



Munich Personal RePEc Archive

The impact of the introduction of social welfare schemes in Ireland, (1930s-1950s)

Cousins, Mel

Oxford Brookes University

2005

Online at <https://mpra.ub.uni-muenchen.de/3490/>

MPRA Paper No. 3490, posted 12 Jun 2007 UTC

**The impact of the introduction of social welfare schemes in Ireland,
(1930s-1950s).**

Mel Cousins

**History Department
Oxford Brookes University**

Summary:

The relatively few studies of the Irish social welfare system have focused mainly on the forces behind the introduction of social welfare schemes rather than the impact which these schemes had in demographic and labour market terms. This note presents a preliminary examination of the issues and evidence concerning the impact of two significant schemes: the widow's pension and children's allowance. Its findings are significantly limited by the non-availability of data concerning, for example, the living arrangements of widows and large families in the relevant period. The main findings are as follows:

1. In those areas for which there is data, albeit imperfect in many cases, there is limited, if any, indication of a significant impact of the introduction of these schemes, for example, in relation to the remarriage rate of widows, the employment rate of married women, the numbers of children in care, levels of fertility or marriage.
2. The one area where there would appear to be an impact is in the employment rate of widows, where the introduction of widow's pension appears to have accelerated an ongoing decline.
3. In relation to poverty, there is no direct evidence of poverty rates in published data. However, the introduction of widow's pensions must have improved the financial position of such widows as the introduction of children's allowance must have improved the financial position of larger families.
4. There is a co-occurrence of the introduction of children's allowance and the fall in infant mortality. However, despite other studies which suggest a strong link between the two, it is suggested that that the link may be less direct and that it is more likely to reflect concurrent, but as yet, unquantified, improvements in children's health care staff. This is not to say that the improvement in the financial position of families had no impact on infant mortality.

This preliminary study suggests that the published data provides quite limited information on the impact of social welfare schemes, and that in order to investigate this further, examination of original Census material, such as, for example, housing conditions and employment rates by family size would be required.

Introduction¹

The relatively few studies of the Irish social welfare system have focused mainly on the forces behind the introduction of social welfare schemes rather than the impact which these schemes had in demographic and labour market terms (e.g. Cousins, 2003; Carey, 2003; McCashin, 2004). This note presents a preliminary examination of the issues and evidence concerning the impact of two significant schemes: the widow's pension and children's allowance.

Section 1 of this note provides a review of the literature. Section 2 looks at the issues in undertaking such a study in Ireland. Section 3 sets out hypotheses and reviews the available evidence in relation to the impact of both schemes in Ireland. Section 4 concludes.

Literature review.

There have been a number of studies looking at the impact of social security measures on demography and the labour market. The focus here is on historical reviews,² rather than the much more numerous assessments of current policy measures.

Some have looked at the macro impact of social security schemes (e.g. Cigno et al., 2000; Boldrin et al., 2005). For example, Cigno et al. (2000) argue (using data from Germany from the period from 1960) that social security cover has a negative effect on fertility. However, despite their interest, these studies rest on somewhat heroic assumptions about the ability to separate out the impact of social security over time from a whole range of other societal impacts. A number

¹ I would like to thank Tony Fahey, ESRI and Cormac Ó Grada, UCD for helpful comments on an earlier draft.

² Albeit that the 'historical' scope is often quite limited extending back only over a number of decades.

of studies have looked more narrowly at the impact of specific policy measures.

1. Benefits and infant mortality.

Fishback et al (2002) examined the impact of New Deal relief programmes on demographic outcomes in relation to children in the USA during the 1930s. They found that relief spending lowered infant mortality and that the changes in relief spending could explain nearly one third of the decline in infant mortality in the 1930s. It also raised fertility rates. Similarly, Wennemo (1994) found that a high level of family benefits in the period 1950-85 was associated with low infant mortality rates.

2. Health insurance and mortality.

Winegarden and Murray (2004) examined the impact on mortality of the early health insurance programs introduced by several European countries in the period from 1875 to 1913. They found that the small but growing population coverage of the health insurance programs accelerated the secular decline in mortality. Unfortunately, in an Irish context, the 1911 health insurance scheme did not include access to health care, but was confined to the payment of sickness benefits. Accordingly, it is not possible to replicate this study in an Irish context.

