Portrait of the United States as a Developing Country

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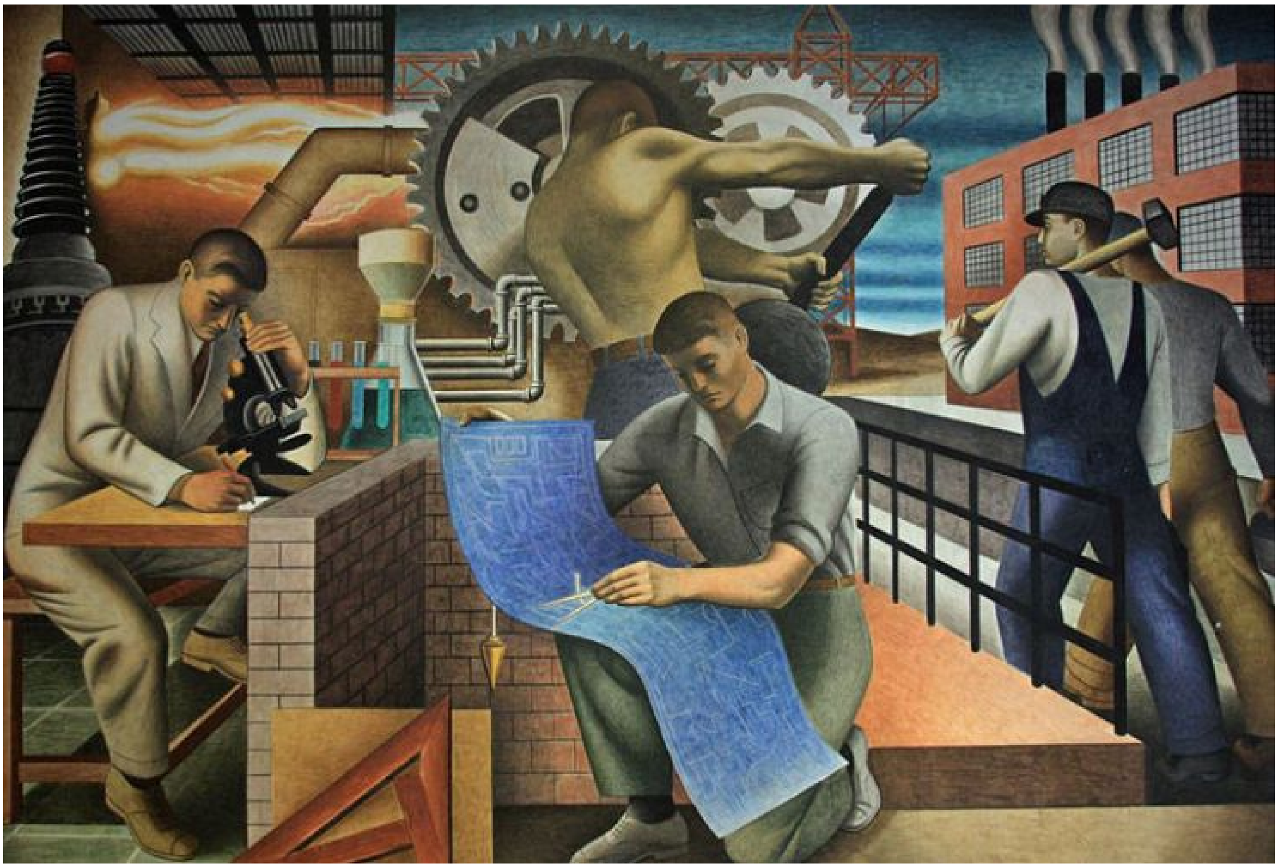

Class & Inequality

Dispelling myths of entrepreneurial exceptionalism, a sweeping new history of U.S. capitalism finds that economic gains have always been driven by the state.

Justin H. Vassallo

Seymour Fogel's "The Wealth of the Nation" (1938), a mural at the Wilbur J. Cohen Federal Building—originally meant to house the newly formed Social Security Administration—in Washington, D.C. Fogel painted the mural on commission from the New Deal's Public Works for Arts Project. Image: Wikimedia

Ages of American Capitalism: A History of the United States
Jonathan Levy
Random House, $40 (cloth)

The start of Joe Biden's presidency has prompted an unlikely reassessment of the direction of American capitalism. Announcing a "paradigm shift" away from a policy regime that for decades has ruthlessly favored the very wealthy, Biden has invoked the New Deal to capture his vision for activist government. Alongside the expansion of the welfare state, he has promised an ambitious developmental agenda that links together infrastructure, industrial policy, and an energy transition to fight climate change. Though Biden's resolve to execute his vision remains untested, the prospects for aggressive state intervention now seem far greater than during the Great Recession, when austerity quickly became a transatlantic phenomenon.

