

I. Economic Development in the late 19th Century

- A. The second half of the 19th century was a period of rapid economic growth, which as in much of Europe, was combined with industrialization, urbanization, and a shift in political ideology.

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Table 11.1 : Population and Per Capita Income

year	population	urban	rural	Rgnp/pop
1,860	31,443,321	6,216,518	25,226,803	n/a
1,870	38,558,371	9,902,361	28,656,010	531
1,880	50,189,209	14,129,735	36,059,474	774
1,890	62,979,766	22,106,265	40,873,501	836
1,900	76,212,168	30,214,832	45,997,336	1,011
1,910	92,228,496	42,064,001	50,164,495	1,299
1,920	106,021,537	54,253,282	51,768,255	1,315

Sources: <http://www.census.gov/population/censusdata/table-4.pdf>
<http://www2.census.gov/prod2/statcomp/documents/CT1970p1-07.pdf>

- B. Population growth and economic development continued throughout the second half of the nineteenth century.

- i. Population growth reflected large family size and (net) immigration.
 - { Immigration was completely open during this time period, and new immigrants could often vote before they were citizens.
 - { Passports did not yet exist.
- ii. Population growth was possible because of a general increase in farm production.
 - { The general increase in agricultural production reflected technological improvements (better seeds and plows, and subsequent mechanization of planting and harvesting)
 - { and also larger areas being farmed as settlement gradually increased throughout the U. S.
- iii. The increase in agricultural productivity (the green revolution) is further evidenced by the increase in the fraction of the total population living in towns and cities.

- iv. Of course, people would not choose towns over farms unless real incomes and/or other conditions were preferable to those in the country side.
 - a. Opportunities for life must have been systematically improving in the cities: that is to say income in commerce and manufacturing must have been rising relative to farm income.
 - b. Thus the relative increase in the urban centers implies that an increasing fraction of total production (value added) in the US economy as a whole was non agricultural.
 - c. Note that per capita (average) income was rising throughout this sixty year period.
 - { From 1870 through 1920, per capita income more than doubled., even as population tripled.
 - { Total economic output, thus, increased more than sixfold during this period.
 - { (Per capita income in previous periods of history was far more stable. As population increased or decreased to keep per capita income fairly constant--as noted by Malthus, 1798, and other classical economists.)

- C. Society was undergoing a major transformation of life and livelihood for the first time in 10-12,000 years, when settled agriculture was being worked out

- i. The use of increasingly expensive, powerful, and productive steam engine in manufacturing and in transport, together with organizational improvements, created **new economies of scale in manufacturing and commerce**.
 - { These engines allowed manufacturing to stray further from the banks of rivers than possible in the past,
 - { Although rivers were still important sources of transport, water, and sanitation, clearly improvements in rail transportation allowed both inputs and outputs to more cheaply reach farms and factories further inland.
- ii. Realizing the benefits (profits) from technological improvements and increases in the most efficient scale of production often required new laws to remove internal and external barriers to trade.
 - { Entrepreneurs had to have access to relatively large markets to make investments in the new equipment and organizations worthwhile.
 - { In Europe changes in rules that opened up internal and external markets were one of the main policy agendas of manufacturers and importers.
 - { This also tended to be true in the U. S., but market reform, per se, was mainly required within states and municipalities and with respect to international trade.
 - { The constitution guaranteed a large integrated national markets, although tariffs remained a national policy concern for economic liberals.