3. Widow's pension and divorce or remarriage.

A number of studies have looked at different changes in widow's pension schemes and their impact on divorce and or remarriage. However, their findings have been somewhat inconsistent. Brien et al. (2004) examined whether a marriage penalty in the USA social security system affected the timing of marriage and whether its removal encouraged widows to remarry. They found that the remarriage rule did affect the timing of marriage and had the most

influence on women who were very close to the relevant age limit. Similarly Baker et al. (2003) investigated the removal of marriage penalties from the Canadian public pension scheme. They found that 'marriage penalties can have large and persistent effects on marriage decisions'. In contrast Dickert-Conlin and Meghea (2004) examined the effect of a reduction in the period of marriage required by US social security law to entitle divorcees to claim benefits on the ex-spouse's insurance record. This was reduced from a requirement of 20 years marriage to 10 years. They did not find strong evidence of any increase in the divorce rate at ten years of marriage nor evidence that claims for social security benefits affected divorced women's remarriage probability.

4. Pensions and living arrangements.

Costa (1999) examined the trend towards single households among older women, mainly widows since 1940 in the United States of America. She found that old-age benefits substantially increased demand for separate living arrangements for older women.³ But this outcome depended on the specific rules of the programme, in particular whether children were held responsible for the care of their aged parents. She argued that almost half the decline in the proportion of women living with relatives from 1950 to 1990, could be attributed to rising social security benefits and the expanded entitlement and the fact that benefits were paid with no strings attached.

5. Studies in Ireland

There have been relatively few studies to date of the impact of the introduction of welfare schemes in Ireland. Guinnane (1993) looked at the impact of the introduction of the old-age pension in 1908.⁴ He found that the pension appeared to have increased household co-residence, presumably on the basis

³ See also Englehardt et al. (2002).

that the pension both allowed older people to remain in the community and made them more attractive co-residents. He also found that the introduction of the old-age pension had a significant impact on the Poor Law. Prior to the introduction of the old-age pension, Ireland had a lower incidence of both indoor and outdoor relief for those aged 70 over that England and Wales. Guinnane refers to contemporary suggestions that this was due to the deterrence factor of the poor law. The introduction of the pension led to a significant reduction in numbers on outdoor relief from 10.2 per thousand in 1908-9 to 8.5 per thousand by 1913-14 and outdoor relief fell from 13.5 to 8.7 per thousand. Guinnane found that the pension removed large numbers of older people from the Poor law, allowed unions to reduce the poor rate, and to increase support for not aged people. However, this did not affect any fundamental change in poor relief practices in the short term.

One of the key issues in the implementation of the old-age pension was the determination of the claimant's age. The fact that civil registration became compulsory in Ireland only in 1864 meant that there was no formal record of the age of many people. Ó Grada (1993) examined the impact of the introduction of pensions on the recorded age of the population. He found that farmers with the smallest holdings, i.e. those most likely to qualify for pension, aged more rapidly than the larger farmers.

It is interesting to note that, although not looking at the issue in any great detail, Arensberg and Kimball (2001, 120-1) reported evidence on the impact of the old-age pension in their study of family and community in rural Ireland in the 1930s. They found that the old-age pension "had been incorporated into Irish farm life without upsetting, but rather reinforcing, the matchmaking pattern." They reported a tendency to turn over the farm to the son as soon as the father passed the age of 70 (i.e. the date of qualification for pension). The pension facilitated the

⁴ See also Ó Grada (2002) for a more general look at the impact of the old age pension on Irish society.

maintenance of the older people, and hastened the transfer of land to the son as the pensioner was required to divest himself of the farm in order to become eligible for the pension. Arensberg and Kimball quoted the evidence of one farmer, who said that “To have old people in the house is a great blessing in these times, because if you have one, it means 10 bob week and if you have two it means a pound a week coming into the house”.

Studying the impact of social welfare in Ireland.

It is interesting to examine the demographic and labour market impact of the expansion of the Irish social welfare system in the early 20th century – a time when significant expansion of the system took place. There do not appear to have been any contemporaneous studies of the introduction of social welfare benefits in that period. Accordingly, in looking at the impact of such benefits, it is necessary to draw on general demographic and labour market data available from the Census and similar studies.

In order to study this impact it is important that:

1. The scheme introduction be a significant one - it is unlikely that the impact of minor changes will be picked up in general data; and
2. The scheme should impact on a clearly defined target group.

The early decades of the 20th century appear a fruitful time for such studies with the introduction of a range of new benefits, including unemployment assistance (1933), widow’s pension (1936), children’s allowance (1945), and the reform of national health insurance (1935).

In this study we will examine the impact of widow’s pension and children’s allowance. Both are large schemes, and both impact on a clearly defined target

group: widows and large families respectively. While unemployment assistance is also a large scheme, unfortunately it is more difficult to define the target group. It is clear that the number of people defining themselves as unemployed increase significantly in the 1930s as a result, first, of changes in rules concerning access to public works and, subsequently, the introduction of unemployment assistance (Cousins, 2003, 60-65). Given that the impact of such changes was to change persons' self-definition in the Census, it is difficult to define clearly the group upon which unemployment assistance may have had an impact. Similarly in the case of national health insurance, it is unclear, from international studies, whether changes in sickness insurance affected the morbidity of the population or simply sickness absence (see the discussion in Murray, 2003). So again there is no clearly defined 'target group' and assessing the impact on the broader labour market is made difficult by the limitations of the data available and a mismatch between the national insurance data and the broader labour market data.

