

## The Politics of Dependency

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Our topic today is the policy that seeks to reduce poverty. But before I address the modern particulars, first consider an extended passage from a book by the 19th century American economist Francis A. Walker [1]. I have indicated in square brackets some explanatory notes, mostly related to the calculation of dates. It is very important to recall as you read this, that Dr. Walker was a white person talking about other white people. In his 1884 book he writes [2]:

**The Impotent vs. the Able-bodied Poor.** The relief of the impotent poor, whether by private or public charity, is, so far as political economy is concerned with it, a question relating to the consumption of wealth. It is so much a matter of course, under our modern civilization, that the very young and the very old, the crippled and deformed, who are unable to earn their own maintenance, shall not be allowed to starve, that the matter of relief to these classes becomes one of administrative detail, that does not require even to be alluded to in an elementary treatise on economics.

The experience of that country from which we derive our law and much of our administrative machinery [Great Britain], is, however, so instructive as to the influence for mischief upon the entire laboring population and upon the future production of wealth which may be wrought by ill-considered provisions for the distribution of alms to the able-bodied poor, as to make it worth while briefly to recite that experience here; and thereupon to define the limits outside of which the consumption of wealth for this purpose becomes prejudicial to production.

We shall get at our subject most directly by inquiring why it is that the laborer works at all. Clearly that he may eat. If he may eat without it, he will not work. The neglect or contempt of this very obvious truth by the British Parliament, during the latter part of the eighteenth and the earlier part of the nineteenth century, brought the working classes of the kingdom almost to the verge of ruin, created a vast body of hopeless and hereditary pauperism, and engendered vices in the industrial system which have been productive of evil down to the present day.

**Establishment of the English Pauper System.** By the act of the 43rd year of Queen Elizabeth's reign [1601], every person in the kingdom was given a legal right to public relief, if required; but voluntary pauperism was severely dealt with, and the able-bodied compelled to work.

The principle of requiring the able-bodied poor to work continued for generations to be fundamental in the English pauper system; and for the better enforcement of this requisition parishes or unions of parishes were, by an act of 9th George I. [1722], authorized to build workhouses, residences in which might be made a condition of relief. Moreover, from the days of Elizabeth to that of George III, the spirit which actuated the poor laws was jealous and severe. Doubtless in that administration unnecessary harshness was sometimes practiced; but, on the whole, the effect on the working classes was wholesome, for it was made undesirable to become a pauper.

**Removal of the Workhouse Test.** On the accession of George III [1760], a different theory came to direct legislation relating to poor relief, and a widely different temper of administration began to prevail. Six successive acts, passed in the first years of George III, intimated the changed spirit in which pauperism was thereafter to be dealt with. In the 22nd year of that reign [1781], the act known as Gilbert's act gave a fuller expression to this spirit. By the act the workhouse was no longer to be used as a test of voluntary pauperism:

The 32nd section provided "That where there shall be in any parish, township, or place, any poor person or persons, who shall be able and willing to work but who cannot get employment, the guardian of the poor of such parish, etc., on application made to him by or on behalf of such poor person, is required to agree for the labor of any such poor person or persons at any work or employment suited to his or her strength and capacity, in any parish or place near the place of his or her residence, and to maintain, or cause such person or persons to be properly maintained, lodged and provided for, until such employment shall be procured, and during the time of such work, and to *receive the money to be earned by such work or labor, and apply it in such maintenance as far as the same will go, and make up the deficiency, if any.*"

By the repeal of the workhouse test, and by the additional most injudicious provision which we have placed in italics, a deadly blow was struck at the manhood and self-sufficiency of the working classes of England.

**The Logical Outcome.** By 1832 the false and vicious principle on which Gilbert's act was based had been carried logically out to its limits in almost universal pauperism. The condition of the person who threw himself flat upon public charity was better than that of the laborer who struggled on to preserve his manhood in self-support. The drone was better clothed, better lodged, and better fed than the worker.

All the incidents of this bad system were unnecessarily bad. The allowance for each additional child was so much out of proportion to the allowance for adults, that the more numerous a man's children the better his condition, and thus the rapid increase of an already pauperized population was encouraged; while the allowance in the case of illegitimate children was even greater than for those born in wedlock. "It may be safely affirmed," said the Poor Law Commissioners of 1831, "that the virtue of female chastity does not exist among the lower orders of England, except to a certain degree among domestic servants, who know that they hold their situations by that tenure and are more prudent in consequence."

Such may be the effects of foolish laws. The legislator may think it hard that his power for good is so closely restricted; but he has no reason to complain of any limits upon his power for evil. On the contrary, it would almost seem that there could be no nation, of any race of men, which a few laws respecting industry, trade and finance, passed by country squires or labor demagogues in defiance of economic principles, could not transform within half a generation into a nation of beasts.

**Poor Law Reform.** We have seen what a system the English squirearchy substituted for the economic law that he that would eat must work. The natural effects of this system were wrought speedily and effectually. The disposition to labor was cut up by the roots; all restraints upon increase of population disappeared under a premium of births; self-respect and social decency vanished before a prize for bastardy. The amount expended in the relief and maintenance of the poor had risen, in 1832, to 7,000,000 [pounds sterling].

In this exigency, which, in truth, constituted one of the gravest crises of English history, Parliament, by the Poor Law Amendment Act (4th and 5th, William IV) [1833 and 1834], returned to the principle of the act of Elizabeth. The workhouse test was restored; allowances in relief were abolished; paid overseers were appointed, and a central system was created for the due supervision of the system; illegitimacy was discouraged by punishing the father, instead of rewarding the mother; and the law of pauper settlement was modified so as to facilitate the migration of laborers in search of employment.