A central question for Biden's new economic agenda is how exactly government can induce capital to work on behalf of public welfare.

The most salient difference between then and now is that Biden has identified long-term investment as critical to the very preservation of democracy. Breaking from the neoliberal economists who held sway over Democratic policymaking for a generation, Biden's vision is also a quiet disavowal of Hillary Clinton's boast three years ago that, despite losing the 2016 presidential election to Donald Trump, she "won the places that represent two-thirds of America's gross domestic product"—the parts of the country "that are optimistic, diverse, dynamic, moving forward." The pandemic has only further illustrated how even the country's most prosperous cities, once the drivers of growth in the age of globalization, are in acute need of state-led projects and egalitarian distribution.

A central question for this new era of U.S. political economy is how exactly government can induce capital to work on behalf of public welfare. If capital is predisposed to liquidity, how do political agents steer it toward investment? In his prodigious new book *Ages of American Capitalism: A History of the United States*, economic historian Jonathan Levy illustrates the historical conditions under which just such direction has been possible, arguing that the long arcs of transformative development in U.S. history have never spontaneously arisen from the market. "What separates the ages of American capitalism . . . are not strictly economic variables but rather political initiatives," Levy writes. He shows how statesmen have always steered the course of U.S. capitalism, with stark implications for inequality, social mobility, ideas of citizenship, and popular views of the responsibilities of government and business.

The book is divided into four sections: "The Age of Commerce (1660–1860)," "The Age of Capital (1860–1932)," "The Age of Control (1932–1980)," and "The Age of Chaos (1980–)." Across each Levy pursues three theses. First is that capital is not so much a thing, a "physical factor of production," as a "process"—investment based on expectations of future profit. Second is that the "profit motive" itself "has never been enough to drive economic history, not even the history of capitalism." And third is that "the history of capitalism is a never-ending conflict between the short-term propensity to hoard and the long-term ability and inducement to invest." Levy covers a wide range of technical ground—from the tensions between monetary and fiscal policies and the consequences of deflation and inflation, to the growing complexities of globalized finance and the contemporary primacy of the Federal Reserve—but the book also doubles as a vivid social and geopolitical history. Indeed, as he writes in the introduction, "today mainstream economics follows a path of great mathematical rigor that . . . does not make much room for other accounts of economic life." Instead, Levy argues for "the rightful place of historical analysis in economics, and for a broader vision of what the economy is."

In his survey of the evolving topographies of economic development and the political coalitions that drove them, Levy foregrounds the country's two great, yet deeply flawed, developmental coalitions: the industrializing Republican coalition of the nineteenth century and the New Deal coalition in the twentieth. It is through these coalitions that U.S. capital most prioritized illiquid investments, spurring advances in infrastructure and technology that eventually integrated a national, consumerist economy. Though the book is about much more than these coalitions, their example strongly underpins its central argument about the role of political agency in shaping economic affairs.

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Perhaps above all, these coalitions help us think clearly about the historical trajectory of the United States as a developing country, demonstrating that economic progress—sometimes with more democracy, sometimes with much less—has depended on the compromises and cross-class alignments that political actors have brokered in the pursuit of statecraft and national power. Economists and economic historians will have their say about the book's interventions in technical debates. But given Biden's efforts to signal a decisive shift away from neoliberalism, it is also instructive to examine the triumphs—and the failures—of these coalitions at the heart of Levy's history.

Colonial Trade and the Institution of Slavery

Many of the features that would shape these two great periods of U.S. economic expansion—including stark regional divisions and competing interpretations of economic freedom—emerged in the colonial period of preindustrial development, Levy shows. The book begins with the origins of English mercantilism in the late seventeenth century, which for Levy exemplifies "the paradox that state authority should encourage the wealth-generating capacities of private commerce yet still restrain commercial self-interest—a dangerous impulse that threatened moral and political order." The contest between freedom and social obligation that shapes the long course of U.S. political thought ultimately derives, Levy argues, from this central paradox.

Initially the English state intended the colonies to serve as "vents" for England's surplus manufacture and population—creating, in effect, foreign demand while curbing domestic unemployment—and to supply some raw materials to the metropole. But New England colonists defied restrictions on local manufacture, accelerating the growth of an English bureaucracy that tried to keep pace with colonies intent on asserting political control over their own economic development. For a time the metropole assumed a more pragmatic approach, and with the Bank of England propelling commercial investment, the basis for intra-empire free trade was laid. Thus, Levy argues, the intellectual and practical foundations for “exponential capitalist economic growth” were established. At the same time, Levy emphasizes that “in large measure, the Age of Commerce in North America began with the English imperial commitment to black slavery.”