The introduction of widow's pension and children's allowance.

Widow's pensions were initially introduced at Ireland in 1935-6 (see Cousins, 2003). Originally, the scheme was largely insurance based with pensions payable to widows based on the person's insurance record or the insurance record of their late husband. The scheme also provided very limited means tested pensions for groups who would not have been insured such as small farmers. However, because of the large numbers of needy widows who did not qualify for pensions (due to the limited scope of insurance in Ireland at that time), the widows pension was later reformed and, in effect parallel schemes were introduced: one based on insurance with a similar means tested scheme for those who did not qualify for a contributory pension. This led to a significant further increase in coverage in the late 1930s (see figure 2).

Children's allowances were first introduced in 1944 (Cousins, 2003). Initially, the allowance was payable only to large families, that is those with more than two children. However, over time, the allowance was extended to all families with dependent children. Children's allowances were extended to the second child in 1952-3, in part compensation for the restrictions imposed on food subsidisation. Subsequently in the 1960s, children's allowances were extended to the first child. This extension was envisaged as in compensation for the introduction of a turnover tax.

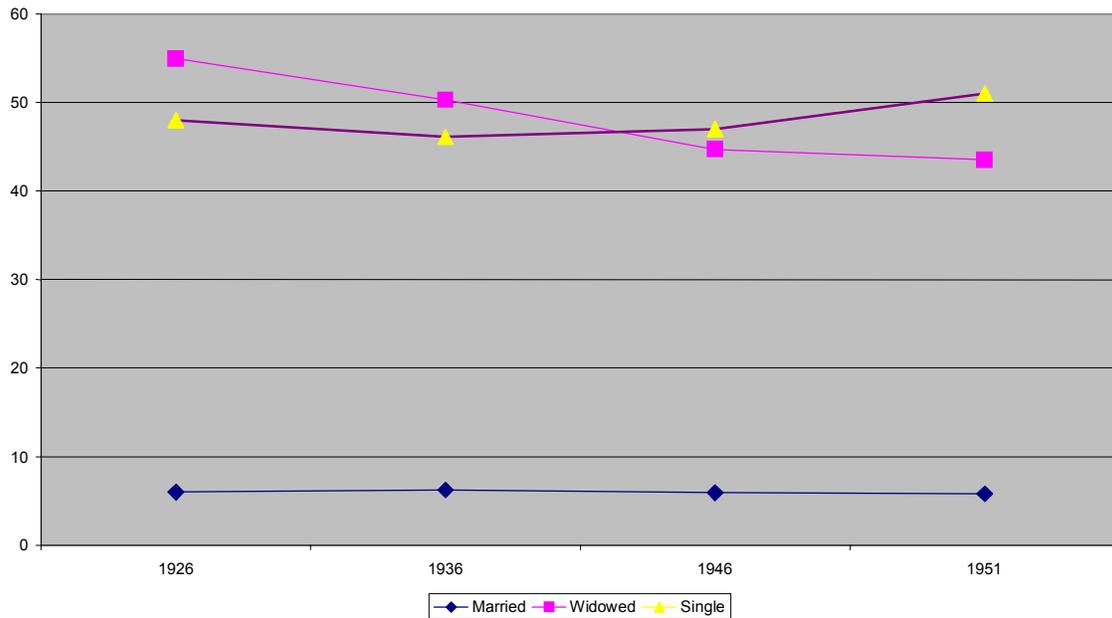
The introduction of widow's pension and children's allowances could have a number of possible implications.

1. Widows pension.

A. To reduce the employment rate amongst eligible widows.

Given that the widow's pension provides additional income to the persons concerned, one could deduce that the introduction of the pension would be likely to reduce the need for widows to work (see figure 1). This assumption is, indeed, supported by the evidence. While there is a long-term fall in the employment rate of widows in Ireland the introduction of the widows pension does appear to have increased the rate of fall in the relevant period (1936-46). The participation rate of widows fell by 11 per cent in the decade after 1936, compared to 8% in the previous decade and 3% in the period to 1951. In contrast the employment rate of single women rose slightly over the same period.

Figure 1: Women's (45-54) employment by conjugal condition, 1926-51



B. To alter widows living arrangements.

In this case there is no clear expectation as to the direction of the impact. On the one hand, the extra income would allow widows to live alone, but on the other, the additional income also makes them more attractive co-residents (see Costa, 1999). Unfortunately, however, in the Irish case information as to the living arrangements of widows is not available from the published Census.

