

# CHAPTER Bf

## Social Insurance and Public Assistance

*Editor: Price V. Fishback*

*Associate Editors: Joan Underhill Hannon, Melissa A. Thomasson, and Stephen T. Ziliak*

### INTRODUCTION

Price V. Fishback

Social welfare spending is a broad category that includes provisions for maintaining health, income, and welfare in good times and bad. The category covers a wide range of types of spending: assistance to the poor; social insurance expenditures in programs such as Social Security, unemployment insurance, and workers' compensation; private purchases of health and life insurance; and direct expenditures on health care and education. Decisions on social welfare spending are made both by governments through public programs and by individuals in their private decisions about how much to spend on charity, insurance, education, and their own health. Prior to the twentieth century, social welfare spending was largely the responsibility of individuals, extended families, and cities and towns. In consequence, we have only limited and scattered quantitative evidence on the extent of public assistance programs, and we know relatively little about the share of private spending devoted to the general category. Our sense is that social welfare spending was a smaller proportion of overall spending in the eighteenth and nineteenth centuries than in the twentieth century. Certainly, the extent of public programs was much smaller. Much more research needs to be done before we can develop a comprehensive picture of the nature of social welfare spending prior to the 1920s.

As the American economy developed, more centralized layers of government began to accept responsibility for public programs for social welfare spending. For example, during the nineteenth century towns and later states began to develop educational programs for children, while in the Progressive era in the late nineteenth and early twentieth centuries, state governments began establishing workers' compensation and mothers' pensions programs. The federal government became more heavily involved

#### *Acknowledgments*

For helpful comments, Joan Hannon and Steve Ziliak thank Susan Carter, Price Fishback, Brian Gratton, Monty Hindman, Peter Lindert, Robert Margo, John Schwarz, Matthew Sobek, and Richard Sutch. For research assistance, the work of Erin Mooney (Government Publications, Emory University), Susan Pozzanghera (Bowling Green State University), and the staff of the University of Iowa Government Publications Division is gratefully acknowledged. This work was made possible in part by grants from the Faculty Development Fund (Saint Mary's College of California) and the Office of Sponsored Programs (Bowling Green State University).

Price Fishback and Melissa Thomasson thank the Economics Department and the College of Business and Public Administration at the University of

with social welfare spending during the Great Depression, and the levels of social welfare spending both public and private have expanded rapidly since. The rise in federal activity has also led to expanded efforts to collect data on social welfare activities. Most of the evidence on social welfare spending at the national level has been collected and developed by the Social Security Administration, which was formed in the 1930s. Thus, we have a relatively comprehensive picture of social welfare spending from approximately 1929 to the present. We have several goals in this chapter: first, to provide in one place a consistent set of time series over a long period that show the extent and nature of public assistance available in various cities and states in the nineteenth century; second, to give a sense of the nature of both public programs and private spending described by the social welfare statistics of the twentieth century; third, to examine long-term trends in social welfare spending in the context of changes in the economy; and finally, to warn users about features that may cause peculiarities in the data.

### PUBLIC ASSISTANCE: COLONIAL TIMES TO THE 1920s

Stephen T. Ziliak with Joan Underhill Hannon

The category of social welfare expenditure called public assistance includes all types of noncontributory, tax-financed payments of relief to the poor. Payments of public assistance are made sometimes in cash and sometimes in kind, both to the poor who reside in households and to the poor who reside in institutions. For example, the present-day "food stamp," had it been in circulation from colonial times to the 1920s, would be counted here as public assistance in kind. Until the 1920s, all payments in cash and in kind were called

Arizona for financial support. Kari Beardsley, Amanda Ebel, Emie Portwood, and Kwok-Chung Wong provided help in collecting and computerizing the information. We received invaluable help from representatives at various government agencies: Ann Bixby at the Social Security Administration, Mike Finucan at the Office of Personnel Management, Marla Huddleston at the Railroad Retirement Board, Dan Peed at the Department of Labor, and Dora Teimouri at the U.S. Rehabilitation Service. A number of colleagues, including Susan Carter, Lee A. Craig, Brian Gratton, Joan Underhill Hannon, Monty Hindman, Shawn Kantor, Carolyn Moehling, John Schwartz, Matt Sobek, Richard Sutch, John Wallis, and Stephen Thomas Ziliak provided valuable help and advice on our essay and the organization and choice of tables.

public outdoor relief, or just outrelief.<sup>1</sup> By contrast with outdoor relief, the “poorhouse” is counted by the Census Bureau and here as an institution of indoor relief, an almshouse where the poor reside at public expense.

### Public Assistance Began in Colonial Times

A common misconception concerning the origin of taxation for public assistance is that it was born of the deep and persistent unemployment of the Great Depression, and that its first cry was President Roosevelt’s signing of the Social Security Act in 1935. In fact, public assistance for the poor, a compulsory tax for both indoor and outdoor relief, can be traced without interruption to colonial times.

The first schemes of public assistance in the New World were influenced by British examples, the financial and legal responsibility for the destitute being assumed by the town, the parish, or the county. Indeed, the colonies stayed close to the spirit of Britain’s “43rd of Elizabeth,” the so-called Elizabethan Poor Law of 1601.<sup>2</sup> The Elizabethan Poor Law laid the basis in England for the English poor law system. It also laid the basis for poor laws in the British colonies of America. The colony of Rhode Island, for instance, would adopt the Elizabethan Poor Law with hardly a revision. The Act made it compulsory for each “parish” (or town) to provide for the poor by levying a rate on property held within the jurisdiction. The Act set in motion the idea that public responsibility for the poor should be guaranteed through a program of compulsory taxation. It enabled various means of providing tax-financed relief, including but not limited to outdoor relief for the aged and infirm poor, apprenticing of pauper children to farmers, and construction of poorhouses for the able-bodied. Administration was to be the responsibility of an unpaid “overseer of the poor.” There were exceptions to the British pattern. In the colony of New Netherland (1609–1664), the ecclesiastical practice of the Dutch Reformed Church put a profound stamp upon colonial poor laws, and the Dutch system was only gradually replaced by an English system in developing New York (Schneider 1938, Chapter 1).