That commitment was not “fated,” Levy writes. Slavery’s dramatic expansion began with a “choice made by England’s rulers” to deter emigration once England’s population began to decline. In place of migration, the work of colonization would now be achieved through slavery. “By the middle of the eighteenth century,” Levy notes, “commodities produced by black slaves accounted for 80 percent of all colonial American commodities exported back to the home country.” After 1689 the slave trade had been opened up to all Englishmen, foreshadowing the Herrenvolk democracy of the early U.S. republic. Yet slavery’s higher concentration in the South also set the stage for divergent paths of regional development that would exacerbate sectionalism in the late antebellum era.

One of the book’s most significant achievements is to illustrate the value of viewing the history of the United States as that of a developingcountry.

While the plantation South comprised the wealthiest colonies outside the West Indies, the North diversified its commercial and nascent manufacturing capacities. The presence of fewer enslaved people in the Northern colonies meant more people participating in trade, although Northern elites would remain active in the slave trade until the rise of abolitionism. Describing the fledgling culture of the Northern colonial bourgeoisie, Levy shows how Atlantic trade fueled a “Smithian commercial multiplier” through the eighteenth century, fueling colonial wealth and the spread of markets to such a degree that living standards probably exceeded that of the average person anywhere else in the world. At the same time, the explosion of commerce and slavery reified doctrines of private property in the colonies.

The U.S. war of independence would elevate a fundamental division over the direction of the struggling republic’s political economy. “In this era,” Levy writes, “politicians—not men of business enterprise—were most responsible for charting the republic’s long-term economic future.” Thomas Jefferson and Alexander Hamilton personified the clash of competing republicanisms: Jefferson envisioned a self-sufficient agrarian republic predicated on westward expansion, while Hamilton sought to build upon the model of transatlantic finance that had stimulated Northern commerce and manufacturing. The essence of Hamilton’s outlook, Levy writes, was that “in a republic, only state power could harmonize the tension between private self-interest and the public good.” Jefferson virulently opposed this developmental project, fearing that it would marginalize small property owners, fuel oligarchy, and invite a transnational elite to drain the young republic of its economic sovereignty. As it happened, the statecraft of each rival would inform the other. The state’s Hamiltonian financial architecture, including the Bank of the United States, would fund Jefferson’s Louisiana Purchase, while Jefferson’s embargo on exports during his administration fostered development of the internal market—advancing the incipient industrialization Hamilton had championed in his 1791 *Report on the Subject of Manufactures*.

Despite the occasional synthesis of these two developmental visions, it was Jefferson's that triumphed politically until the Civil War, Levy shows. Andrew Jackson would denounce the "American System" of long-term national planning proposed by Kentucky Whig Henry Clay in the wake of the War of 1812. Appealing to anti-monopoly sentiments, Jackson assembled a political coalition around small manufacturers who feared becoming wage dependent; they called themselves "the Democracy." Development during Jackson's presidency (1829–1837) was frenzied and haphazard. Even as the populism of the day attempted to cordon off—or "sphere," as Levy puts it—the public realm from private commercial interest, statecraft impelled investment and vice versa. Above all, Jackson's genocidal policy of Native American removal channeled speculative investment into the country's expanding periphery, which facilitated a surge in internal improvements. But the growth of infrastructure was tethered to loans sourced from distant creditors; state-chartered banking corporations, for instance, were often capitalized via state debt sales. When the Bank of England raised the bank rate to restore gold reserves, there was no contingent policy to manage the late 1830s financial panic and economic downturn. This development, Levy points out, was a classic case of a global credit cycle ending. Jackson had built a political career attacking elites, but the developmental processes he accelerated were inexorably tied to the caprices of northeastern and British investors.

In addition to Jackson's white settler frontier, an essential driver of interregional economic development was the expansion of the brutal domestic slave market. Closure of the Atlantic slave trade in 1808 led to a "Second Middle Passage" that was fueled instead through the biological reproduction of enslaved people, and the booming plantation economy spurred internal trade along waterways connecting the old northwest and southern states. Synthesizing Karl Marx's explication of slavery as an economic institution and the planter elite's own understanding of it, Levy shows how enslaved people were construed as portable capital assets with a "prospective pecuniary yield" whose value was primarily regulated by the price of cotton. The system extracted a truly staggering degree of aggregate national wealth, dramatically eclipsing other sources of growth in the 1850s. The "value" of the four million enslaved people in the United States came to three billion dollars, Levy finds—"triple the value of the entire U.S. industrial capital stock in 1860." By then the largest cotton plantations were effectively organized along proto-Fordist lines, functioning like plants with a strict division of labor across different tasks to maximize efficiency. At the same time, the planter class reinforced this brutal economic regime by mounting a perversely paternalistic defense of slavery, casting the enslaved as cared-for extensions of planter families.