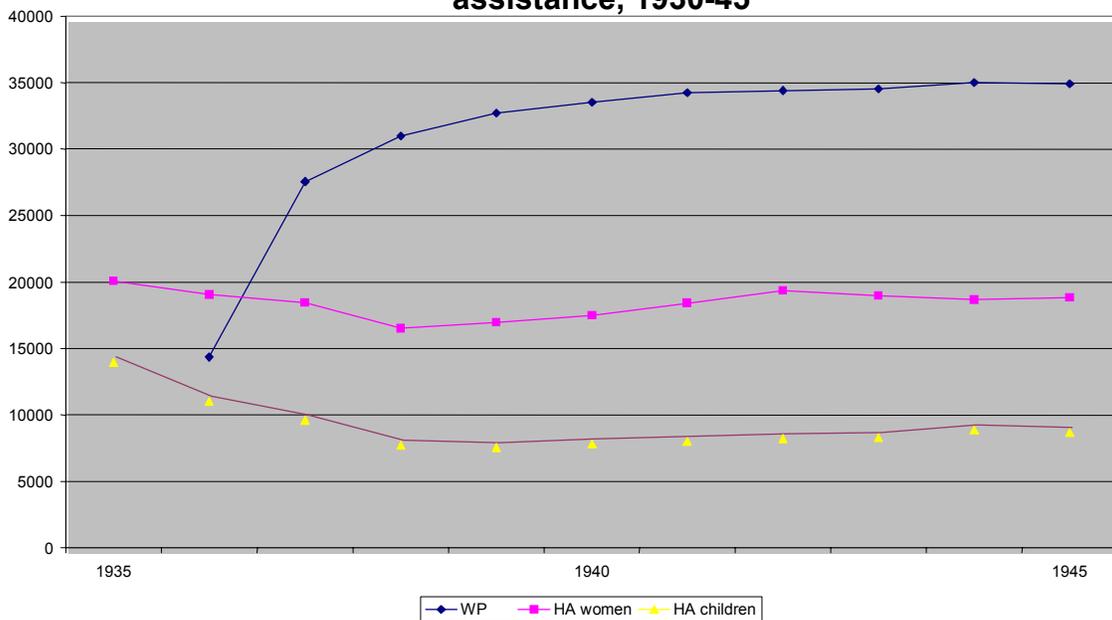
C. To reduce poverty amongst widows

No poverty data is available for the period in question. In addition, data as to the quality of housing of widows is only published for 1926 and 1936, and then it is published in both cases in different formats.⁵ Other indicators of poverty amongst widows might include the number of widows in receipt of home

⁵ In the 1926 Census housing data is published unadjusted whereas in 1936, it is adjusted for household composition.

assistance. As set out in figure 2, the number of women with children (presumably including many widows) does indeed fall although the numbers involved are somewhat less than might be expected. Between 1935 and 1838, the numbers of women on home assistance fell by about 3,500 and the number of children by 6,200. The relatively limited impact on home assistance numbers is somewhat surprising in that the Commission on Widow's Pension had estimated, based on figures provided by the public assistance authorities that there were 4,200 widows with a total of 11,400 children on home assistance in 1932 (in addition to widows without children and widows with and without children in institutional care).⁶

Figure 2: Widows pensioners and women and children on home assistance, 1930-45



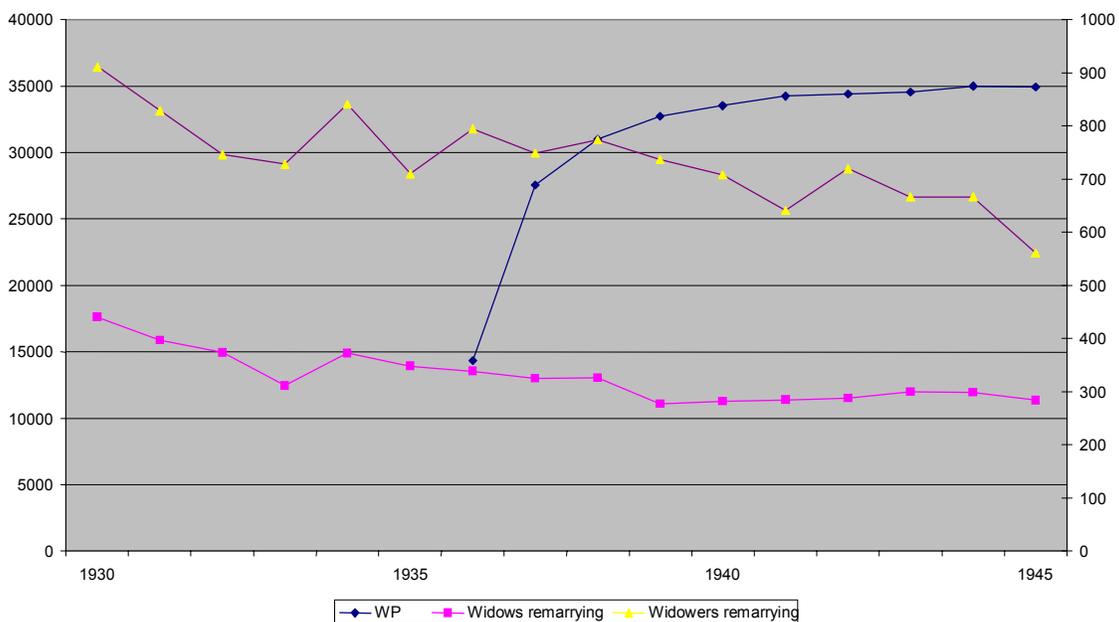
D. To decreased the remarriage rate of widows.