More so than would Britain, the American colonies, and then later the states, would adjust the poor laws to facilitate differences in local or regional economic conditions and culture. Thus, for example, the little-known municipal practice of “auctioning” the poor had faded from much of New England by the late 1820s, and yet auctioning did not leave a less settled Indiana until the 1840s (Shaffer, Keefer, and Breckinridge 1941, pp. 12–41; Ziliak 2003). Indeed, ridding a burdened house of its children at auction to the lowest bidder (lowest, because the tax would subsidize the taker) was a legal form of assistance in Arkansas as late as 1903 (U. S. Department of Commerce and Labor 1906, p. 41). And while poorhouses could be found in New England in the late seventeenth century, the Old Northwest Territories would not see the poorhouse as common until the 1830s.

Quantitative research on public assistance in colonial America is relatively scant. But clearly, as one can see in the work of Professor Gary Nash on Boston, Philadelphia, and New York

City, American struggles with poverty, and collective strategies to deal with it, came early (see Tables Bf1–16). While the Continental Congress “was debating independence in the handsome brick statehouse at Fifth and Chestnut streets, the managers of the Philadelphia almshouse, eight blocks away, were penning a doleful report on the care of the poor. In it they admitted their doubt that they could any longer cope with the spiraling problem of poverty and disclosed that ‘of the 147 Men, 178 women, and 85 Children [admitted to the almshouse during the previous year] most of them [are] naked, helpless and emaciated with Poverty and Disease to such a Degree, that some have died in a few Days after their Admission.’”<sup>3</sup> The almshouse in colonial Philadelphia, like most almshouses throughout the entire antebellum period, was a miscellaneous receptacle for human distress. One almshouse could serve as a hostel, a hospice, and a home for the disabled. The immigrant widow and the common laborer could share quarters with the insane, the helpless, and the emaciated, as they did in colonial Philadelphia.

From colonial times to the present, the history of public assistance is in part a history of increasingly specialized “goods” and “services” being redistributed to increasingly diverse populations. Taking the long view, it is a history of an increasingly centralized system of administration and finance, evolving from the township trustee to the federal government, from local property taxes to the federal income tax. But in closer range, the history of public assistance is in many regards what historians call a “nonlinear” history, a story filled with surprising switchbacks and sometimes radical reversals. The tables published here give but a small sense of the uneven appearance of quantitative data across time and space, an indication of the sometimes vast difference in the practices of local and regional care for the poor.

### County Asylums Dominated the Discourse of Poverty in the Nineteenth Century, Although Outdoor Relief Was More Often Provided

The volume of quantitative evidence increases as one proceeds to the 1820s and beyond. The work of Joan Underhill Hannon, although limited to the state of New York, provides evidence on local and regional difference in care for the poor since the 1820s (Tables Bf156–187). A large and economically diverse state, the New York of the nineteenth century is fertile ground for studying the influence of industrialization, urbanization, commercialization, and immigration on both dependency rates and local relief policy. The state as a whole is clearly not representative of the nation with respect to any of these factors. But the urban–rural variation *within* New York State is suggestive both of the variation one might expect to find across states and of the ways in which one might expect New York’s history to be unique.

Throughout the nineteenth century, dependency rates – or what officials called the “pauperism rates”<sup>4</sup> – and relief expenditures per capita were higher in New York City than in the rest of the state. But over the course of the century, pauperism grew more rapidly outside of the city. In 1823, New York City’s pauperism

<sup>1</sup> “Relief” replaced the older terms for a short time in the 1930s before “welfare” gained currency for the rest of the century.

<sup>2</sup> Trattner (1974), Chapters 1–3; Webb and Webb (1927); Rose (1971). Also see Table Bf-A.

<sup>3</sup> Nash (1976a), p. 4; *Philadelphia Gazette*, May 29, 1776. While this chapter was in the final stages of preparation, some quantitative evidence on pauper apprenticeship began to emerge. See, in particular, Murray and Herndon (2001).

<sup>4</sup> The pauperism rate is defined as the ratio of public relief recipients to the size of the state population.