The developmental lens emphasizes how ideological beliefs and political actors structured the course of industrialization.

Such paternalism accentuated the divergence in regional political economy between the 1840s and Lincoln's election, Levy argues. "A state-government-led 'transportation revolution' in market infrastructure" that was far more concentrated in the North had already initiated the region's great leap in industrialization. Canals and turnpike corporations bolstered market density and access, which led to burgeoning metropolitan networks of financiers, manufacturers, merchants, and tradespeople. What Levy calls an “industrial investment multiplier” was taking shape, and consequently a new stage in American capitalism. An emerging class of industrialists was on the cusp of investing in an unprecedented level of long-term fixed capital that would not only remake the physical structure of cities and towns but hasten the economic integration, through the rail system, of a manufacturing belt spanning the Northeast to the Midwest. These changes would transform the U.S. economy, but a political catalyst was required, and it came in the form of the Republican Party.

The Rise of Republican Industrialization

The next section of the book, “The Age of Capital,” begins on the eve of the Civil War, showing how the pace of industrialization was inextricably tied to the Republican Party and the Union’s victory. By Lincoln’s presidency the future of slavery and its geographic expansion had become the insurmountable divide in national politics. Lincoln was not an ardent abolitionist, but still he feared that slavery might become legal again in the states that had outlawed it after the Supreme Court’s Dred Scott decision in 1857. On Levy’s account, Lincoln’s rhetoric alarmed just enough farmers in the lower Midwest of the possibility that slave-owners would encroach upon their livelihoods and buy up the best land. The message succeeded in tipping the 1860 election in favor of the Republicans. As dominant as the “Slave Power” had been, Levy shows that the newly formed Republican Party had inherited the developmental path charted by the defunct Whigs. Its rallying cry of “Free Soil, Free Labor, Free Men” solidified a political base across the North’s agricultural regions and manufacturing belt.

The embeddedness of Republican personnel with Northern industry and finance would be critical to the Union’s triumph in the Civil War. Indeed, Levy writes that “a highly functional political economy of corruption helped the Union win.” Northern businesses were greatly stimulated by the federal government’s demand for goods and materiel, which were shipped to Union soldiers on state-chartered private railroads. The Republican Congress, meanwhile, asserted the state’s ability to direct and propel economic development. The 1861 Morrill Tariff launched a sprawling patchwork of protective tariffs that attached northern industries to Republican political success long after the Union’s victory. The 1862 Homestead Act opened up millions of acres of federal lands to virtually free settlement. The 1862 Morrill Act provided land grants to establish state colleges. And the 1862 and 1864 Pacific Railway Acts sparked the rise of transcontinental travel by chartering the Union Pacific and Central Pacific corporations. Through these assertive forms of state action—protectionist industrialization, state-subsidized settlement and landownership, and the creation of a national market—a Republican developmental coalition was born, one that would modernize the country at the same time that it engendered a new economic hierarchy.

Levy foregrounds the country’s two great, yet deeply flawed, developmental coalitions: the industrializing Republican coalition of the nineteenth century and the New Deal coalition in the twentieth.

Central to that new hierarchy were changes in the U.S. financial system prompted by the Civil War that would only exacerbate regional differences. Ultimately, Levy shows, the Republican Party failed to adopt an inclusive model of development in the wake of slavery's abolition. The National Banking Acts of 1863 and 1864, which streamlined the path to a single currency, authorized the use of public debt to fund the Union campaign, which ignited the public bond market and made Wall Street a more powerful node in national and international finance. National taxation funded the debt, while the temporary use of greenbacks during the war helped amplify production and commerce. But the expansion of the money supply, along with the possibility of progressive taxation, would prove short-lived. Resumption of the gold standard became a top priority of the new financial elite once the war ended, to the grave detriment of Reconstruction. Returning to gold meant deflation and austerity, which sharply curtailed the fiscal expenditures necessary to secure postbellum Black political freedom in the South. The contraction of investment would deprive the majority of former slaves of the means to obtain land and establish commerce; sharecropping tenancy under the control of former plantation masters became ubiquitous.

As the Gilded Age commenced in the 1870s, the first true industrial titans came into national prominence. Levy highlights how Andrew Carnegie's reinvention from railroad speculator to steel magnate was representative of the transition to an energy and capital-intensive economy. "Steel," Levy writes, "multiplied a whole series of backward and forward linkages," creating the larger social structures whose cohesion increasingly depended on the productivity and profitability generated from fixed capital.