- { The latter, allowed industrialization to take place rapidly within the United States.
- iii. Such legal changes were taking place throughout the “West” and industrialization (application of new technologies to farming, commerce, and manufacturing) occurred in all countries that adopted the required legal reforms and accepted the changes in social organization.
- a. Similar changes were also taking place within the industrializing parts of Northern Europe.
- { [Farming and commerce were also modernizing and increasing in scale at the same time in many European countries that were not rapidly industrializing (as in NL and DK).]
- b. Note that in parts of the world where legal reforms were not forthcoming, and application of new technologies were discouraged, industrialization did not take place.
- { [Because relatively more democratic governments were more open to reform than other governmental types, there is a very interesting correlation between democratic reform and industrialization in the late 19th century.]
- iv. Economies of scale, in a many cases, lead to very large and profitable enterprises being created “from scratch, as “self-made” men became millionaires.
- { In many, perhaps most cases, economies of scale allowed them to profit by selling new and old products at lower prices than other manufacturers could match.
- { Many were skeptical of the ethics of these men in general, or at least a significant subset of them, who were called “robber barons” although the new millionaires rarely resorted to such obviously illegal behavior.
- { (This in spite of the fact that many of the new industrial millionaires--Carnegie, Rockefeller, Morgan, Edison, Ford--established large charitable foundations with huge endowments. See, for example, Johnson 1997: 536-560.)
- D. It bears noting that the urbanization associated with the expansion of commerce and manufacturing also generated new demands for public services and regulation.
- i. Demands for public services (especially education, transport, and sanitary systems) increased with urbanization and industrialization.
- ii. Greater density also increased the level of what economists call “externalities” which voters wanted regulated.
- iii. Thus, at the same time that old trade barriers were eliminated, **new regulations were adopted at state and national levels**, and many government services increased.
- E. That is to say, there was a **change in what might be called the “economic constitution”** of industrializing countries--the rules that determined what is owned and how it may be used without legal (political) interference.
- i. Industrialization required trade to become more open and property of all kinds to be more marketable and portable.
- a. Property rights over physical goods and services became “individualized” and alienable.
- b. This was more obvious in Europe and Japan where:
- { Family--birth right--privileges for particular occupations, products, and services largely disappeared, at least as matters of law.
- { Debts often became individual rather than family based, and land became freely bought and sold.
- ii. In the U. S. mechanisms for transferring large public properties to individual families had to be devised and implemented, as with the various **homestead acts**.
- { Recall that the territory of the US also expanded in the 19th century through the Louisiana and Alaskan purchases, and in the territories in the Southwest won from Mexico during 1846-8. Most of this land was initially held by the central government.
- { (The various homestead acts, with their very favorable terms for land sales also implies that urbanization was voluntary in the US rather than the result of a shortage of farm land. In Europe urbanization initially was associated with various enclosure movements which may have generated involuntary urbanization as medieval rights to commons disappeared.)
- iii. There were also new public services and new regulations on how private property could lawfully be used.
- a. Public education was expanded (mostly by the states, as state university systems were developed) and infrastructure was subsidized in many ways.
- { See for example the Morrill Acts of 1862 and 1890, through which the central government transferred lands to states to fund new public universities focused on engineering, agriculture, and military science.
- iv. Much of the regulatory reform (and suffrage reform) also tended to be at the state and local level.
- a. However, some reforms were restrained by local fears of interstate competition (as with work week and minimum wage laws)
- b. Others were constrained by both state courts and the U. S. Supreme Court. (See Rehnquist, 2001, ch. 5.)
- { Rehnquist, P. 113-14 provides a short summary of “anti-progressive” Supreme Court decisions.

- v. Partly because of problems with regulating national firms at local and state levels within an open national economy, there **was a significant increase in the regulatory responsibilities of the central government.** Examples include:
 - { The Interstate Commerce Act regulated railroads (1887)
 - { The Sherman Antitrust laws regulated monopolies and other conspiracies to restrict open markets (1890).
 - { The Pure Food and Drug Act (1906) created the FDA and provided for federal inspections of meat products and forbid poisonous patent medicines.
 - { The Federal Trade Commission Act (1914) was created to regulate “unfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices...”
 - { Clayton Antitrust Act (1914) strengthened the Sherman act and exempted nonprofit institutions and organized labor from anti trust proceedings.
- vi. Overall, there were trends toward more liberal and open market-based production and consumption--with relatively free entry and trade possible throughout towns, states, the nation, and internationally--at the same time that other new regulations restricted anti-competitive and fraudulent business practices.
 - { (It bears noting that many of these “progressive” policies were subsequently used by large firms as new methods of reducing competition, although this was clearly **not** what the reformers, themselves, had in mind.)