**TABLE Bf-A Important legislation and events affecting social welfare policy: 1601–1997**

1601	Elizabethan Poor Law: The “43rd of Elizabeth” laid the basis for the Poor Laws in England and in the British colonies of America. The Act set in motion the idea that public responsibility for the poor should be guaranteed through a program of compulsory taxation.
1610–1660	“Sieckentroosters” and Dutch Poor Relief in New Netherland: The Dutch colony of New Netherland (New York) established public responsibility for the poor, financed by donations to the Dutch Reformed Church. As early as 1626, two “sieckentroosters” were employed by the Church to visit and comfort the sick of present-day Manhattan, perhaps as America’s first social workers.
1662	Act of Settlement: Applicants for public assistance had to prove residence in the parish or town to which they applied. The Act connected the idea of entitlement to relief to the prerequisite of local residence. Settlement laws were passed and enforced in the United States throughout the nineteenth and twentieth centuries.
1775	First military pension program established by the Continental Congress. Set the precedent for military pensions for future wars.
1787	Free African Society organized by Richard Allen and Absalom Jones, in Philadelphia. The Society was a self-help and charitable organization for blacks. It was probably the first success among what would become a long line of independent black social organizations.
1824	New York’s Act to Provide for the Establishment of County Poorhouses established that New York counties were to build poorhouses to provide shelter to applicants for public assistance. A number of states in New England, the Middle Atlantic, and the Middle West passed similar legislation during the antebellum period.
1862	Federal Civil War Disability Pensions were established for regular recruits and volunteers in the Union Army. Initially, the criteria for the eligibility and size of pensions were strictly tied to service-related injuries. The Arrears Act of 1879 loosened that tie, and the 1890 Dependent Pension Act ended it. By 1910, 28 percent of all men aged 65 and over and some 300,000 widows, orphans, and other dependents received benefits from veterans’ pension programs.
1863	Massachusetts established the first Board of State Charities. Between 1863 and the 1900s, individual states established a central authority over the state’s institutions of public assistance. In many states, the central authority administered corrections, health, and lunacy, in addition to public assistance.
1865	New York State legislature authorized the establishment of the Willard Asylum, the first state hospital for the chronically mentally ill, preparing the state for the removal of mentally ill paupers from poorhouses to state hospitals.
1874	The first annual National Conference on Charities and Corrections (NCCC) brought together leaders of the nation’s public relief and private charitable organizations to discuss the similarity of their problems. The Charity Organization Society (COS), a quasi-private organization, dominated the agenda of the NCCC until 1905 when Jane Addams, a Progressive and a leader of the settlement house movement, was elected as its president.
1874	First private pension program established by railroads.
1875	The New York Children’s Act ordered the removal of all children between the ages of 2 and 16 from poorhouses to orphanages and other facilities. Other states passed similar acts over the last quarter of the nineteenth century. Reaction to the resulting family breakup and overcrowding of orphans’ homes provided a basis for the Progressive-era movement toward Mothers’ Pensions.
1877	The first COS was established in Buffalo, New York. During the last quarter of the nineteenth century, the COS led the movement that would abolish public outdoor relief in ten of the largest cities and bring sharp reductions to many other cities. The COS sought to replace public assistance with a voluntaristic and “scientific charity” based on distinctions between the “worthy” and the “unworthy” poor. By 1893, there was a COS in 100 cities across the nation.
1880	New York State Care Act: The Act required that all of the mentally ill in county institutions be moved to state hospitals and that the state assume complete responsibility for care of the insane poor. Other states created similar legislation during the late nineteenth century.
1893–1894	An early experiment with public works: With the initiative of their COSs, the municipalities of Indianapolis and New York City used tax dollars to put to work many thousands of adults who had been thrown out of work during the depression.
1899	Charity Organization Society and the State of Indiana. The Indiana Legislature directed the Indiana Board of State Charities to implement the principles of the COS.
1908	Federal Employers Liability Act declared unconstitutional. The Act increased the range of accidents for which railroad employers were required to make payments to injured workers by limiting their legal defenses in lawsuits.
1908	Provision of workers’ compensation to federal employees involved in workplace accidents.
1911	First permanent workers’ compensation acts passed by California, Illinois, Kansas, Massachusetts, New Hampshire, New Jersey, Ohio, Washington, and Wisconsin. Most other states and territories established the program over the next nine years. Mississippi was the last to establish a program in 1948. Workers’ compensation provided payments to the families of workplace accident victims and took the place of the earlier common law rules based on employer liability.
1911	First state Mothers’ Pension law passed in Illinois. By 1920, forty states had established mothers’ pensions to provide regular payments to impoverished mothers of dependent children. These programs served as a model for the Aid to Dependent Children program established by the Social Security Act of 1935.
1915	First state Old-Age Pension law passed by Alaskan territory. Provided pensions for elderly with low incomes to allow them to live outside the almshouse. By 1934, thirty states and territories had passed legislation.

(continued)

TABLE Bf-A Important legislation and events affecting social welfare policy: 1601–1997 *Continued*