Carnegie, like other industrialists, benefitted from the protective tariff. He maximized this barrier for European competition by ruthlessly raising labor productivity, closely monitoring costs and output through bookkeeping and timekeeping. Protectionism imposed a hierarchy on the factions and demographics of the Republican coalition, privileging producers of capital goods and intermediate manufacturers while effectively forcing consumers and farmers to support domestic production—including those in the comparatively capital-starved South. Tariff revenue had also supplanted national taxation, heightening regional disparities. This structure became deeply intertwined with Northern urban growth and burgeoning Westward development. As Levy explains, there was significant demand for foodstuffs to feed the expanding class of industrial wage earners, creating additional demand for the domestic manufactures required to improve agricultural production. Even as the Midwestern breadbasket was more exposed to fluctuations in global credit, the tariff regime linked farmers, workers, and industrial capitalists in a chain of amplifying interstate and interregional commerce.

But protectionism could not suppress industrial conflict. Exacerbated by the gold standard, inequality and exploitation became a pressing issue for labor, yet organizing proved fractious. The experience of the Knights of Labor in the 1880s captured the early labor movement's impediments, both structural and self-made. Strongly producerist, and rooted in an anti-monopoly as opposed to an internationalist politics, the group's rise predated the consolidation of the wage system that would accompany corporations' Great Merger Movement of 1895–1904. While the inclusion of women and some Black producers counted among the Knights of Labor's more egalitarian features, the leadership was explicitly anti-Chinese and supported the 1882 Chinese Exclusion Act. Central to their demise, according to Levy, was an inability to reconcile the aspirations of a property-less urban proletariat with the middling property-owning producers who were trying to preserve their economic relevance against the exponential market share of larger and larger corporations. The American Federation of Labor, while excluding small capitalists, subsequently pursued a reformist course that further limited its horizons by avoiding political alliances and the inclusion of Blacks and new immigrants. Levy notes that the labor movement's turn toward wage system reform presaged the broader emphasis on "income politics" that would dominate twentieth century political economy.

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The Populist movement, for its part, represented another challenge to the nexus of industrial and financial capital. Populists—and their predecessors in the Farmers Alliance—promoted an array of policy and organizational innovations, including cooperatives, a plan for the state to subsidize and warehouse crops, railroad regulations to fight monopolies as well as outright state ownership of rail and communications industries, and the use of silver to increase the money supply. The silverite ambitions, in particular, aimed to diminish the power of the liquidity preference of a transnational financial elite and unyoke Western and Southern agriculture from monopolistic practices. The inevitable cycle of booms and busts driven by the gold standard was particularly deleterious for Western farmers, who were already subject to higher interest rates on bank and mortgage loans. The Panic of 1893 caused another severe credit crunch that inflicted a crippling deflation in crop prices; Levy notes that farm incomes dropped 22 percent in the ensuing Depression.

Yet the Populists were doomed by the very elevation of silver in the 1896 presidential campaign, Levy explains, with their advocacy of inflationary monetary policy eclipsing their other developmental and quasi-statist economic ideas. Through a fateful alliance with the Democratic Party—one that would simultaneously contain populism and alter the national trajectory of Democratic politics down through the New Deal era—the Populists backed William Jennings Bryan, whose evangelism homed in the on the corruption and oligarchy effected by the gold standard. In the election Bryan was trounced by Republican William McKinley, who stressed the connection between domestic industry and widening prosperity. The protective tariff, Levy argues, ultimately precluded the kind of grand alliance between agrarian populists, small Midwestern manufacturers, and Northeastern labor necessary to upend Republican hegemony in federal elections.

Indeed the tariff provided a credible hedge against a largely untested, alternative path to development, even if it meant tolerating the financial caprices driven by the gold standard. Though no longer vital to promoting infant industries, the tariff politically imbricated a cross-class swath of the economically advanced North. Despite the Gilded Age's extreme inequality, robust domestic industry was becoming the primary means of employment and was increasingly associated with rising wages. Meanwhile the Supreme Court, Levy notes, was oscillating between anti-monopoly and laissez-faire opinions, but its 1895 ruling that “large manufacturing consolidations were not in violation” of the 1890 Sherman Antitrust Act only advanced the rise of modern corporations and the dependence of workers on steady wages. Support for Republicans was further buttressed through widespread access to Civil War pensions—a crude but politically successful form of welfarism that existed long before Social Security was introduced.

In the end, a campaign disproportionately centered on “free silver” and the grievances of a mostly rural constituency could not break the Republican coalition, despite the frequent clashes that occurred between capitalists and workers in country’s manufacturing core.

