

# **Lecture 6: Democracy, 1870-1914**

**For Econ 115: Tuesday September 15, 2009**

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# **iClicker: Do You Have an iClicker?**

- A: Yes
- B: No
- C: Not sure
- D: What's an iClicker?

# Administrivia

- W. Arthur Lewis reading:
  - <http://delong.typepad.com/sdj/2008/04/w-arthur-lewis.html>
- Don't cheat--costs are very high, and benefits minimal...
- Office hours: back to Thursdays 11-12:30
- Exam format
  - Not an exam on which we are looking for a great deal of identifying variance...

# Exam Format

- Not, as I said, an exam on which we are looking for a great deal of identifying variance
  - Rather an instructor reality check exam
- Exam will come in three parts:
  - First third: IDs:
    - I'm adding one more thing to the list of 100 historical events--the 1948 founding of Israel.
      - I'm going to pick 10, and ask you to write for 2.5 minutes each on the significance of that event for a course in world economic history, and ask you to place the event in a ten-year window (I've already gotten the death of Josef Stalin off by three years)...
  - Second third: five five-minute paragraphs on major themes of the course:
    - For example: Why had all of the host of inventions up to 1870 still left China's population about as poor in 1870 as they had been in 2000 BC?
  - Third third: Calculation from the problem sets
    - Growth accounting, or
    - Trade
    - And explain why it is interesting, for example:

# iClicker: First Problem Set

## Question

- Consider an alternative timeline in which eighteenth and nineteenth century geopolitics kept the United States penned east of the Appalachians by better-armed Amerindians supported by British military advisors. Then the United States in 1860 would have looked:
  - A: Much as it did in the main timeline.
  - B: Same population, income, and wage levels as in main timeline 1860--but much more crowded.
  - C: Same income and wage levels as in main timeline 1860--but many fewer people.
  - D: A lot more like Britain in 1860 than it did in the main timeline.
  - E. A lot more like China in 1860 than it did in the main timeline.

# iClicker: Keynes

- In chapter 2 of his *Economic Consequences of the Peace*, John Maynard Keynes writes that the world from 1870-1914 was:
  - A: Desperately poor and slow-growing.
  - B: Poisoned by high and increasing inequality.
  - C: A lot like the world between 1800 and 1870.
  - D: A time of extraordinary economic growth and personal freedom.
  - E. An age that could never have been expected to last.

# James Madison Was Not Enthusiastic About *Democracy*

- The example of classical Athens
  - Rule by those with nothing better to do than sit in the Assembly and be entertained
  - Mytilene
- Advances in the science of government
  - Judges
  - Representation
  - Limited franchise to the sober and responsible
    - The federal government's House of Representatives shall not be less democratic than the state governments
    - States must merely have “a republican form of government”

# Literacy, Urbanization, Growing Wealth Led to Democracy -1929

- Late restrictions on franchise:
  - “Ballot security” in Arizona by William Rehnquist in the 1960s
  - Pre-WWI Britain: less than 1/2 of adult males can vote
  - Peculiar Prussian franchise: pay 1/3 of taxes, get 1/3 of votes
- Nevertheless: one-man one-vote makes steady advances up until 1914
- Market economy in which wealth counts; democratic polity in which numbers count
  - Wealth inequality due to effort, skill, luck, and choosing the right parents
    - Accepted by all save the socialist left
  - Political equality (among males of the right race at least)
    - Accepted by all save the neo-feudal right
  - Government as the servant and agent of the people
    - An idea dating back to Marcus Aurelius, or Pericles
    - An idea that was going to be challenged between World Wars I and II

# The Advance of the Franchise I

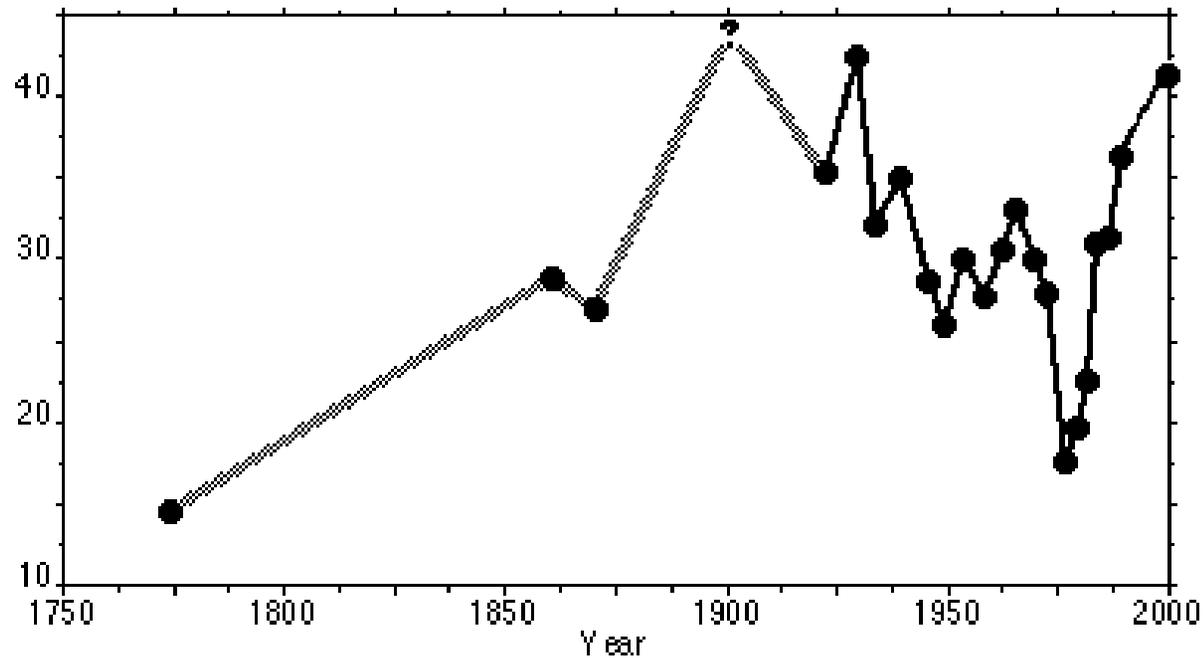
- French Revolution
  - First French Republic 1789-1804
  - Second French Republic 1848-51
  - Third French Republic 1870-1940
    - Vichy Regime 1940-1945; Fourth Republic 1945-1957; Fifth Republic 1957-today
- Jacksonian democracy
- Finland 1906
- New Zealand
  - Maori males from 1867
  - Propertyless European-descended males from 1879
  - Women from 1893
    - But cannot vote for women until 1919
- Britain: 1928--or 1945?
  - Adult men and women over 30 from 1918; 1911 on House of Lords, 1885 equalization of representation; 1884 3/5 of adult men; 1883 campaign spending limits; 1872 secret ballot; 1867 2/5 of adult men; 1832 doubles voters to 1/5 of adult men and eliminates “rotten boroughs”
    - Old Sarum