1917	First state department of public welfare established in Illinois to increase state financing and control of public assistance. Other states developed public welfare departments in the 1920s.
1920	Civil Service Retirement Act. Established a regular system of pensions for all federal government employees.
1920	State–federal rehabilitation programs first enacted under the Smith–Fess Act.
1921	Shephard–Towner Act passed to provide federal grants to states to improve public health programs. Program ended by 1930.
1932	Reconstruction Finance Corporation established. Among its many tasks, the RFC made loans to local governments to help finance public assistance and work relief.
1932	First state unemployment insurance law passed by Wisconsin, but no benefits were paid before the Social Security Act established the state–federal program in 1935.
1933	New Deal programs began providing emergency funding for work relief and direct relief of the unemployed.
1934	Federal Railroad Retirement pension program enacted. Declared unconstitutional and replaced by new law in 1935.
1935	First federal public housing project begins construction under the Public Works Administration’s Public Housing program.
1935	Social Security Act passed. The Act established the Old-Age, Survivors Insurance pension program and set up state–federal programs for unemployment insurance, old-age assistance, aid to the blind, and aid to dependent children.
1936	Veterans’ bonus of up to \$2 billion paid to World War I veterans.
1937	U.S. Housing Authority established to aid in the building of public housing.
1938	Federal Railroad Unemployment Insurance program enacted.
1939	Social Security Act amended to make the Old-Age, Survivors Insurance program a pay-as-you-go system in which current tax revenues fund payments to Social Security pension recipients.
1940	First Social Security Old-Age Insurance pension checks issued.
1946	Federal Railroad Disability Insurance program enacted.
1950	Farm and domestic employees and nonfarm self-employed persons are covered for first time under Social Security Old-Age Insurance pension program.
1950	Federal government establishes program to fund payments to medical vendors for care of low-income persons.
1950	Social Security Act amended to provide aid to the totally and permanently disabled.
1954	Self-employed farmers covered under Social Security pension program.
1959	First payments made under Social Security Disability Insurance program.
1960	Federal government initiated a program for medical assistance to the elderly.
1962	Aid to Families with Dependent Children (AFDC) superseded the aid to dependent children program as coverage expands to include adults caring for dependent children.
1962	First year that Food Stamps are provided for low-income persons under pilot program. First Food Stamp Act was passed in 1964.
1962	Manpower Development and Training Act along with the Equal Opportunity Act of 1964 established work-experience training programs.
1965	Legislation established the U.S. Department of Housing and Urban Administration.
1965	Medicaid program established to build upon and take over earlier programs for paying vendors for the provision of medical care to persons with low incomes.
1965	Medicare established to offer federal health insurance for the elderly.
1965	Omnibus Budget and Reconciliation Act (OBRA) homogenized resource limits across states and increased the AFDC benefit reduction rate to 100 percent.
1969	Black Lung Benefits program established by the federal government to provide disability payments to miners with black lung disease.
1969	Federal government established an emergency assistance program.
1972	Supplemental Security Income program superseded the old-age assistance, aid to the blind, and disability programs.
1972	The Women, Infants and Children program for nutritional supplementation was started as a pilot program and became permanent in 1974.
1973	Congress passed the Comprehensive Education and Training Act to replace earlier job training programs and to provide block grants for decentralized training.
1981	Low-Income Home Energy Assistance Program established to provide block grants to help low-income households meet their energy expenses.
1983	Job Training Partnership Act replaced Comprehensive Education and Training Act. Private industry councils work with county welfare agents to connect welfare-to-work with wage subsidies.
1987	Federal Employees Retirement System (FERS) established. The FERS offered a broader range of retirement benefits than the original Civil Service Retirement System.
1988	Family Support Act. Attempted to change welfare programs from eligibility and monitoring programs to explicit programs for moving households into self-sufficiency. Child support laws were strengthened, and work was required from most of the able-bodied.
1996	Personal Responsibility and Work Opportunity Reconciliation Act. The Act removed the federal control of public assistance that had been enabled by the Social Security Act of 1935 and strengthened by amendments in 1962. In particular, the individual states were no longer required to provide a poor person with a cash welfare benefit.
1997	Temporary Assistance for Needy Families program (TANF) replaced the AFDC program. TANF was by 1998 operating in about forty states. Each state is enforcing a four- or five-year lifetime limit on the receipt of cash benefits and requiring (however differently) some amount of waged employment from drug-free participants.

rate was almost twelve times that in the rest of the state; by the end of the century, that difference would shrink to a factor of less than three (though many would still regard the difference economically and morally significant). Since New York City spent fewer dollars per recipient, the city-to-state differential in per capita expenditures (which narrowed across the antebellum period before widening again in the late nineteenth century) can probably be attributed entirely to the city's higher pauperism rate (Hannon 1997b, Tables 1 and 4).

Outside New York City, pauperism rates and expenditures per capita were positively correlated with urbanization, though urbanization and population density are found to have had little or no independent effect after controlling for other variables (Hannon 1997a, Tables 2, A1, A2, A3, and A4).

Given the relationships between urbanization, dependency, and expenditures within the state, it should not be surprising to find in the nationwide data a relatively high level of dependency in New York State. The work of Stephen Ziliak on the number of paupers in the nation's almshouses shows that the New York figures are not out of line with the averages for the New England and Middle Atlantic states (Tables Bf34–155) (Ziliak 2002a). Yet as one might expect, the almshouse rate in New York greatly exceeded the national average in 1880 and 1890. Still, the almshouse rates should not be used synonymously with pauperism rates. Pauperism rates include *all* recipients of public assistance, indoor and outdoor. Moreover, each state and each county used indoor relief and outdoor relief with different criteria for eligibility and in the context of local economic conditions.

The history of public assistance, when viewed from a long-run perspective, is also a history of withdrawal – though never complete – from the explicitly punitive, correctional, and mental health institutions. Most Americans now would not consider the auctioning system of the 1800s or the whippings of the 1700s a “good” or “service”; the practices hardly deserve the word “assistance.” Likewise, most Americans in the Victorian period would have shuddered at the very idea of the 1970s “welfare right” (Gordon 1990; Ziliak 1996b).

The separation of spheres, and its division of labor, would come slowly, unevenly, and with sudden reversals. In his study of relief in New York in 1823, John Yates, the Secretary of the State of New York, could still include pauper auctions as part of New York's public assistance programs (Hannon 1984). State Departments of Public Welfare, formed as recently as the 1920s, were preceded for sixty years by “State Boards of Charities and Corrections” and by “State Boards of Charities, Corrections, and Lunacy” (National Conference of Charities and Corrections 1893, pp. 33–51). To take one more example, at the end of the nineteenth century the very idea of a poor person would be transformed and expanded by caseworkers who were studying the nascent field of psychology – this shift occurred at the same time that public assistance was being abolished in the largest cities and as the notion of “structural unemployment” was coming into vogue.