The New Deal’s Regional Transformations and the Post-Industrial Turn

The third section of the book, “The Age of Control,” examines the New Deal—the summit of state-led investment in the United States—and its aftermath in the postwar economy. During this period the combined activities of regulatory, investment, and relief agencies, Levy shows, had striking regional implications, fundamentally reordering the Republican economic paradigm that had effectively industrialized the North largely at the expense of the South. As Levy tells it, the construction of the New Deal state combined “income politics”—making industrial capitalism “democratic” through state-mediated redistribution and the legal recognition of union rights—with developmental policies that drew from the Populist legacy, which emphasized not just a solid floor for farm incomes but projects that would help obtain regional parity in living standards. The resulting proliferation of public works and state-subsidized credit, particularly in the South and West, would help reinvigorate productivity in the Northern industrial core while radiating private investment outward.

The New Deal had striking regional implications, fundamentally reordering the Republican economic paradigm that had effectively industrialized the North largely at the expense of the South.

These changes were intimately bound up with profound political shifts that been decades in the making, beginning with Woodrow Wilson’s courting of Southern whites. Aided by a Democratic Congress still strongly influenced by agrarian interests while drawing on the reformist agenda of Northeastern Progressives, Wilson’s first administration (1913–1917) introduced income and corporate taxes, reduced tariffs, passed antitrust legislation, and created new avenues to issue credit to farmers In his own first administration (1933–1937), Roosevelt extended that sectional reversal, while consolidating a realignment of the urban working class toward Democrats through Social Security, the Wagner Act, and other measures that strengthened the party’s commitment to building the modern welfare state, which until then had been skeletal at best. (Echoing many scholars of the New Deal, Levy emphasizes that Roosevelt avidly embraced an ethnically and regionally diverse coalition, even while the racist order of the “Solid South” still played a significant role in molding New Deal policies.)

The New Deal was more than a mere reiteration of Populist-infused Wilsonian Progressivism, however. Levy observes that the National Industrial Recovery Act of 1933, though invalidated by the Supreme Court two years later, broke with the Democrats' Jacksonian anti-monopoly heritage. The Great Depression would not end by restoring small proprietors but by inducing industrial capital to revive the male breadwinner model that Fordist consumerism had promised before the crisis. "A new pattern emerged," Levy writes—one "in which the federal government acted to facilitate capitalist enterprise" at mass production levels, "even while many businessmen railed against its tax and regulatory policies."

Roosevelt's primary objective, as a result, was to prop up demand and spur investment, though his mesh of policy experiments, some more adversarial toward capital than others, exceeded the limits on state interventionism that his predecessor Herbert Hoover had assumed. Hoover was a prototypical technocrat; he conceived of an "associational state" premised on more scientific governance and coordination between interest groups. His attempts to combat the Depression were severely restricted because "he would not coerce capitalists to invest," Levy writes. Hoover was instead beholden to the prevailing doctrine of austerity—reinforced, according to Levy, by an incorrect diagnosis of the 1929 crash. At the turn of the century, the New York Stock Exchange had become the most important market in liquid corporate securities, enlarging the scale of long-term investment in production but also creating new temptations for aggressive speculation. Throughout the 1920s, Wall Street and corporations propagated the idea that stock ownership was "the property anchor of democratic citizenship," just as landownership had once been, fueling a frenzy of increasingly speculative investment. But what classical economists "diagnosed as overinvestment," Levy writes, "is better characterized as speculative misinvestment." Capitalists' subsequent turn to "precautionary hoarding of liquid assets" only compounded the crisis because "existing capacity"—the combination of productive fixed capital and masses of willing laborers—stagnated, collapsing demand.

In the wake of these developments, Roosevelt's first critical success was restoring a baseline of consumption. Prices were reflated in part through transformation of the Reconstruction Finance Corporation (which Levy discusses at length, emphasizing its public investments and bank recapitalizations), agricultural production controls, and devaluation of the dollar against gold. State-administered financing was complemented by infrastructure projects that provided desperately needed unemployment relief and would slowly help draw capital to the country's underdeveloped regions. Despite the developmentalist streak of the early New Deal, as exemplified by the Tennessee Valley Authority and Public Works Administration, Levy highlights an important asymmetry between the New Deal's regulatory arm and its developmental one. Various capital controls—meant to stabilize the financial system, restore demand, and direct capital towards production—were a higher priority than the construction of public housing and the further expansion of public corporations.

Levy pointedly rejects nostalgia for a golden age of welfare capitalism.

By the late 1930s, Levy emphasizes, a newly “politicized liquidity preference” among capitalists had created hostile conditions for the introduction of more egalitarian forms of state-led development. Instead, the government fostered development in residential housing through the Federal Housing Administration, which, among other activities, insured loans and standardized an extended timeframe for mortgages. Thanks to this regulatory framework that encouraged long-term investment, housing construction would flourish in the postwar era, forming yet another pillar of consumerism predicated on male-breadwinners and traditional nuclear families.