It might be expected that widow's pensions would have this effect by reducing the financial need for marriage and by creating a specific disincentive to marriage

⁶ Commission on Widow's and Orphan's Pensions, *Report*, 1933, statistical appendix, table 2.

(that is the loss of pension).⁷ As set out in figure 3 there is a long-term fall in the number of widows remarrying over the period 1930-45. However, there is little indication that the introduction of the widow's pension had any significant long-term impact on this. The remarriage rate for the best control group, i.e. widowers, also fell in the same period and although the ratio of widows: widowers remarrying varied from year to year, it hardly changed over the period as a whole (48 per cent. in 1930 and 51 per cent in 1945).

Figure 3: Widows pensions and remarriage, 1930-45



2. Children's allowance.

A. To reduce the employment of eligible mothers

As in the case of widows, it might be expected that that the introduction of children's allowances for large families would reduce the pressure on parents (particularly mothers) to work outside the home. Unfortunately, there is no data

⁷ Remarriage was an automatic bar to receipt of pension.

available as to employment by family size. It is possible to check the employment rates for the women in the relevant age group (25-9) in comparison with those of both younger and older women (see table 1).⁸ However, there is in any case, a major difficulty in that the employment rates of married women are severely understated in the Census of this period (see Fahey, 1993 for a detailed discussion). Thus the employment rates for all married women are at or about 5% and show little variation over time. In any case, married women in the specific age-group actually show less fall in employment than do their older and younger colleagues, so there is no evidence to suggest that the introduction of children's allowances did have an impact on the employment rate of such mothers.

Table 1: Women in employment, 1946-61

Women at work 1946			
	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>
Married	5.75	4.95	4.74
Single	72.45	68.7	60.55
Women at work 1951			
	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>
Married	4.57	4.15	4.08
Single	77.73	72.63	65.7
Women at work 1961			
	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>
Married	7.7	5.64	4.2
Single	83.74	78.76	70.12

⁸ Albeit that this is a somewhat rough indicator, data indicates that Irish women were most likely to have their third child in the age range 25-9 in the relevant period.

B. To alter the living arrangements of the larger families.

Similar arguments apply as in the case of widows (as discussed above). However, similar data limitations also apply and it is not possible to provide any indication of this impact based on published data.

C. To reduce poverty amongst large families.

Again there is no specific poverty data available for this period. One indicator, which is often used as a proxy for poverty is infant mortality (Wennemo, 1994; Fishback, 2002). As can be seen in figure 4, there is indeed a close correlation between the introduction and expansion of children's allowances and the fall in infant mortality. Infant mortality rose significantly in the early 1940s, probably due to the harsh conditions during the Emergency (see Ó Grada, 1997, 205-6).⁹ However, after 1944, and coinciding with the introduction of children's allowances, mortality fell sharply and steadily.