## The Evolution of Relief in New York Was Probably Typical

The evolution of public assistance in nineteenth-century New York can probably be regarded as fairly typical of Northern states, although sometimes ahead of its time. New York State was a leading

participant in each major reform movement of the nineteenth century, and the state's poor law often served as a model for other states (Schneider 1938; Trattner 1974; Leiby 1978; Katz 1983). Prior to 1824, public relief in New York State was the responsibility of town governments, and the forms of relief varied from town to town. Under its 1824 poor law, as revised in 1827, New York State transferred primary responsibility to county governments (though towns in many counties continued to assume responsibility for temporary outdoor relief). The 1824 law required that each county establish a poorhouse; and although many counties were exempted from this provision, by 1840 almost every county operated a poorhouse. By mandate of state law, all public relief recipients, except those deemed to be in need of only temporary assistance not to exceed \$10 during the year, were to be supported in a county poorhouse. Public assistance evolved with a similar pattern of development in the states of the Old Northwest Territory, which looked to Pennsylvania for their first model (Kennedy 1934, Chapter 1).

The 1827 revision of New York's poor law required county superintendents of the poor to submit annual reports to the Secretary of State, who in turn was directed to present a report to the state legislature. Annual reporting began in most states forty to seventy years later with the establishment of a Board of State Charities. In New York, the first *Annual Report* appeared in 1830. Most counties reported only on poorhouse relief until 1839, when they were directed to include temporary outdoor relief in their reports. The data in Tables Bf156–187 are constructed from the county-level data contained in these reports. When compared with the almost negligible use of the poorhouse found by Secretary Yates in 1823, the data from the period from the 1820s through the 1840s document a dramatic rise of the poorhouse as a share of both total expenditures on public relief (Tables Bf156–187). Likewise, the dramatic rise of the poorhouse can be seen in the series constructed by Priscilla Clement for the city of Philadelphia, 1800–1854 (Tables Bf17–27).

Though much of the historical literature locates the impetus of enthusiasm in America's *cities*, in antebellum New York State both the support for and the usage of the poorhouse was, if anything, more prevalent in rural–agricultural areas (Hannon 1985, pp. 243–7, 1996; Cray 1988, pp. 100–135). In 1840, for example, New York City sent 29 percent of its paupers to the poorhouse, whereas 44 percent of paupers in the rest of the state were supported in poorhouses (calculated from Table Bf176–187). Quantitative evidence from other states is required to determine the representativeness of New York City's policy. To take what must be an extreme illustration, in 1840 about 93 percent of Philadelphia's paupers were supported in the almshouse (Table Bf23–27).

The work of Stephen Ziliak on paupers in almshouses during the period 1850–1923 shows vast differences in almshouse usage by state, by census region, and over time (Tables Bf34–155) (Ziliak 2002a). For example, the length of time a pauper stayed in an almshouse varied immensely. In 1880, the average length of stay in a Delaware almshouse was eight years and in a Texas almshouse, one year. Length of stay was no doubt related to age (among other factors), and the age structure of the population in the East was much older than that of the West. But poorhouse usage varied over time and space in nearly every social and economic variable. Nationwide the able-bodied paupers were never more than one third the total almshouse population. In the nineteenth century, the able-bodied share of the almshouse population fell at each census enumeration and hit a low of about 7 percent in the 1920s. To

take one more example of difference, in 1923 the ratio of men to women in the population of the United States was near unity. In the almshouses of the Deep South, the ratio of men to women was also near unity. But in the almshouses of the Middle West and especially of the Pacific and Mountain regions the ratio of men to women was as high as 5:1 (Ziliak 2002a, Figures 3 and 8 and Table 1).

### Oliver Twist Was Not the Typical Pauper of an Almshouse

The almshouses erected during the antebellum period remained central to the administrative structure of relief systems, and in New York they absorbed well over half of the funds of local public relief for the remainder of the century (Table Bf156–175). Across the Northern states, the almshouse bulked large in administrative and financial budgets. Yet nationwide, the percentage of the population living in almshouses was not particularly large (Tables Bf34–155). This was especially true in the second half of the nineteenth century and in the early twentieth century. Between 1850 and the 1920s, the fraction of the population living in almshouses peaked at 2.7 persons per 1,000. From its peak (in 1860), the fraction of the population living in almshouses fell at each census enumeration to a low of 0.08 percent in 1923 (Ziliak 2002a, Figures 5 and 6). During the same period, local officials provided outdoor relief to an increasing share of all public relief recipients (Table Bf176–187). This trend was caused by the relatively high cost of almshouse relief (calculated from Tables Bf156–187) and by a dawning recognition of the many environmental, as opposed to personal, causes of poverty (Hannon 1985). But this was also a trend toward the provision of increasingly specialized services to increasingly diverse populations. The miscellaneous poorhouse of colonial America was seen to be inhumane by the standards of the late nineteenth century. From New York to California, the almshouse evolved into an “old folks home,” a home for aged, unskilled, “feeble-minded,” and physically disabled men and women; there were more natives than immigrants and more whites than blacks, and most almshouse dwellers had never been married and had no children alive or able and willing to care for them. Oliver Twist, the waif of Dickens’ fiction commonly associated with the bowels of the poorhouse and the even darker workhouse, was in fact hardly seen in such places. By 1915, just 0.1 percent of all paupers in almshouses were, like Oliver, children with neither parent living. A better literary characterization of a pauper in an almshouse is Mrs. Thomson of Edward Eggleston’s *The Hoosier School-Master* (1871) or Grampa Joad of John Steinbeck’s *The Grapes of Wrath* (1939). Outdoor relief, though expanding at a tremendous rate, was going instead into the homes of able-bodied adults who experienced short spells of illness or industrial unemployment (Ziliak 1997). Yet total *institutional* usage was all the while expanding. This was as true of public institutions as it was of private institutions. As almshouse usage fell with each census enumeration, the usage of insane asylums, orphans’ homes, homes for the “friendless,” homes for “fallen women,” homes for the “blind, deaf, and dumb,” and homes for the feeble-minded increased more than proportionately (Ziliak 2002a, Table 2). An array of charities, many of them hybrids of public and private schemes, emerged to meet the special needs of new immigrant and urban poverty. Between 1880 and 1895, Indianapolis gave birth to more than thirty new charities. Among them one finds the Alpha Home for Aged Colored Women, the German Lutheran