Only entry into World War II would allow Roosevelt’s administration to temporarily reorganize the economy on an unprecedented scale. “Prodigious public investments in newly constructed ‘government-owned, contractor-operated’ enterprises drove war production forward,” Levy writes. New plants were finally being built, with the automotive industry, in particular, augmenting production to meet the military’s demand for equipment. Wartime mobilization would finally fulfill New Deal ambitions of full employment, fueling “a third, western industrialization” along the Pacific West while also precipitating the rise of the Sun Belt, whose enhanced economic significance would endure through the Korean War and the permanent national security state that the Cold War engendered.

At the same time, however, the postwar economy inscribed clear limits on New Deal liberalism. The expansive definition of public welfare that the New Deal had once called for—epitomized in Roosevelt’s 1944 proposal for a “Second Bill of Rights”—was displaced by the “fiscal triangle” of the federal government, corporations based around large production sites, and philanthropy. “The United States had no ‘mixed’ economy of public and private enterprise, as many postwar social democratic states did,” Levy writes. “Rather, private interest groups jostled for big government benefits.” Economic policy concentrated on maintaining growth, wielding Keynesian stimulus to counter recessions, while “‘abundance’ became an entitlement of economic citizenship.” It had taken over a half century for political mechanisms to ensure industrialization provided shared prosperity. Yet the structure of the postwar economy would buckle under its perpetuation of racial and gender inequalities, an emboldened drive on part of capital for greater mobility, and various international and domestic economic shocks.

In his discussion of the transition from the New Deal order to the unstable financialized economy of Reagan and his successors, Levy thus pointedly rejects nostalgia for a golden age of welfare capitalism. Recalling the failures of Reconstruction, he shows that Democratic decisions undermined the economic position of Black Americans just as Great Society legislation was intended to undergird their political equality. Mismanaged “urban renewal” schemes facilitated the relocation of productive investment away from the manufacturing belt, removing a pillar of relative economic opportunity for Black Americans who had settled in Northern cities over the course of the Great Migration. Black Americans had also been long subjected to redlining, and Federal Housing Administration policies amplified economic disparities by channeling real estate investment toward the construction of single-family homes in white suburbs. Levy directly attributes the rise of mass incarceration to these developments. “The failure of twentieth-century liberalism's economic development agenda," he writes, "has no more telling statistic than that black men born between 1965 and 1969 were more likely on average to end up in prison than to graduate from college." Levy is not alone in asserting that the New Deal order carried the seeds of its own destruction. What makes this assessment all the more pointed is the link Levy draws between the New Deal warfare state and the eventual nationalization of Sun Belt politics—and thus the primacy of real estate speculation, liquid financial assets, and ill-compensated service jobs.

One political implication of Levy's discussion is that Democrats, not just Republicans, bear responsibility for the depredations of our second Gilded Age.

In the remainder of the book, "The Age of Chaos," Levy brings these themes up to the present. He probes the post-industrial turn and the bipartisan consensus that actively relocated much of economic policymaking to the Federal Reserve, whose mandate to control inflation has precluded full employment and provided political cover against flat-lining wages and spiking inequality. Eschewing nonspecific talk of neoliberalism, Levy instead speaks more concretely of "Rubinomics," a reference to Bill Clinton's Treasury Secretary Robert Rubin—who championed balanced budgets and, along with Federal Reserve Chairman Alan Greenspan, prioritized investor confidence in global capital markets. Instead of ushering in a new wave of long-term investment, this policy orientation, along with other developments in the global economy, bolstered the rise of asset price inflation, the Internet-fueled capitalization of ideas over infrastructure and equipment, and the broader domestic disinvestment that has accompanied the coupling of the U.S. and Chinese economies. One political implication of Levy's discussion is that Democrats, not just Republicans, bear responsibility for the depredations of our second Gilded Age.

These developments came to a head in 2008, of course, when the financial crisis spiraled into the Great Recession in "a textbook debt-deflation." But instead of reviving a robust "fiscal multiplier," Barack Obama largely embraced a moralistic politics of responsibility. His administration's stimulus, as many progressive policy experts have concurred, was too cautious, and Obama willingly embraced austerity after the Tea Party wave in 2010. Economic policymaking remained ensconced at the Federal Reserve, but its innovation of quantitative easing, which lowered long-term interest rates, did not spark the reinvestment of corporate profits that was intended. It would take the election of Donald Trump and a new economic crisis brought on by the pandemic to provoke acknowledgment among Democratic elites (including Biden) that the Obama administration's stimulus efforts fell short. Given the speed with which the Biden administration has announced its economic policies, it seems that at least some policymakers now regard Obama's tenure as proof that long expansions do not ensure equitable recoveries.