# The Advance of the Franchise II

- Viscount Sherbrooke on the Second Reform Act of 1867
  - This principle of [political and electoral] equality which you have taken to worship is a very jealous power; she cannot be worshipped by halves, and like the Turk in this respect she brooks no rival near the throne. When you get a democratic basis for your institutions, you must remember that you cannot look at that alone but you must look at it in reference to all your other institutions. When you have once taught the people to entertain the notion of the individual rights of every citizen to share in the Government, and the doctrine of popular supremacy, you impose on yourselves the task of re-modelling the whole of your institutions in reference to the principles that you have set up.... You must take education up the very first question, and you must press it on without delay for the peace of the country...
- Viscount Sherbrooke on what to do after the Second Reform Act if 1867:
  - We must now educate our masters

# Mass Politics I: American Inequality

**Figure 2: Crude Estimates of the Top 1% Share of National Wealth**



? Possible for 1900.

# Mass Politics II: American Inequality

- Andrew Carnegie
- Triangle Shirtwaist fire
- Immigrants and plutocrats vs. yeoman farmers
  - Where is the heir of Mariano Guadalupe Vallejo?
- Alexis de Tocqueville on the “aristocracy of manufactures”
- Abraham Lincoln and his ideal
- Who to blame?
  - Bankers and the gold standard
  - Malefactors of great wealth
  - Immigrants--especially the feebleminded Chinese and Jews

# Mass Politics III: Chicago

- South Sea Bubble of the early eighteenth century
- 1840: 4,000 people
- 1850: 15,000 people
- 1860: 40,000 people: Republicans hold national convention
- 1871: 100,000 people: Mrs. O'Leary's Cow
- 1880: 300,000 people
- 1885: First steel-framed skyscraper (100 feet tall?)
- 1890: 1,000,000 people
- 1900: 2,000,000 people
  - 70% foreign born
  - 10% second generation
- Altgeld, Addams, Dewey, Veblen, Darrow Dreiser, Debs, Sullivan
  - Altgeld

# Mass Politics IV: Haymarket Bombing

- May 1886
  - AFL
  - Eight-hour day
  - McCormick farm equipment factory
    - Strikebreakers
    - 400 police
    - Kill six
  - Haymarket bombing
    - Eight police officers
    - 20 civilians killed
  - Kangaroo court
    - 5 hanged, 3 imprisoned
  - 1889: Samuel Gompers goes to Second International
  - 1893: John Peter Altgeld pardons “Haymarket bombers”
  - 1894: Pullman strike: that triangulating bastard Grover Cleveland
  - 1894: Labor Day

# Mass Politics V: The Presidential and Illinois Gubernatorial Campaigns of 1896

- Grover Cleveland
  - That triangulating bastard
  - Altgeld leads fight against Cleveland renomination
    - Altgeld ineligible for president
- William Jennings Bryan
  - The Boy Orator of the River Platte
  - “Cross of Gold” speech
    - $MV = PY$
    - $m + v - y = \pi$
    - $1\% + 1\% - 4\% = -2\%$  per year
      - Big trouble if you are a long-term debtor

## Mass Politics VI: The Presidential and Illinois Gubernatorial Campaigns of 1896 II

- Democratic Party splits: “Bourbon” and “free silver”
  - Altgeld hesitates to support “free silver”
- Harper’s Weekly--the Fox News of its day:
  - Bryan will be nothing but a puppet of Altgeld, that sinister foreign-born “ambitious and unscrupulous Illinois communist”
- Theodore Roosevelt, Republican Vice Presidential candidate, on Altgeld: “One who...:
  - ...would connive at wholesale murder...
  - ...condones and encourages the most infamous of murders...
  - ...would substitute for the government of Washington and Lincoln a red welter of lawlessness and dishonesty as fantastic and vicious as the Paris Commune [of 1871]...”