Orphan’s Home, the Ladies’ Hebrew Benevolent Society, and the Socialistic Sick Benefit Society (Ziliak 1996a). Indianapolis was not unique.

### “Welfare” Was Widely Abolished in the Late Nineteenth Century

The midcentury expansion of outdoor relief was rather abruptly halted when the downturns of the 1870s and the 1880s swelled pauper applications (Table Bf176–187). In response to crippled municipal budgets and a rising fear of pauperism and other vice, the Charity Organization Societies (COSs) launched a crusade against public outdoor relief (Ziliak 1996a, 1997; Hannon 1997b; Kauffman and Kiesling 1997).

Ten of the nation’s largest cities abolished public outdoor relief, and many others sharply reduced it. The numbers affected were not small. In Brooklyn more than 46,000 people were directly affected by the abolition of 1879. Leaders of the COS orchestrated the abolition.<sup>5</sup> The COS did not object to the provision of material relief. Rather, they were advocates of a voluntaristic and “scientific charity.” Although their practices and achievements varied, the COSs sharpened the old distinction between “worthy” and “unworthy” poor; they revived a notion of friendship and morality in the delivery of public assistance; they brought “scientific method” to the study of poverty; they centralized service delivery and data exchange; they established state boards and national conferences of charity; they started industrial schools and commercial clubs; and they gave birth to modern social and case work. According to Stephen Ziliak, the abolition of public outdoor relief had at least two large effects: It induced a large increase in private charitable donations as well as in expenditures on workhouses and other correctional facilities. And yet instead of helping the poor to achieve self-reliance, abolition seems to have merely shifted the dependence from public to private rolls, and from benevolent societies to departments of corrections. For example, the length of time that a family stayed on relief rolls did not change with the abolition of welfare. In fact, the length of time a family stays on relief has not changed much at all since the 1820s, hovering in most decades between eight and thirteen months (Ziliak 1996a, 2002b, Table 3). The percentage of families leaving relief rolls for higher earnings is also relatively stable: between 33 and 40 percent. Similarly, the research of Stephen Ziliak and of Stanley Lebergott lends some support to the idea that middle-class charity – in spite of occasional and localized spasms – is rather constant: The ratio of the nation’s expenditures on indoor and outdoor relief to the average earnings of common labor has remained relatively steady over a long sweep of nineteenth- and twentieth-century history, between 25 and 30 percent nationwide (Table Bf28–33) (Lebergott 1976, pp. 61–65; Ziliak 2002b). As yet there is little evidence suggesting that the abolition of welfare was productive of increases in the self-reliance of the poor. To take just one more example, not a single laborer advanced to a higher occupational category while under the care of the Indianapolis Charity Organization Society.

Despite the crusades against public outdoor relief – or perhaps because of it – total institutional usage was rising and diversifying in the latter part of the nineteenth century. This rise correlated

<sup>5</sup> The COS was imported from London to Buffalo, New York, in 1877. By 1893, there was a COS in 100 cities of the United States.

with increasing degrees of administrative control at the state level. Pauper children were removed from county almshouses and placed in private households or in state institutions that would try to address specific physical or mental disadvantages. Yet estimates of the numbers involved suggest that the local systems continued to support almost three quarters of the relief population in New York and Indiana at the end of the century, and so far there is little reason for thinking that other states deviated markedly from this pattern (Butler 1916; Hannon 1997a, Figure 2; Ziliak 2002a). Under stress from the depression of 1893–1894, public outdoor relief returned. But the more dramatic appearance of the welfare state, of course, waited for the twentieth century.

Alternatives to local relief in the late nineteenth and early twentieth centuries included federal pensions for veterans of the Civil War and, in many states, mothers' pensions (on which Aid to Dependent Children [ADC] was later modeled). By 1910, according to Theda Skocpol, 28 percent of all American men aged 65 and over, and some 300,000 widows, orphans, and other dependents were receiving benefits under the veterans' benefits programs. That is, the number of widows and dependents receiving veterans' pensions was more than four times the total number of paupers living in almshouses. By 1920, forty states had enacted mothers' pensions, under which local governments provided regular payments to impoverished mothers of dependent children (Skocpol 1992, pp. 160–204, 424–79). Still, the enumeration of paupers in almshouses in each decennial census from 1850 to 1880 and the special censuses of paupers in almshouses conducted by the Bureau of the Census in 1904, 1910, and 1923 attest to the continuing symbolic importance of the county poorhouse in the twentieth century (Tables Bf34–155) (Ziliak 2002a).

