

ESSAY

To Gild or not to Gild? Revisiting the Transformations of American Capitalism

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In what sense are we living in a “New Gilded Age”? Facile analogies between the late nineteenth century and our own era have proliferated in recent years. Pundits such as Paul Krugman inserted this analogy into the public conversation in the early 2000s, drawing on empirical work by economists Thomas Piketty and Emmanuel Saez. In underscoring a parallel between the two “gilded” eras, these commentators sketched out two periods marked by economic inequality, with several “anomalous” decades of relative equality in the middle of the twentieth century. This basic U-shaped narrative template has inspired commentators in numerous venues, from *The Nation* to *The Economist*, to imagine the shifts of recent decades simply as “a return” to an earlier age. Evoking social, political, and cultural resemblances, these accounts have stressed the resurgence of unfettered markets, economic volatility, government inaction, and the plutocratic reign of money.¹

These pervasive analogies between the First Gilded Age and the Second run the risk of committing a dual error. First, they unwittingly revitalize a long-discredited understanding of the original Gilded Age, rooted in age-old American folklore about the late nineteenth century rather than in clear-eyed historical inquiry.² As Richard R. John has pointed out in these pages, the use of a muckraking rubric of Gilded Age to frame the period has had a stubborn and lamentable tendency to cast the rise of industrial capitalism in the United States in melodramatic terms. Framed around larger-than-life figures such as Jay Gould, Cornelius Vanderbilt, and John D. Rockefeller, these accounts have obsessed over whether this cast of characters were bold visionaries or cynical schemers, villainous robber baron or heroic industrial statesmen—“bad fellows or good fellows”—to use the words of Alfred Chandler.³ These men were not so much credited with creating industrial capitalism in the United States than with manipulating to their benefit a process that was already underway (or in another version, shrewdly grasping the immutable direction of industrial change ahead of their contemporaries). These morality tales have foregrounded the themes of questionable ethics and personal character at the expense of political economy.⁴

This naïve version of the First Gilded Age, in turn, precludes more penetrating insights into the recent past. The melodramatic framing draws attention to the most blatant abuses of authority, corruption of government officials, and ostentatious displays of wealth. It again allows the machinations of a new cast of characters—Jeff Bezos, Mark Zuckerberg, Bill Gates, and others—to loom large, diverting attention from the structural factors behind large-scale economic change. Politically, the analogy evaluates the age according to often unarticulated normative benchmarks, primarily in

terms of what it ostensibly lacks: upstanding public leadership that could rise above partisan jealousies, government agencies capable of keeping up with advances in the marketplace, and proper state regulation—"rules"—to rein in business misconduct. It sensationalizes inequality in ways that are at once too limited and overly abstract, an autonomous market phenomenon rather than the accrued outcome of numerous political struggles in many different fronts. Overall, these discourses naturalize, rather than interrogate, tectonic shifts in political economy between different regimes of capital accumulation. They revive a debunked version of history to skew, and in some ways derail, analysis of our current situation. This feedback loop flattens and mischaracterizes both periods.

A very different, and much more fruitful, conversation about the two eras is possible, however: one that could enrich our understanding of both. Most importantly, this conversation should allow us to reconceptualize deep-seated capitalist transformations of the type that characterized both periods, not as inexorable transitions but as creative, contentious, and open-ended processes. In particular, it should divert attention away from the charisma of a handful of business leaders to more systematic (yet not necessarily reductionist) class analysis. Against the conventional emphasis on governments as either passive or corrupt bystanders to market driven processes, this conversation should emphasize the crucial role of state institutions in molding and indeed fueling economic change. This approach could position grassroots movements, not merely as forces of opposition or reform, but as full, proactive, forward-looking participants in the formation of the new order. Reframing the two periods along these lines would go a long way toward enriching the analysis of particular iterations of capitalism, recasting them not as a background conditions or stages in a predetermined historical arc—preindustrial, industrial, postindustrial—but as complex historical problems in need of scrutiny.

I begin with the insights of recent research on the origins of neoliberalism and discuss how this work can raise new questions about the late nineteenth century. I then turn to how historical insights about the late nineteenth century can illuminate anew our own political juncture. I recognize, of course, that every historical period is unique. Nevertheless, just as historians of war, revolution, migration, and other historical subjects engage productively (yet always cautiously) across time and space, so could scholars of political economy benefit from a broad thematic conversation. This conversation can challenge deeply entrenched paradigms and reorient historical inquiry in new directions. Without losing sight of the specificities of the American case, it can also de-provincialize scholarship about the period, creating room for work in a comparative and global vein.

The best starting point for a recasting of the conversation is recent scholarship about our era, which has greatly complicated our understanding of the neoliberal age and its origins. I consider here two recent interventions by Quinn Slobodian and Vanessa Ogle. Both interestingly trace the roots of neoliberalism, not to the tearing down and unmaking of institutions, but to self-conscious efforts to design and build the market's legal-political underpinnings. Far from an age of unencumbered private sphere, they show that neoliberal globalization has arisen due to the confluence of deliberate political endeavors. This process rested on robust state apparatus, without which global markets would not have been able to cohere and grow. Both also point to concrete historical connections—intellectual as well as social and political—that lead from the liberal-imperial order of the late nineteenth century to our own global age. They reveal

deep-seated and substantive links between the two eras but without collapsing them into one another.