II. Political debates associated with industrialization in the U. S.

- A. New economic regulations and political reform, of course, rarely “spring forth” by themselves.
- B. Normally new regulations are a consequence of organized efforts to persuade (and occasionally bribe) voters or the government to adopt regulatory and other reforms.
 - i. Many of the new politically active groups attempted to advance narrow economic interests.
 - { **A wide variety of new economic interest groups were organized such as business associations and trusts, labor unions, and farmer cooperatives.**
 - { Such groups mainly sought policy reforms that improved the economic well-being (profits, wage rates, working conditions) of their members.
 - ii. However, even relatively narrow interest groups often took an interest in broad policy and political debates.

- { They might for example lobby for political, trade, and constitutional reforms as a “matter of principle” rather than of narrow interest.
- iii. Other interest groups, such as the “progressives” and “liberals,” had explicitly ideological agendas.
- iv. Just before the civil war a women’s suffrage movement appeared, which gained support throughout the rest of the century (Keyssar, 2000, ch.6.)
 - a. This movement is, of course, a large part of the reason that the word “sex” was almost added to the Civil war amendments discussed in the last lecture (see Keyssar, 2000, p.178-9)
 - { The civil war amendments (the 14th guaranteeing equal protection of the law) were, none the less, used in legal challenges of suffrage laws that discriminated against woman, but these challenges were unsuccessful.
 - b. It became a broadly supported and well organized mass movement after the turn of the century, which allowed it to secure the support of the male median voter, which allowed reforms at the state level to be passed (Keyssar, 2000, p. 203-6).
- v. During approximately the same time period, a “temperance” movement emerged that opposed alcohol consumption (demon rum) and lobbied for new laws restricting alcohol access and consumption.
 - a. Although the temperance movement was quite old in the United States, it gained membership and political support throughout the 19th century.
 - { The American Temperance Society was founded in 1826.
 - { (Of course, the temperance problem was partly a symptom of the new urban lifestyle based on wages rather than household production.)
 - b. Both the temperance and woman’s suffrage movements had counter parts in Europe.
 - { A temperance society was founded in Ireland in 1829, in Sweden in 1837, in Denmark in 1840, Norway in 1845. Energetic temperance movements also emerged in Germany and England.
 - { Some of these organizations were international in scope, as with the “Independent Order of Good Templars.”
 - vi. And, it was often the case that the temperance and woman’s suffrage movements had had overlapping memberships.
 - { (See Johnson, 1997, and the *Catholic Encyclopedia*, “Temperance Movements.”)
- C. The progressive movement (party) can be thought of as the American equivalent of the social democratic movement (party) in Europe.

- i. They were not opposed to private property or markets, but for the most part were interested in “improving” market outcomes through institutional and regulator reforms and by equalizing bargaining power.
- ii. “What distinguished the economists associated with the **Progressive** movement from their forebears in the **liberal tradition** was not their concern for rules per se, rather it was their belief that a free market could be the locus of systematic economic power. They thought that the proximate cause of this power was unequal bargaining power between employers and individual laborers. It was their observation that labor was typically constrained by a lack of wealth. This simple fact, operating in conjunction with the need to feed oneself and one’s family, placed a distinct limit on the length of time that labor could “hold out” for a better wage bargain.” (Prasch, 1995, 1999).

{ It bears noting, however, that the progressives, as true of mid-century liberals, were not always in favor of universal suffrage (Keyssar, 2000, p. 159).

{ In my terminology, the progressives were “left of center” liberals, as true of most social democrats in Europe.

{ (It bears noting that it was the “left of center” liberals who retained the name “liberals” in the United States, in contrast to Europe, where the “right of center” liberals kept that political label.)

{ (It also bears noting that within academia there was far less specialization in the 19th century than today. Thus, “economists” often wrote about politics and history, and political scientists wrote about law and economics.)

D. Initially, the liberal movement in the United States can be thought of as the equivalent of the right of center liberal movement in nineteenth century Europe.

- i. These political and social liberals and the early progressives were the abolitionists and free traders of the first half of the 19th century
- ii. (There was no perfect equivalent of Europe’s 19th century conservatives in the United States, because there was no birth based aristocracy to defend, established church, or ancient political institutions. However, on other issues, such as trade, suffrage reform, and regulation, 19th century democrats often took “conservative” positions, especially in the South.)

