played by the International Monetary Fund and the World Bank. This is not a definitive book, then, but it is one that historians should consult, for Appelbaum has, as good journalists do, presented a story that can be tested by future historical enquiry.

William R. Childs is professor of history, emeritus, at The Ohio State University. His most recent publication is American Business Since 1920: How It Worked *(with the late Thomas K. McCraw; 3rd ed., 2018). He is writing a book on the history of energy in the United States from the late nineteenth century to the present.*

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American Bonds: How Credit Markets Shaped a Nation. *By Sarah L. Quinn*. Princeton: Princeton University Press, 2019. xiv + 288 pp. Figures, tables, notes, index. Cloth, $35.00. ISBN: 978-0-691-15675-0.
doi:10.1017/S0007680520000410

Reviewed by Jamieson Gordon Myles

Before the financial crisis of 2007–2008 most people were unfamiliar with mortgage-backed securities and securitization—the financial technology that pools assets of different risk categories and transforms them into new marketable securities. Why had financial institutions been so reckless in their mortgage lending and risk management? And why had regulators allowed them to push securitization to such an extreme? Anyone asking such questions would probably be shocked to learn that the U.S. government itself had been crucial in establishing securitization in the late 1960s as a strategy to overcome political deadlock over the federal budget.

In *American Bonds: How Credit Markets Shaped a Nation*, economic sociologist Sarah L. Quinn retraces the long and rich history of credit in the U.S. political economy and asks why the federal government became such a central player in financial innovation. The book offers a long-term overview of how credit in general—and mortgages in particular—became a preferred policy tool of the government, allowing it to minimize redistribution while still ensuring economic opportunity and growth. The author concentrates on two main stories: federal credit programs and securitization. Quinn argues that while credit programs offer a window into the macro-level political economy, securitization provides a micro-level illustration of which groups benefit from the improved access that the technology can offer.

The story begins in the late eighteenth century, when the U.S. government leveraged its single greatest asset—land—to pay off debts

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incurred during the Revolutionary War. But settlers were often unable to afford the purchase price, and because private banks catered mostly to elites and merchants, the government began to sell land on credit. Later, in the 1840s, a horrifying and now infamous early form of securitization emerged in the South, where groups of slaves were grouped into "slave-backed mortgages" to reduce the risk of human collateral losing its value due to illness or old age (p. 37). Land agents cashing in on the western mortgage-bond bubble in the 1870s then began pooling mortgages and guaranteeing them in order to attract outside investors. Federal credit and securitization thus offered a means of moving credit across the frontier.

From there, the subsequent chapters outline other examples of federal credit programs and securitization. Among them was the creation of Federal Land Banks under the Federal Farm Loan Act of 1916. Here, the government addressed the enduring and politically charged issue of farmers' access to credit by developing a farm mortgage credit system based largely on the Prussian model. However, as Quinn explains, while the 1916 act was inspired by European practices, the commissions that had toured Europe and formulated policy recommendations were adamant that Americans would not tolerate the paternalism of direct government intervention; nor would they assume the risk of others in a cooperative system based on solidarity. American policymakers therefore opted for a "politically light" scheme designed to "help farmers help themselves" while minimizing fiscal expenditure by creating an off-budget credit program. Significantly, the solution emerged as a paradigm for federal credit programs ever since. Indeed, this was the logic behind the various new credit programs introduced under the New Deal to support housing and secondary mortgage markets (chapter 7) as well as the multitude of schemes introduced in the postwar period to support everything from college tuition to small business development (chapter 8).

The book culminates in Quinn's explanation of how the Johnson administration reverted to securitization of mortgages to overcome political tensions around government deficits and rising inflation in the late 1960s. This strategy also allowed the government to reduce expenditures by taking the program off-budget while continuing to support the housing market as an alternative to direct welfare provision. While authors such as Greta Krippner have documented the role of government in spurring the financial services industry in the 1970s and 1980s, Quinn uses the example of the Housing and Urban Development Act of 1968 to illustrate how "mid-level political institutions like budget rules shaped the selection, timing and design of the policies that emerged" (p. 197). She thus underlines how credit programs resulted

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from the institutional particularities and fragmentation of the U.S. government. The implication is that federal lawmakers therefore had no idea that their legitimization of mortgage-backed securities would lead banks to innovate more and more risky forms of asset-backed securities, paving the way for the financial meltdown that occurred forty years later.

Thanks to its use of primary sources this final episode on the origins of modern securitization constitutes the book's most important original contribution—although Quinn develops the argument in greater detail in her 2017 article "'The Miracles of Bookkeeping': How Budget Politics Link Fiscal Policies and Financial Markets" (*American Journal of Sociology* [2017]). Otherwise, Quinn's stated methodology is inspired by the "targeted primary" approach consisting of building a narrative based almost exclusively on the secondary literature and only using primary sources when needed (p. 19). While her mastery of the literature is indeed impressive, assiduous business historians will already be familiar with a large part of the historiography she mobilizes and therefore with parts of her story.

Nevertheless, business historians who engage with questions of government-market relationships—or specialize in the history of banking and housing—will appreciate this sweeping, yet clear and relatively concise, long-term overview of U.S. government involvement in credit markets. They may also find it useful in teaching undergraduate courses on related questions. Furthermore, Quinn's use of concepts from sociology reminds readers of *American Bonds* of the *social* bonds that underlie all credit relationships, thus adding a compelling political economy dimension to the story and offering a stimulating read to social scientists across disciplines.

Jamieson Gordon Myles is a PhD candidate at the Paul Bairoch Institute of Economic History at the University of Geneva (Switzerland). He is currently completing his dissertation, entitled "State and Enterprise in International Trade Finance, 1913–1929."

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The Great Reversal: How America Gave Up on Free Markets. *By Thomas Philippon*. Cambridge, MA: Belknap Press of Harvard University Press, 2019. xii + 343 pp. Figures, tables, glossary, appendix, references, index. Cloth, $29.95. ISBN: 9780674237544.

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Reviewed by Marc Levinson

I recently met a young historian who teaches at a leading business school. In the course of our chat, I asked whether he had gotten to know anyone

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