### Public Assistance Has Been Entwined with Health and Corrections

The historical process of separating matters of public assistance from matters of crime and mental illness is a process that parallels the great twentieth-century expansions of criteria for eligibility for relief and of the sovereignty of the poor as consumer. Throughout the nineteenth century, there were moments when especially those who worked most closely with the poor acknowledged economic and social causes of poverty, but the belief that the roots of poverty lie in the character of the poor themselves and the idea that the provision of public relief itself creates dependency were dominant forces shaping public relief policy (Katz 1983; Hannon 1997a; Ziliak 1997). The twentieth century certainly did not eliminate these ideas from popular opinion, academic scholarship, or public policy debate. They continue to provide ideological support for reversals of a long-run evolution of programs for public assistance that, at least for native whites, lay less and less blame for poverty on the character of the poor person. The separation of public assistance from crime and “lunacy” has been a slow process of conceding ground to causes of poverty that lay outside the domain of personal responsibility. Perhaps most important, these causes have included recognition of the uncertain and sometimes volatile breakdown of markets and of marriage, as well as recognition of the facts of institutional racism, patriarchy, and mental and physical difference.

At the same time that public assistance was being divorced from corrections and mental healthcare, and as the power of local self-government and local control were being diminished, the

sovereignty of the poor was expanding: The movements were from auctions to workhouses to free government cheese; from the spectacle of bread lines to cashable checks in the mail, confidential and unrestricted, like cash. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 made way for a substantial reversal of these developments.

The history of public assistance can, of course, be seen as a history of race, of class, and of gender struggles to define work, home, and the American Dream. From early nineteenth-century lists of the “causes of pauperism,” on which immigration occupied the number one spot, through the Americanization efforts of early social workers to restrictions on the eligibility of immigrants under the 1996 Personal Responsibility and Work Opportunity Reconciliation Act, the immigrant poor are often subjected to a nineteenth-century distinction between “worthy” and “unworthy.” Similarly, from gender and racial segregation of nineteenth-century poorhouse residents through the fight for mothers' pensions and ADC, to provisions of the Personal Responsibility and Work Opportunity Reconciliation Act that allow states to deny benefits to unmarried teen mothers and to impose family caps, the historical evolution of welfare policy is integrally linked with the politics of race, gender, and the American family (Skocpol 1992; Gordon 1994; Mink 1995; Quadagno 1996; Green 1999). To take just one example, in the first half of the nineteenth century, a free “Negro or mulatto” could enter the state of Ohio only “by giving to the clerk of the common pleas court a freehold security to the amount of five hundred dollars, which was later used for his support in case he became a pauper” (Kennedy 1934, pp. 23–36).

Previous editions of the *Historical Statistics of the United States* have published statistics on public assistance. Most of the previously published data series begin their run in 1936. A few of the previously published data series were traced back to 1890.<sup>6</sup> Statistical data for the centuries before the 1930s were omitted from the previous editions of *Historical Statistics of the United States*. The omission was not caused by an absence of publicly financed relief programs in earlier times nor by a dearth of primary source data: they are plentiful. At the time of the publication of the previous editions, there was simply a lack of historical research into the identification, collection, and analysis of such data.

A statistical portrait of public assistance in the United States from colonial times to the 1920s is beginning to emerge. The tables published here are but a small sample of the data on public assistance that historians now know exist. There is a long way to go before we have a quantitative account of public assistance whose completeness is akin to that of our national income statistics. For example, while historians are aware that public assistance is entwined financially and administratively with the history of private charities, historians are just beginning to uncover the economic significance of the relation between the two sectors (Ziliak 1996a, 1997; Hannon 1997b; Kauffman and Kiesling 1997; Kiesling and Margo 1997). Thus the data assembled here are more voluminous for particular geographic regions, periods of time, and kinds of relief, reflecting both the varied development of public and private schemes over time and place and the relative infancy of quantitative historical scholarship on public assistance in the United States.

<sup>6</sup> For example, in *Historical Statistics of the United States* (1975), series H 346–367 traces public assistance at the local, state, and federal levels to 1936; and series H1–31 (“Social Welfare Expenditures under Public Programs”) extend back to 1890.