E. As the right of center liberal agenda had for the most part been achieved by 1880 in the US--trade liberalization, open markets, slavery abolished, equal protection of the law, and essentially universal male suffrage--policy debate in the late 19th century often tended to be between pro-reform progressives and “laisse faire” liberals, who opposed further reform.

- i. In this respect, pre WWI politics in America somewhat resembled discourse among the center parties of post WWI Europe (minus communists and fascists).

{ In most parts of Europe in the 19th century, the liberal agenda had not generally been so far advanced, and the left of center and right of center liberals often cooperated in their persuasive efforts regarding trade and suffrage reform.

- ii. On the other hand, tension between left and right of center liberals was clearly evident in Europe, as in the US, on other issues.

{ (This is, of course, why such terms as liberals, radicals, and social democrats are used to describe policy positions in Europe.)

{ In the late 19th century, republicans were the “radical liberals” and “progressives” rather than the democrats (although this changed in the early 20th century, partly in response to political pressures).

- iii. As always, on given issues ideological and economic interest groups often joined forces to lobby for or against new policies and reforms.

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F. A digression on Keyssar and “declining” support for universal suffrage in the US.

- i. Keyssar, 2000, p. 168-9, argues that support for universal suffrage had waned somewhat towards the end of the century.

{ For example, his preceding chapter shows that residency requirements had reduced suffrage somewhat.

- ii. However, it remains the case that male suffrage was essentially universal in the sense that we use today: male residents could vote, as he shows in the earlier chapters.

{ There were no serious efforts to reintroduce property requirements.

- iii. Although it remained the case that most voters thought that those “qualified to vote” should be able to vote. (There was not really every a very deep support for truly universal suffrage.)

{ There were cases, as noted by Keyssars, problems in the South where poll taxes (used in 8 states), rigged literacy tests, and terrorism by the KKK reduced suffrage significantly both within working class and black communities.

{ But such barriers were less restrictive in the North.

{ (It bears noting that, perhaps as a consequence, the South industrialized far more slowly than the North, and had slower income growth.)

- a. Thus, the men’s suffrage debate continued., but on a smaller scale.

{ This was evidently not a sign of disinterest, but of the general success of previous efforts and disagreement about the final margins of suffrage: non-residents, Indians, and criminals.

{ That is the debate remained centered on “who is qualified to vote?” or “who is a proper citizen?” as it had been since voting was allowed to all “freeholders” in colonial times.

{ (See the quote from the New Republic in Keyssar, 2000, p. 225.)

- iv. Continued debate over men’s suffrage at the margin was clearly overshadowed by the **woman’s suffrage movement**, whose success demonstrates that broad support for (almost) universal suffrage was actually alive and well.

{ (Johnson, 1997, pg. 657, notes that the early suffragettes had also favored enfranchisement of only qualified women.)

G. The Lockner decision and dissent provide evidence that the split between “liberals” and “progressives” occurred in **elite policy circles**, as well as among politically active interest groups, political theorists, and editorial writers.

- i. The famous Lockner decision 1905 concerned the permissible scope of central government regulations under the constitution

- ii. The majority opinion favoring Lockner develops a “liberal” argument:

{ “The general right to make a contract in relation to his business is part of the liberty protected by the Fourteenth Amendment, and this includes the right to purchase and sell labor, except as controlled by the State in the legitimate exercise of its police power.

{ Liberty of contract relating to labor includes both parties to it; the one has as much right to purchase as the other to sell labor. There is no reasonable ground, on the score of health, for interfering with the liberty of the person or the right of free contract, by determining the hours of labor, in the occupation of a baker. Nor can a law limiting such hours be justified a a health law to safeguard the public health, or the health of the individuals following that occupation...

{ ... It is also urged, pursuing the same line of argument, that it is to the interest of the state that its population should be strong and robust, and therefore any legislation which may be said to tend to make people healthy must be valid as health laws, enacted under the police power. If this be a valid argument and a justification for this kind of legislation, it follows that the protection of the Federal Constitution from undue interference with liberty of person and freedom of contract is visionary, wherever the law is sought to be justified as a valid exercise of the police power. Scarcely any law but might find shelter under such assumptions, and conduct, properly so called, as well as contract, would come under the restrictive sway of the legislature..”