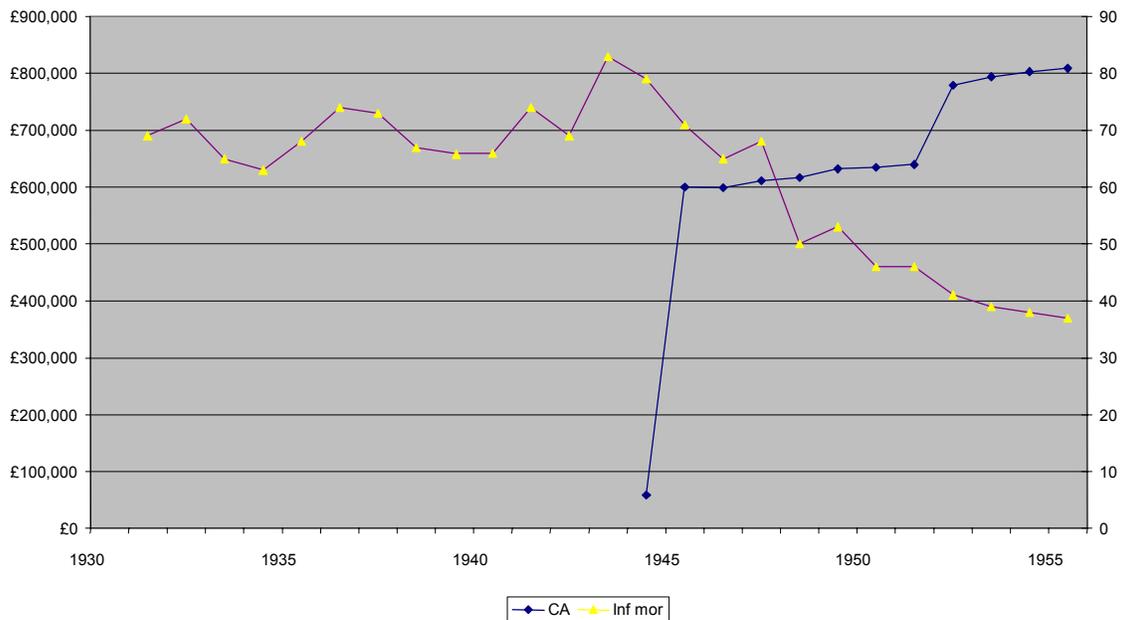
However, one of the difficulties with studies to date is that, although controlling for a range of other factors, they did not include controls in relation to improvements in health care, sanitation and housing conditions for mothers and their children. Presumably, this was due to the lack of readily accessible comparable data on this issue. However, it is a major flaw in such studies, as clearly the measures most likely to impact on infant mortality are improvements in living conditions (in particular factors such as health care, sanitation and housing conditions).¹⁰ Improvements in housing conditions might also be

⁹ As we can see in figure 5, some other indicators of disadvantage also rose in this period and see, for example, the contemporary assessment in Clancy Gore (1943-4) who, reporting on nutritional standards of working class families in Dublin in 1943, stated that while such families could get by in normal circumstances it was 'absolutely impossible' for larger families to provide adequately for themselves at that time.

¹⁰ Tony Fahey makes the point that the single measure most likely to impact on infant mortality in the 1930s and 40s was improved sanitation and food hygiene, especially in relation to milk the poor quality of which was probably the main cause of gastro-enteritis in the 1930s (personal communication).

expected to have a significant impact in this area. In the Irish context, there do not appear to be any readily measurable indicators of the improvements in the healthcare of mothers and their children. Nor do there appear to be any studies of the factors relating to the significant fall in mortality in the period.¹¹ However, while, the significant increase in income to large families provided by the children's allowances might be considered likely to have had some impact on infant mortality, it would be unwise to attach too much weight to this in the absence of studies of improvements in health, sanitation and housing in the period.

Figure 4: Children's allowances and infant mortality, 1930-55

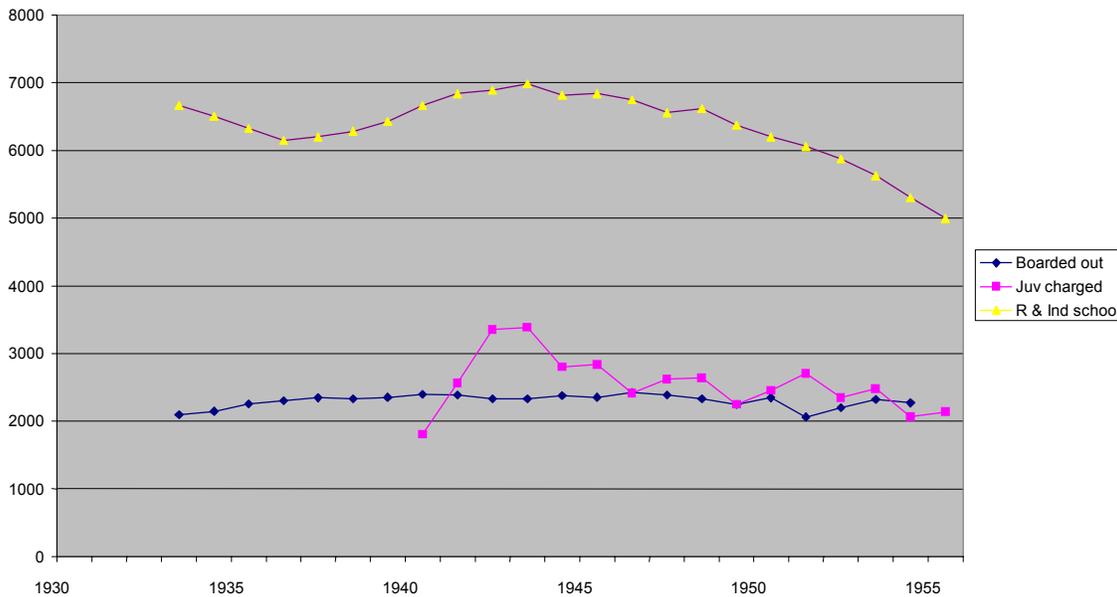


Data is available on a range of other indicators of the well-being of children in the period, including data in relation to the number of children involved in juvenile

