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978-0-521-03579-8 - Southern Paternalism and the American Welfare State: Economics, Politics, and Institutions in the South, 1865-1965

Lee J. Alston and Joseph P. Ferrie

Frontmatter

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SOUTHERN PATERNALISM AND
THE AMERICAN WELFARE STATE
Economics, Politics, and Institutions in the South
1865–1965

Using the new institutional economics, Professors Alston and Ferrie show how paternalism in Southern agriculture helped shape the growth of the American welfare state in the hundred years following the Civil War. Paternalism was an integral part of agricultural contracts prior to mechanization. It involved the exchange of “good and faithful” labor services for a variety of in-kind services, most notably protection from physical violence. The Southern landed elite valued paternalism because it reduced monitoring costs and turnover. Workers valued paternalism because they lacked civil rights. In order to maintain the value of paternalism to their workers, the agricultural interests needed to prevent meddling from the federal government, which they accomplished through their disproportionate political power. Only the advent of mechanization and complementary technology in the late 1950s and early 1960s finally reduced the desire of Southern agricultural interests to fight the expansion of federal welfare programs.

Lee J. Alston is Professor of Economics at the University of Illinois and Research Associate, National Bureau of Economic Research.

Joseph P. Ferrie is Associate Professor of Economics and Institute for Policy Research Faculty Fellow at Northwestern University and Research Associate, National Bureau of Economic Research.

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To Mary, Greg, and Eric, and Mari

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Frontmatter

[More information](#)

Contents

<i>Preface</i>	<i>page xi</i>
Introduction	i
1. The Economics of Paternalism	13
2. The Politics of Maintaining Paternalism	34
3. Southern Opposition to the Social Security Act	49
4. Southern Opposition to the Farm Security Administration	75
5. The Bracero Program and Wartime Farm Labor Legislation	99
6. Mechanization and the Disappearance of Paternalism	119
Conclusion	143
<i>References</i>	153
<i>Index</i>	165

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Preface

This book is about the interplay of institutions, technology, and contracting. Though it is an example of the “new institutional economics,” there was no such well-defined approach when we started this project twenty years ago. In part, this accounts for the book’s long gestation. Much of the scholarship on which we rely is the product of research undertaken by others in the new institutional economics over the last two decades. Like those scholars, we had to venture beyond the literatures in economics and history into political science and sociology to answer the questions that we posed. We hope that our work is better for these intellectual excursions.

The genesis for this book was Alston’s Ph.D. dissertation. Our collaboration on this topic began in 1980 when Ferrie was an undergraduate in one of Alston’s courses. He wrote his undergraduate thesis (which received the Wells Prize in Political Economy) at Williams College on the topic of paternalism and social security in the United States. In the course of our collaboration we had various detours, the most significant being Ferrie’s completion of a doctoral dissertation in economics on an unrelated topic. Though the journey to complete this book has been a long one, we believe that the book is better for it – each time we returned to the project, we revised and added new material, often with the benefit of comments from colleagues and the appearance of new findings from scholars working in the field.

The intellectual debts that we owe are numerous. We presented aspects of our work at seminars and conferences around the globe. Many individuals gave us helpful comments and engaged in valuable discussions. Several people deserve special recognition: Robert Higgs patiently listened to Alston for many hours during his dissertation days and throughout this project, and offered his advice and encouragement; Larry Neal came on the scene halfway through this project when Alston moved to Illinois and was the very epitome of a good colleague with his

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comments and encouragement; Douglass North offered his wise counsel throughout and made sure that we never lost track of the “big picture.” Though we risk forgetting some people we thank George Akerlof, Mary Alston, James Alt, Terry Anderson, Jeremy Atack, Lee Benham, Ralph Bradburd, Henry Bruton, Leonard Carlson, Ann Carlos, Gary Cox, Paul David, David Farris, Stefano Fenoaltea, Price Fishback, Michael Fortunato, Burleigh Gardner, Victor Goldberg, Claudia Goldin, Avner Greif, Wayne Grove, Tim Hatton, James Heckman, Carl-Ludwig Holtfrerich, Jonathan Hughes, James Kau, Gary Libecap, Peter Lindert, Marvin McInnis, Michael McPherson, Joel Mokyr, David Montgomery, Robert J. Myers, Jeffrey Nugent, Carol Petraitis, Jonathan Pincus, Roger Ransom, Melvin Reder, Joseph Reid, John Roemer, Randy Rucker, Andrew Rutten, Morton Schapiro, Ralph Shlomowitz, Theda Skocpol, Juliet Schor, Ken Shepsle, Pablo Spiller, Richard Sutch, Thomas Ulen, John Wallis, Barry Weingast, Warren Whatley, Steven Wiggins, Gordon Winston, Gavin Wright, and Robert Zevin. For research assistance, we thank Roxanna Barrantes, Wayne Grove, and Bernardo Mueller. We acknowledge financial support from the National Science Foundation (NSF grant SES-8713230). Alston is grateful for support in cash or kind from the Australian National University (Visiting Fellow 1986-1987), the University of California, Davis (Visiting Associate Professor), the University of Colorado, Boulder (Visiting Professor), the University of Washington (Visiting Assistant Professor), the Earhart Foundation, the University of Illinois, Urbana-Champaign, the Liberty Fund, and Williams College. We are also grateful to Alex Holzman of Cambridge University Press for his patience in seeing this project through, and to Herbert Gilbert who edited the manuscript.

Though our professional debts are great, they are clearly exceeded by our personal debts. Without the unwavering love and encouragement of our wives and families, this work would have never begun and surely would have never finished.