- a. The dissent by Oliver Wendall Holmes develops the progressive argument:

{ “This case is decided upon an economic theory which a large part of the country does not entertain. If it were a question whether I agreed with that theory, I should desire to study it further and long before making up my mind. But I do not conceive that to be my duty, because I strongly believe that my agreement or disagreement has nothing to do with the right of a majority to embody their opinions in law. It is settled by various decisions of this court that state constitutions and state laws may regulate life in many ways which we as legislators might think as injudicious, or if you like as tyrannical, as this, and which, equally with this, interfere with the liberty to contract.

{ Sunday laws and usury laws are ancient examples. A more modern one is the prohibition of lotteries. The liberty of the citizen to do as he likes so long as he does not interfere with the liberty of others to do the same, which has been a shibboleth for some well-known writers, is interfered with by school laws, by the Postoffice, by every state or municipal institution which takes his money for purposes thought desirable, whether he likes it or not. The 14th Amendment does not enact Mr. Herbert Spencer's Social Statics.”

{ The complete case, majority opinion, and dissenting opinions can be found at: <http://caselaw.lp.findlaw.com/cgi-bin/getcase.pl?court=us&vol=198&invol=45>

{ See Rehnquist, 2001, p. 107, who believes Lockner was wrongly decided.)

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III. Changes in the Political Constitution of the United States

A. A number of significant procedural changes in the fundamental procedures and structure of American governance occurred during the “Progressive Period.”

B. These “progressive” reforms occurred at all levels of government, and demonstrate that there was continuing majority support (among those who could vote) for such reforms.

- i. For example, 19 states constitutions added (or included) direct referenda and recall provisions, which allows voters to decide specific issues, avoiding agency problems associated with representative systems of government.

{ These were mostly adopted by new states in the West that entered after the civil war, but several other states amended their state constitutions to allow such referenda.

{ Direct democracy continued to be used in some New England towns throughout this period, although it had not formerly played a significant role in state governance.