¹¹ See the *First Report* of the Department of Health (1948). This discusses the fall in infant mortality and, although not providing a very detailed discussion of its cause, clearly attributes much preventable infant mortality to infectious diseases including gastro-enteritis. Gastro-enteritis caused 1092 infant deaths in 1945 falling to 352 in 1948, pp. 12 and 52. See also the annual reports of the Department of Local Government and Public Health (prior to the establishment of the Department of Health) which discussed - often in some detail - the causes of infant mortality (and the reports of the medical officers appended to those reports).

crime (data only from 1940), the number in industrial and reform schools, and the number of children boarded out (figure 5). However, there is little indication of any impact for the introduction of children's allowances on these figures. In general, there would appear to be some rise in "juvenile delinquency" during the war years, but this is not related in any way to the introduction of the allowances.

Figure 5: Indicators of child disadvantage, 1930-55

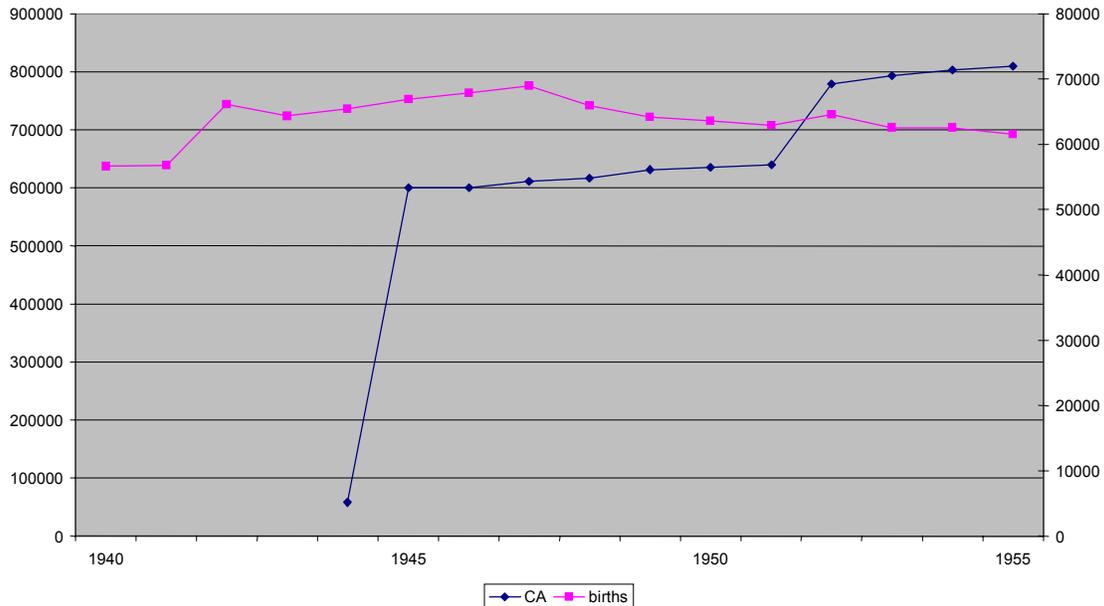


D. To increase marriage and birth rates.

Although Seán Lemass, the minister responsible, specifically ruled out any expectation that marriage or birth rates would rise as a result of the introduction of children's allowances, it is interesting to look at whether, in fact, the allowances did have any impact in this area (see Cousins, 2003, 119). The evidence would suggest that Lemass was wise not to expect too much in this area (figure 6). While births did increase somewhat in the mid 1940s this appears to be due to broader social factors such as the end of World War II and the rise in births fell

off after 1947 despite continued expansion of the children's allowances.¹²

Figure 6: Children allowances and births, 1940-55



Given the lack of any strong relationship between the allowance and births it would be surprising to find a relationship with marriage rates where the incentive is much less proximate. Marriage rates per 1,000 rose significantly from about 5.0 per annum to 5.9 in 1942 and stayed at about this level to 1946. Following the introduction of children's allowances, however, the rate fell in 1947 to 5.5 and stayed at about 5.4 until 1953.¹³

¹² It should be noted that the 'rise' in births in 1942 when 66,100 births were registered is, in fact, a result of improved registration of births due the introduction of rationing in that year. A special register of population was carried out in 1941 for that purpose, see *Register of Population 1941*. Actual births in 1942 were 62,100 - a somewhat smaller increase. From 1943, late registrations were not shown in the headline birth figures. However, although not shown in the data above, there was also a rush of registrations in 1944 as a result of the introduction of children's allowances. Coward (1982) shows that there were about 6,000 late registrations in that year compared to about 1,500 in a normal year