## References

- Butler, Amos. 1916. "A Century of Progress: A Study of Public Charities and Correction, 1790–1915." Holliday Collection, Indiana Room, Indiana State Library.
- Cray, Robert E., Jr. 1988. *Paupers and Poor Relief in New York City and Its Rural Environs, 1700–1830*. Temple University Press.
- Gordon, Linda, editor. 1990. *Women, the State, and Welfare*. University of Wisconsin Press.
- Gordon, Linda. 1994. *Pitied but Not Entitled: Single Mothers and the History of Welfare*. Harvard University Press.
- Green, Elna C., editor. 1999. *Before the New Deal: Social Welfare in the South, 1830–1930*. University of Georgia Press.
- Hannon, Joan Underhill. 1984. "Poverty and the Antebellum Northeast: The View from New York State's Poor Relief Rolls." *Journal of Economic History* 44 (4): 1007–32.
- Hannon, Joan Underhill. 1985. "Poor Relief Policy in Antebellum New York State: The Rise and Decline of the Poorhouse." *Explorations in Economic History* 22 (January): 233–56.
- Hannon, Joan Underhill. 1996. "Why Poorhouses? Determinants of Local Relief Policy in Nineteenth-Century New York State." Paper presented to the Social Science History Association, New Orleans.
- Hannon, Joan Underhill. 1997a. "Public Relief Dependency before the Welfare State: The Interplay of Life Cycles, Labor Markets, and Policy in Nineteenth-Century New York State." Paper presented to the Allied Social Science Association (January).
- Hannon, Joan Underhill. 1997b. "Shutting Down Welfare: Two Cases from America's Past." *Quarterly Review of Economics and Finance* 37 (2): 419–38.
- Herndon, Ruth Wallis. 2001. *Unwelcome Americans: Living on the Margin in Early New England*. University of Pennsylvania Press.
- Katz, Michael B. 1983. *Poverty and Policy in American History*. Academic Press.
- Kauffman, Kyle D., and L. Lynne Kiesling. 1997. "Was There a Nineteenth-Century Welfare Magnet in the United States? Preliminary Results from New York City and Brooklyn." *Quarterly Review of Economics and Finance* 37 (2): 439–48.
- Kennedy, Aileen E. 1934. *The Ohio Poor Law and Its Administration*. University of Chicago Press.
- Kiesling, L. Lynne, and Robert A. Margo. 1997. "Explaining the Rise in Antebellum Pauperism, 1850–1860: New Evidence." *Quarterly Review of Economics and Finance* 37 (2): 405–18.
- Lebergott, Stanley. 1976. *The American Economy: Income, Wealth, and Want*. Princeton University Press.
- Leiby, James. 1978. *A History of Social Welfare and Social Work in the United States*. Columbia University Press.
- Mink, Gwendolyn. 1995. *The Wages of Motherhood: Inequality in the Welfare State, 1917–1942*. Cornell University Press.
- Nash, Gary B. 1976a. "Poverty and Poor Relief in Pre-Revolutionary Philadelphia." *William and Mary Quarterly* 33: 3–30.
- National Conference of Charities and Corrections. 1893. Committee Report, "History of State Boards." *Proceedings of the National Conference of Charities and Corrections*. Geo. H. Ellis.
- Quadagno, Jill. 1996. *The Color of Welfare: How Racism Undermined the War on Poverty*. Oxford University Press.
- Rose, Michael E. 1971. *The English Poor Law*. Barnes & Noble.
- Schneider, David M. 1938. *The History of Public Welfare in New York State, 1609–1866*. University of Chicago Press.
- Shaffer, Alice, Mary Wysor Keefer, and Sophonisba P. Breckinridge. 1941. *The Indiana Poor Law*. University of Chicago Press.
- Skocpol, Theda. 1992. *Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States*. Harvard University Press.
- Trattner, Walter. 1974. *From Poor Law to Welfare State*. Free Press.
- U.S. Bureau of the Census. 1906. *Paupers in Almshouses*. U.S. Government Printing Office.
- Webb, Sidney, and Beatrice Webb. 1927. *English Local Government: English Poor Law History: Part I, The Old Poor Law*. Longmans, Green.
- Ziliak, Stephen. 1996a. "The End of Welfare and the Contradiction of Compassion." *Independent Review* 1 (1): 55–73.
- Ziliak, Stephen T. 1996b. "Essays on Self-Reliance: The United States in the Era of 'Scientific Charity.'" Ph.D. dissertation, University of Iowa.
- Ziliak, Stephen T. 1997. "Kicking the Malthusian Vice: Lessons from the Abolition of 'Welfare' in the Late Nineteenth Century." *Quarterly Review of Economics and Finance* 37 (2): 449–68.
- Ziliak, Stephen T. 2002a. "Pauper Fiction in Economic Science: 'Paupers in Almshouses' and the Odd Fit of *Oliver Twist*." *Review of Social Economy* 60 (2): 159–81.
- Ziliak, Stephen T. 2002b. "Some Tendencies of Social Welfare and the Problem of Interpretation." *Cato Journal* 21 (Winter): 499–513.

## SOCIAL WELFARE: 1929 TO THE PRESENT

Price V. Fishback and Melissa A. Thomasson

Probably the most dramatic change in the American economy over the course of the twentieth century has been the growth of social welfare spending by both public and private entities. A key component of that growth has been an expansion in *public* social welfare programs. These programs aid individuals and families in obtaining education and in obtaining insurance against financial hardship in old age and against the risks of workplace disability and unemployment. They also provide financial and other resources for low-income households. The programs sometimes supplement and sometimes replace the provisions of such services by private enterprise or by households. In fact, private spending on these social welfare issues may have been greater than public spending at the turn of the century and is roughly two thirds of the level of public social welfare spending today.

The Social Security Administration (SSA) is the primary source for public social welfare statistics. The SSA defines social welfare spending to include "expenditures on social insurance, income maintenance, health and medical care, education, housing, veterans' benefits, and other welfare services directed specifically toward promoting the economic and social welfare of individuals and families." There is certainly the potential for endless debate over the adequacy of this definition. The SSA chose the definition in part to be compatible with international definitions of social welfare spending used by the Organization for Economic Co-operation and Development (OECD) and the International Labour Office (ILO). Awareness of the potential limitations of the definition and its implied categories has led the SSA to provide the statistics at a low enough level of disaggregation that those with alternative definitions can regroup the data appropriately.

Prior to the 1930s, social welfare spending was primarily the responsibility of state and local governments. As seen in this chapter's essay on public assistance from colonial times to the 1920s and tables contributed by Joan Hannon and Stephen Ziliak on public assistance in the nineteenth century, some local governments provided relief to the poor, but the amounts varied substantially from place to place. Public schools were supported by local taxes, and beginning in the mid-nineteenth century they were maintained by a combination of state and local taxes. In the mid-1850s, states began to establish institutions for the mentally ill and other dependent groups, and state boards of health were in operation in many states by the early 1900s. The federal government largely confined its social welfare responsibilities to aiding veterans of military service, although the pensions for Civil War veterans and their widows and children benefited a substantial segment of society