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| <p>{ (There is still no provision for direct referenda at the national level of government.)</p> <p>ii. The secret ballot was adopted, which allowed votes to be cast without fear of rebuke by their neighbors, landlords, and employers.</p> <p>{ Recall that many states and towns continued to use voice voting, from colonial days.</p> <p>{ Secret ballots were used in presidential election after 1884.</p> <p>{ (Secret ballots are also known as the “Australian ballot,” because the rules and ballots were heavily influenced by Australian reforms in the previous decade. The new ballots included a list of all candidates rather than favored candidates. Paper ballots had been used in many states--New York and Vermont--since the revolution.)</p> <p>iii. Bureaucracy was reformed to reduce political influence over career bureaucrats.</p> <p>a. For example, the Pendleton Act (1883) established the US Civil Service Commission which placed most federal employees on the “merit system,” greatly reducing the extent to which political parties would determine jobs within the bureaucracy.</p> <p>{ (After the Pendleton Act, only the senior-most jobs in the U. S. bureaucracy were appointed by the President.)</p> <p>b. Such “civil service” reform improves efficiency by increasing “institutional memory” and it also reduces the incumbent ability to use the bureaucracy for his or her political campaigns for reelection.</p> <p>iv. After the turn of the century, several states had also adopted woman’s suffrage reforms, after years of persuasive campaigns by “suffragettes” (Keyssar, 2000, p.208-12).</p> <p>a. The existing median voter had gradually been persuaded that women were qualified to cast their own independent votes.</p> <p>{ (Clearly there were no credible revolutionary threat from the woman’s suffrage movement.)</p> <p>b. (Note that these state reforms, and the subsequent adoption of the 19th amendment, are consistent with the electoral law equilibrium model developed a few lectures ago. In the absence of ideological interests, as noted in earlier lectures. Otherwise, the existing median voter tends to be quite happy with the existing electoral institutions.)</p> <p>C. In addition to these formal state constitutional reforms and other quasi-constitutional reforms, three major reforms and one minor reform of the national constitution were adopted between 1909 and 1920.</p> <p>i. The Sixteenth Amendment, allowing income taxes</p> <p>{ Passed by Congress July 2, 1909. Ratified February 3, 1913.</p> | <p>{ The Congress shall have power to lay and collect taxes on incomes, from whatever sources derived, without apportionment among the several States, and without regard to any census or enumeration.</p> <p>ii. The Seventeenth Amendment: Direct Election of Senators</p> <p>{ Passed by Congress May 13, 1912. Ratified April 8, 1913.</p> <p>{ The Senate of the United States shall be composed of two Senators from each State, elected by the people thereof, for six years; and each Senator shall have one vote. The electors in each State shall have the qualifications requisite for electors of the most numerous branch of the State Legislatures.</p> <p>{ When vacancies happen in the representation of any State in the Senate, the executive authority of such State shall issue writs of election to fill such vacancies: Provided, That the Legislature of any State may empower the Executive thereof to make temporary appointments until the people fill the vacancies by election as the Legislature may direct.</p> <p>{ This amendment shall not be so construed as to affect the election or term of any Senator chosen before it becomes valid as part of the Constitution.</p> <p>iii. The Eighteenth Amendment (the great mistake) Prohibits Liquor Sales</p> <p>{ Passed by Congress December 18, 1917. Ratified January 16, 1919.</p> <p>{ (This amendment was finally repealed by the 21st Amendment in 1933.)</p> <p>{ After one year from the ratification of this article the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof for beverage purposes is hereby prohibited.</p> <p>{ The Congress and the several States shall have concurrent power to enforce this article by appropriate legislation.</p> <p>{ This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the Legislatures of the several States, as provided in the Constitution, within seven years from the date of the submission hereof to the States by the Congress.</p> <p>iv. The nineteenth Amendment: Woman’s Suffrage</p> <p>{ Passed by Congress June 4, 1919. Ratified August 18, 1920.</p> <p>{ The right of citizens of the United States to vote shall not be denied or abridged by the United States or by any State on account of sex.</p> <p>{ Congress shall have power to enforce this article by appropriate legislation.</p> |
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D. One of these “progressive” amendments, **prohibition**, is really a policy matter rather than a constitutional matter, although it required a constitutional amendment to address (at least at that time).

i. Prohibition did reduce alcohol consumption somewhat.

{ But, it also generated an **enormous illegal market** for alcohol, which allowed organized crime to emerge as a major factor in the U. S.

ii. A similar temperance movement was also active in Scandinavia during this same time period, and the result was also often “prohibition.”

{ Norway, Finland, Iceland, and Russia did go through periods of prohibition at about the same time as in the US.

{ The Swedes transferred all sales to state stores and regulated consumption through a coupon system.

{ (The temperance movement itself was evidently a European movement, beginning in Sweden in 1819, but impulses from America lead to the first European Temperance societies. See the Catholic Encyclopedia on “temperance movements.”)

E. The 19th amendment represents an extension of the logic of “qualified voters” to woman.

i. In this, it is a logical extension of the men’s suffrage debate carried out in the first half of the 19th century in the US.

{ What is a bit strange in the US case, is that the gap between the last major male suffrage reform, the fifteenth amendment passed in 1869, and woman’s suffrage. This simply reaffirms that there is no slippery slope to universal suffrage

{ (In Europe, universal male suffrage and woman’s suffrage were often adopted within a decade of each other.)

ii. Extending suffrage does not change the fundamental procedures of governance, but does change the median voter.

{ (In the case of woman’s suffrage there is evidence that the new median voter had a higher demand for social insurance than the previous one. See Lott and Kenny *JPE*, 1999.)

F. The other two amendments **fundamentally altered the structure and resources of the federal government**.

i. By changing the electoral basis of the Senate, the central government became a less “federal” system of government.

{ No longer were state interests in decentralization directly represented in government.