Conclusion

This study has looked at the impact of widow's pension and children's allowance on demographic and labour market behaviour. Its findings are significantly limited by the non-availability of data concerning, for example, the living arrangements of widows and large families in the relevant period. Its main findings are as follows:

1. In those areas for which there is data, albeit imperfect in many cases, there is limited, if any, indication of a significant impact of the introduction of these schemes, for example, in relation to the remarriage rate of widows, the employment rate of married women, the numbers of children in care, levels of fertility or marriage.
2. The one area where there would appear to be an impact is in the employment rate of widows, where the introduction of widow's pension appears to have accelerated an ongoing decline.
3. In relation to poverty, there is no direct evidence of poverty rates in published data. However, the introduction of widow's pensions, and the corresponding fall in widows on home assistance, must have improved the financial position of such widows as the introduction of children's allowance must have improved the financial position of larger families.
4. There is a co-occurrence of the introduction of children's allowance and the fall in infant mortality. However, despite other studies which suggest a strong link between the two, it is suggested that that the link may be less direct and that it is more likely to reflect concurrent, but as yet, unquantified, improvements in children's health care staff. This is not to say that the improvement in the financial position of families had no impact on infant mortality.

¹³ Department of Health *First Report and Report on Vital Statistics 1953*.

This study indicates that the published data provides quite limited information on the impact of social welfare schemes, and that in order to investigate this further, examination of original Census material on issues such as such as, for example, housing conditions and employment rates by family size would be required.

References

- Arensberg, C.M. and S.T. Kimball *Family and Community in Ireland*, CLASP Press, Ennis, 2001 (originally published 1940)
- Baker, M., E. Hanna and J. Kantarevic “The married widow: married penalties matter!” NBER working paper 9782, 2003
- Boldrin, M., M. de Nardi and L.E. Jones “Fertility and Social Security” NBER working paper 11146, 2005
- Brien, M.J., S. Dickert-Conlin and D.A. Weaver “Widows waiting to wed? (Re) marriage and economic incentives in social security widow benefits” in *Journal of Human Resources*, 2004, 39(3), 585-623.
- Carey, S. “Land, labour and politics: social insurance in post-war Ireland” conference paper, ESPAnet, 2003
- Cigno, A., L. Casolaro and F.C. Rosati *The Role of Social Security in Household Decisions*, CESifo working paper 394, 2000
- Clancy Gore, C. “Nutritional Standards of Some Working-Class Families” *Journal of the Statistical and Social Inquiry Society of Ireland*, 1943-4, xvii, 241.
- Costa, D.L. “A house of her own: old age assistance and the living arrangements of older nonmarried women” in *Journal of Public Economics*, 1999, 72, 39-59 (also as NBER working paper 6217).
- Cousins, M. *The birth of social welfare in Ireland*, Four Courts Press, Dublin, 2003.
- Coward, J. “Birth under-registration in the Republic of Ireland during the twentieth century” *Economic and Social Review*, 1982, 14 (1), 1-27.
- Dickert-Conlin S. and C. Meghea “The effect of social security on divorce and remarriage behaviour” Centre for Retirement Research working paper 2004-09.
- Engelhardt, G.V., J. Gruber and C. D. Perry “Social security and elderly living arrangements” NBER working paper no. 8911, 2002.
- Fahey, T. “Review Article” *Economic and Social Review*, 1993, 24, 199.
- Fishback, V.P., M.R. Haines and S. Kantor “The welfare of children during the Great depression” NBER working paper 8902.

Guinnane, "The poor law and pensions in Ireland" in *Journal of interdisciplinary history*, 1993, XXIV (2), 271-91.

McCashin, A. *Social security in Ireland*, Gill and Macmillan, Dublin, 2004.

Murray, J.E. "Social insurance claims as morbidity estimates: sickness or absence?" *Social History of Medicine*, 2003, 16(2) 225-245.

Ó Grada, C. *Ireland-before and after the famine*, Manchester University press, Manchester, 1993.

Ó Grada, C. *A Rocky Road: The Irish Economy since Independence*, Manchester University Press, 1997.

Ó Grada, C. "The Greatest Blessing of All': The Old Age Pension in Ireland" in *Past and Present*, 2002, 175, 124-61.

Wennemo, I. *Sharing the Costs of Children*, Stockholm: Swedish Institute for Social Research, 1994.

Winegarden, C. R. and J. E. Murray. "The effects of early health insurance programs and European mortality and fertility trends." *Social science and medicine*, 2004, 58, 1825-1836.