As a single-volume history of the full sweep of U.S. capitalism, *Ages of American Capitalism* succeeds in large part because of Levy's focus on the competing objectives that drive economic policymaking at the highest levels of political power. It is also a history layered with cultural and social detail, providing a window into the struggles and goals of working-class Americans, the comforts and constraints of middle-class life, and the obsessive visions of the country's more consequential economic elites.

Ages of American Capitalism decisively demonstrates that capital does not work in the interest of the public without state mechanisms that both ramp up and set parameters for investment activity.

There are necessary limits to a work of this scope and focus, of course. The international context, for instance, is mostly tied to discussions of monetary policy and credit fluctuations. Another relative weakness is that the book only indirectly engages the concept of racial capitalism, a lens increasingly central to discussions of the history of slavery and capitalism. ("I have no room here to do justice to the debates" over the relationship between capitalism and slavery, Levy acknowledges. "This book's starting point is capital. Slavery is an ancient institution that has exhibited many common characteristics over centuries, but capitalization is not one of them.") Levy's exposition of the wealth brutally extracted from slavery occupies a large part of the first half of the book, and it greatly illuminates the divergent regional paths of U.S. development. But missing from the text is a head-on discussion of the critique, advanced by Cedric J. Robinson and others, that racist forms of subjugation and hierarchy were intrinsic to capitalist development, not systems that coevolved out of political contingencies. More generally, though racial injustice is clearly a running theme of Levy's analysis, Black political agency and economic life are more marginally addressed. Similarly, while Levy occasionally reflects on how industrial capitalism accentuated the "spheres" of domestic life and the political marginalization of women's labor, the structure of the book only allows so much attention to be devoted to the forms of exclusion and exploitation that accompanied capitalist development.

Readers may also note that the material realm of U.S. economic life recedes as Levy narrows his focus on liquidity and global capital flows. Levy gives a fascinating discussion of Houston's economic growth in the 1970s, for example, showing how it exemplified the creation of a new tier of fast, conspicuous consumption and low-wage care work driven by a surge of women into the workforce. But Levy does not take stock of the gentrification and displacement that would roil resurgent East and West Coast cities. Nor does he probe in meaningful detail the conditions that led some Rust Belt regions to vote for Trump in 2016. In effect, the book ends before Trump's rise.

In most respects, however, the book is a valuable and engrossing contribution. One of its most significant achievements is to illustrate the value of viewing the history of the United States as that of a *developing* country. There is a growing field of scholarship on this subject, including works such as Martin J. Sklar's *The United States as a Developing Country* (1992), Richard Franklin Bensel's *The Political Economy of American Industrialization, 1877–1900* (2000), and Monica Prasad's *The Land of Too Much: American Abundance and the Paradox of Poverty* (2012), as well as more recent interventions such as an article published last year by Noam Maggor and Stefan Link. In different but forceful ways, this historiography works to dispel lingering myths about U.S. entrepreneurial exceptionalism. A central conclusion uniting this work is that vast resources and economic freedom alone do not explain the combined agricultural and industrial takeoff from the mid-nineteenth century through the ascent of Fordism. The developmental lens instead emphasizes how ideological beliefs and political actors structured the course of industrialization. It was not the supposedly natural incentives of capital formation that created relentless growth that ultimately overwhelmed international rivals. On the contrary, it was political decisions, and their varying popular support, that determined the pace of development, the rise and fall of the U.S. welfare state, and the reach of American economic hegemony.

If Biden truly intends to establish a more just and egalitarian economic order, he would do well to consult both the achievements and the tragedies of U.S. development documented in Levy's book.

In keeping with the disciplinary orientation of the field academic historians call the "history of capitalism," Levy upholds the centrality of political initiative to economic development. Through painstaking accumulation of evidence over several centuries, *Ages of American Capitalism* decisively demonstrates that capital does not work in the interest of the public without state mechanisms that both ramp up and set parameters for investment activity. At the same time, Levy shows that political initiative is also fallible, marked by biases or outright prejudices, difficult compromises, and sometimes a lack of foresight. In this regard, Levy's account of the imbalances and inequities of late nineteenth-century industrialization is especially instructive, as it provides new resources for explaining how the Democratic Party transformed into the party of New Deal liberalism. In doing so, Levy significantly enriches our understanding of the rise of the early Republican Party as a world historical event.

What might this long history augur for Biden's vision of the U.S. economy? His victory over Trump improved margins with affluent suburbanites but raised doubts over the ability of Democrats to mobilize working-class voters. If Biden truly intends to establish a more just and egalitarian economic order, he would do well to consult both the achievements and the tragedies of U.S. development documented in Levy's book.

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