By this great legislative reform the burden of pauperism, in spite of the continuing effects of the old, evil system, was reduced in three years, by an average amount, the kingdom over, of forty-five per cent.

**The Principle that Should Govern Poor Relief.** The moral of this episode in the industrial history of England is easily drawn. It is of the highest economic consequence that pauperism shall not be made inviting; but that, on the contrary, the laborer shall be stimulated to the utmost possible exertions to achieve self-support, only accepting relief as an alternative to actual starvation. It is not, to this end, necessary that any brutality of administration shall deter the worthy poor who have no other resource; but it should be the prime object of legislation on this subject to make the situation of the pauper less agreeable than of the independent laborer, and that, by no small interval.

"All", says Mr. George W. Hastings [3], "who have administered the Poor Law, must know the fatal readiness with which those hovering on the brink of pauperism believe they cannot earn a living, and the marvelous way in which, if the test be firmly applied, the means of subsistence will be found somehow."

The white people of England between the 1780's and the 1830's showed that if you subsidize dependency, you get more of it. If you reward illegitimacy and the breakdown of the family, you get more of it. If you treat the idle better than the worker, you get more idle people, and a great deal of resentment from those who work and pay taxes to support the idle. It turns out that the people of America, white and black alike, have demonstrated the exact same behavior in the last fifty years as the English did over a similar interval. Ambition to work is generally down; illegitimacy and poverty are generally up among all the races in America. But this problem cannot get the attention it deserves because those heavily invested in the current system will not allow a discussion of it. Consider the similarity of Walker's conclusions with the remarks of Congressman Paul Ryan (R-WI), on 12 Mar 2014:

"We have got this tailspin of culture, in our inner cities in particular, of men not working and just generations of men not even thinking about working or learning to value the culture of work."

To which Her Most High Indignancy Congresswoman Barbara Lee (D-CA) commented:

"Let's be clear, when Mr. Ryan says 'inner city', when he says 'culture', these are simply code words for what he really means: 'black'." She also called Rep. Ryan's statement a "thinly veiled racial attack".

By calling Ryan's statement "a racial attack", Her Imperial Righteousness Rep. Lee is implying that blacks and whites are somehow different; that black people do not want the same things as white people, and behave differently than white people. That sentiment is foreign to true civil rights advocates, but typical for narrow-minded race-baiting bigots. How can Congress correct the problem if one faction of Congress calls the other side racists just for stating the obvious? But enough said about politicians. What about the 7 million pounds sterling that Dr. Walker mentioned, and how does it relate to America today?

The data from two websites [4, 5] reveal the following statistics:

- a. Nominal GDP of the United Kingdom in 1832 was 459,000,000 pounds sterling
- b. Nominal GDP in the United Kingdom in 1832, measured in 2008 pounds sterling, was 45,087,000,000.
- c. Nominal GDP in England (to which Walker referred) was 36,837,000,000 measured in 2006 pounds sterling.

Ignoring the difference in 2006 vs. 2008 pounds sterling, we have the ratio of the GDP of England to GDP of the UK in 1832 as 36937 million / 45087 million = 81.7%. Hence the nominal GDP of England in 1832 pounds sterling was 81.7% of 459,000,000 = 375,012,376. The 7 million pounds Walker referred to thus represents 7,000,000 divided by 375,012,376, or 1.86% of GDP, which Walker called a "grave crisis".

The U. S. 2013 federal budget [6] contains the following entries under the category "Welfare" (all figures are in \$ billions US).

- a. Family and Children: 269.8
- b. Unemployment: 53.2
- c. Worker Compensation 8.0
- d. Housing: 53.9

for a total of \$ 384.9 billion US. This excludes \$ 366.6 billion for "Vendor payments for health care (Welfare). I have excluded the latter figure since the payments for poor relief in England likely did not include any medical expenses.

Using only the 384.9 figure, and the 2013 GDP of the U. S. [7] as \$ 15,684.8 billion US, it is seen that the \$ 384.9 B represents 2.45% of GDP; even worse than the ratio under the English system. If the medical costs of welfare were included, the total comes to 4.79% of GDP.

So where does it end? It doesn't. We will have more of the same (dependency and resentment) because the race-baiting politicians want it that way.

## References

- [1] Francis A. Walker (1840 - 1897); economist and statistician, officer in the Union Army in the Civil War; chief of the Bureau of Statistics 1869-1870, Superintendent of the 1870 Census, President of the Massachusetts Institute of Technology 1881 - 1897.
- [2] Francis A. Walker, *Political Economy*, NY: Henry Holt and Co., 1892, (copyright 1884), pp. 356 - 361
- [3] George W. Hastings (1825-1917), English Liberal politician, Member of Parliament from East Worcestershire 1880-1892. He was expelled from the House of Commons for fraud.
- [4] <http://www.bankofengland.co.uk/publications/Documents/quarterlybulletin/threecenturiesofdata.xls>
- [5] <http://www.measuringworth.com/ukcompare/>
- [6] [http://www.usgovernmentspending.com/federal\\_budget\\_detail\\_fy10bs12014n\\_4010#usgs302](http://www.usgovernmentspending.com/federal_budget_detail_fy10bs12014n_4010#usgs302)
- [7] <http://www.tradingeconomics.com/united-states/gdp>