{ On the other hand, state voters were not subject to manipulation in the manner that House voters are because states cannot be “gerrymandered.” Thus state results tend to be a more “honest” representation of voter interests than congressional district elections.

ii. The federal government had relied entirely on excise taxes and tariffs for its revenues prior to 1913 (with a short exception during the civil war), because the constitution forbade federal direct taxes--e.g. taxes borne directly by individuals.

{ Although the income tax was initially limited to the very wealthiest, it was gradually expanded to include most persons.

{ Essentially all contemporary central government (federal) tax revenues in the U. S. are income taxes: the personal income tax, the corporate income tax, and the payroll tax (that funds Social Security and Medicare).

{ Income is a much larger tax base than “sin taxes” and tariffs, and thus allows a much larger government to be supported.

{ (Holcombe and Lacombe, 1998, argue that the pattern of support for these amendments reflected state interests. Relatively low income states favored the income tax, and states that had already adopted direct election of senators favored the new method of organizing the senate.)

G. Together, the 16th, 17th and 19th amendments removed earlier constitutional constraints on the size of the central government and increased the demand for central government services.

i. Partly as a consequence of these constitutional changes, the relative and absolute size of the central government increased for the next eight decades.

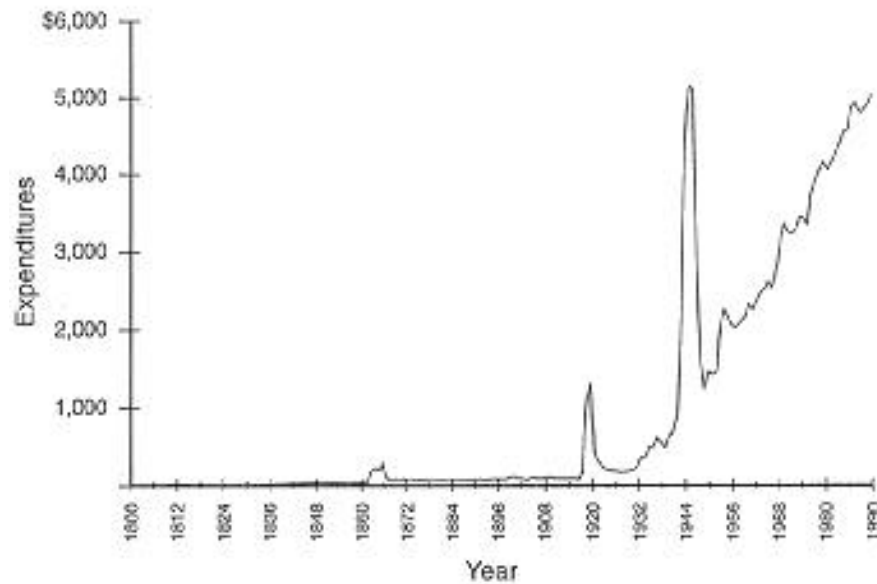
ii. (Here it should be noted, that median voter interests must have preferred most of these expansions, but it is clear that it is easier to fund new programs with income taxes than with excise taxes (especially those borne by the relative wealth), and that increased centralization is easier without a Senate to “fight for state rights.”

iii. These were fundamental reforms, whose effects could clearly be seen in central government expenditures.

a. Indeed, the “progressive amendments” could be said to be the first truly fundamental reforms of American political procedures and constraints since the bill of rights was adopted.

b. These reforms had obvious and nearly immediate effects on public policies adopted by the central government.

{ See the figure below depicting per capita federal expenditures in constant dollars from 1800 - 1990, from Holcombe (*Cato* 16 n 2).



(Real per capita central government expenditures)

- iv. Note that per capita government expenditures were low and very stable in the previous 120 years, and began accelerating after the reforms were adopted.
 - a. State governments had been the main source of public services in the years prior to the “progressive amendments,” but this changed in the next two decades.
 - b. Of course not all of this growth in per capital government expenditures was generated by new political procedures and constraints.
 - { For example the federal government took a more active role in world affairs and took over significant responsibilities for social security and welfare.
 - { However, without the income tax and shift of federal decision making away from state governments, such changes would have been very **difficult to fund** and more difficult to adopt.

H. (There were also a number of important supreme court cases on suffrage and civil rights during this time period, but these will be taken up in the next lecture.)