production of consumer goods, workhouses were no longer the preferred institution for dealing with poverty.

VI. CONCLUSIONS

We have tried to show how a new concept of economic development proposed from the 1730s, by a minority strand of authors like Vanderlint, Berkeley, Tucker, Postlethwayt, and, later, Hume and Smith, paved the way to a more profound understanding of the role of the poor within society.

The round of reforms that occurred in the last quarter of the eighteenth century brought about the demise of the workhouse system and its partial replacement with wider redistributive schemes, based on both general taxation and private funds. The Speenhamland system falls in the category of general taxation, which could be interpreted as a sort of negative income tax; while civil society associations like the Friendly Societies fall in the category of private insurance schemes, which were meant not only to reinforce self-discipline and social cohesion among the laboring poor, but also offer an effective shelter against the risk and uncertainty that poverty entailed. Both schemes can be seen as a qualitative response to social change from an economic system geared around custom to one rooted in competition.

Furthermore, it must be clearly stated that no direct influence between economic ideas and social reforms can be derived from the available sources: the economic thinkers considered in this paper were neither directly involved in the relevant Parliamentary debates nor quoted by those social reformers who actively promoted structural amendments to the existing system of poor relief. Moreover, economic thinkers did not devote much attention to assessing what measure would best serve the purpose of poverty reduction. What can be said, instead, is that the new economic ideas, which emerged during the mid-eighteenth century, were part of a more liberal and less paternalistic vision of social and economic relationships, and bore important consequences also in the field of social legislation.

Four parallel and convergent aspects in the development of political economic theory and legislative reforms have been identified. First, economic thinkers and reformers came to view poverty not as an individual problem, but rather as a social calamity associated with the development of the industrial economy that proper institutions should aim to address. Apropos, the rejection of the utility of the poor doctrine, as developed by the early mercantilist literature (with its corollary of forced labor, repressive controls, and mere survival conditions), was certainly one of the most important by-products of the changes that occurred in the realm of political economy. This allowed the issue of poverty to receive greater attention, understanding, and answers.

Second, both reformers and economic thinkers came to share a more optimistic and benign vision of poverty, believing that a substantial improvement of the living conditions of the poor was possible in the context of a more industrious, secure, and open society. Hume and Smith especially considered the negative attitude of the poor toward work and other deviant behaviors as the consequence of either wages that were too low or work that was excessively arduous, rather than attributing it to innate character defects. They recognized the importance of fair wages as a driving force to
human industriousness. That Hume’s plea for higher wages was made on the grounds of equality adds additional ethical and political weight to the argument. At the same time, social reformers upheld cash-transfer schemes, believing they did not imperil economic growth or induce workers to reduce their effort.

Third, economic thinkers and social reformers alike believed the workhouse system had already delivered dismal results. Concerns regarding the workhouse system had been voiced since the mid-seventeenth century (Graunt, John White, Samuel Hatlib) and continued throughout the following century (Defoe, Bellers, Braddon, Joseph Maise, John Scott, Henry Zouch, and William Blackstone, among others). The old system denied the poor the opportunity of contributing to national prosperity by taking a consistently punitive stance toward the able-bodied poor and exploiting their labor in exchange for less than a subsistence level. This vision converged with the proposals of those social reformers who urged Parliament to shut down workhouses, increase labor-force mobility, extend outdoor relief, and encourage Friendly Society insurance schemes.

Fourth, economic thinkers and social reformers shared the same understanding of the state’s duties towards the lower ranks of society. Both the unemployed and the laboring poor should be protected from excessive hardship, especially in times of increasing prices. Economic writers suggested that keeping the vast majority of the population in poverty hindered national economic growth by underlining that within a flourishing society, consumption, productivity, and wages ought to increase simultaneously. Letting the laboring poor take part in the benefits generated by economic growth would help widen the potential for further economic progress.

On the whole, the new ideas that emerged within the late mercantilist and Classical economic literature contributed to establishing the cultural milieu within which social reformers made their case for new social legislation aimed at securing higher living standards for the poor. While the rationale for reforming social policy in the last quarter of the eighteenth century basically rested on a wide range of political and social concerns, it certainly gained force from the widespread belief that the introduction of public standards of fairness and extensive support to the laboring poor was not inconsistent with the requirements of a growing and rapidly changing economy.

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