Quinn Slobodian's book *Globalists: The End of Empire and the Birth of Neoliberalism* revisits the intellectual origins of neoliberalism. Neoliberal intellectuals such as Ludwig von Mises and Friedrich Hayek, Slobodian argues, were not anti-statist in their orientation. They had little idealized faith in rational individuals or self-regulating markets. Their goal was not to liberate markets but to institutionalize them—"to encase them." They aimed to create a legal framework that would stabilize and buttress economic life, insulating it from outside threats, especially political threats. Neoliberalism, in this analysis, has not been an experiment in weakening state power or unraveling government intervention. It has, rather, been "a specific institution-building project"—a positive program that looked to carefully calibrate the relationship between state sovereignty and private market activity. Above all, neoliberalism was geared to provide a stable extra-economic framework for the world market as a coherent and interdependent system. It was quintessentially globalist in its outlook.⁵

Slobodian makes clear that neoliberals drew their inspiration from the globalizing world they grew up in, a world that ruptured with the onset of World War I and the collapse of the gold standard. When the architects of neoliberalism formulated the blueprints for our age of globalization, they had in mind the type of capitalism that coalesced in the late nineteenth century, driven by worldwide networks of railroads, steamships, and telegraph lines. They looked to reconstitute a world where foreign investment was ubiquitous, capital moved safely around the world, and contracts were universally enforced regardless of jurisdiction. They envisioned a planet linked by the uninterrupted flow of money, information, and goods (though not necessarily people). This neoliberal vision cohered, Slobodian argues, in the aftermath of this first era of globalization as an "attempt to *reestablish*" that earlier order. It aimed to recover a borderless world for financial investment, making capital "cosmopolitan *again*."⁶

The challenges to the fulfillment of this neoliberal vision came from the fragmentation of the world market in the interwar period, occasioned by the twin rise of nation-states as economic units and of political democracy. This was true in Europe itself and elsewhere around the world, especially in the context of decolonization. What was disruptive about these shifts was not the intrusion of government into the supposed free sphere of the marketplace. Public power—law, infrastructure, military force—had always structured private action. It was instead, much more substantively, the changing priorities of government action, which became much more intensely bent on harnessing markets for national needs and, in some contexts, bringing them under greater democratic control. The key axis of contestation for neoliberals, as Slobodian explains, was not between more or less government intervention, but between state institutions that sheltered the market as a private sphere and those that embedded it in a more democratic political framework, imposing on it a broader set of social and political imperatives.⁷

The neoliberals utopian vision (and rhetoric) aside, the efforts to encase global markets have not focused on the creation of a "flat world"—an environment where the particularities of distance, locality, and jurisdiction lose their significance.⁸ Quite the opposite. Vanessa Ogle's "Archipelago Capitalism: Tax Havens, Offshore Money, and the State, 1950s–1970s," published in the *American Historical Review*, narrates the rise of neoliberalism in terms of the creation of a highly elaborate market geography.⁹ This geography has not been characterized by growing institutional evenness across space, but rather, by the proliferation of jurisdictions, regulatory environments,

and institutional forms, each with its own unique characteristics. This diverse, fragmented, and fluid political landscape, not only provides opportunity for tax “avoidance,” capital “flight,” and the “offshoring” of massive amounts of wealth. It also establishes crucial conduits for worldwide economic interconnectedness. It is the movement of capital through these multiple dominions and local authorities that generates and sustains globalization.

At the core of this key historical process, in Ogle’s characterization, was not an attempt to dismantle state regulation to make room for private actors. Instead, it was a highly creative undertaking—“concrete, conscious, and deliberate”—that established a new framework for global capital flows. Far from relying on spontaneous transactions between private individuals, this framework rested on a newly forged legal architecture, dense with asset registries, tax concessions, and foolproof assurances of anonymity and confidentiality. If Slobodian emphasizes the role of theorists and intellectuals, Ogle’s actors are investors, business interests, and “diplomat capitalists,” who were often former politicians. These men engineered the archipelago in response to the dual threats of income taxation in the metropole and the so-called confiscatory intents of postcolonial states around the world. Taking aggressive action, they negotiated with various underdeveloped and capital-poor jurisdictions, providing the blueprints and orchestrating the migration of hedge funds, mutual funds, and other savings into these locales. By the 1970s and 1980s, elements of these dispersed underpinnings were reproduced onshore, in the form of unregulated and untaxed “enterprise zones.” More importantly, Ogle boldly argues, they undermined the continued viability of territorialized capitalism and nationally bounded economies. This has become a crucial component in driving and sustaining structural inequality.¹⁰

Like Slobodian, Ogle traces the deep origins of the capitalist archipelago back to the late nineteenth century. The rise of neoliberalism, she argues, has “re-created” the uneven geography that had characterized the age of colonization. Modern-day globalization, in this sense, resuscitated an old world where transnational corporations routinely navigated between various dominions with their “headquarters, subsidiaries, and production sites anchored in different parts of the empire.” In that era, markets operated, not on a level, uniform, and predictable playing field, but across a multiplicity of “distinct legal spaces.” Sovereignty was never clear and absolute but “attenuated, multiplied, and layered.” Legal and political unevenness was fundamental to capital accumulation. It allowed investors, not only to avoid taxes, but to forge legal regimes that catered to their varying needs. The neoliberal age harks back to this age of empire. But, again, its emergence took much more than simply the removal of New Deal era regulations to unleash the power of so-called free markets. It called for positive action to forge an entirely new and intricate framework for business.¹¹

Slobodian and Ogle’s treatment of the neoliberal political economy, when applied to the late nineteenth century, raises a set of questions historians of the United States have seldom asked and that the grumbling about a New Gilded Age tends to repress. How, in fact, did the American state (rather than its absence) shape the trajectory of capitalist development in the latter part of the nineteenth century? What characterized the relationship between politics and business in this period? How did this relationship mediate the links between the global marketplace and the domestic political economy? If government bodies played more than a supporting or captured role, who shaped policy and how, especially considering the democratic nature of politics, which Slobodian’s actors identified as a deadly threat to markets? To what extent were various groups of capitalists able to design institutions and policies in ways that served their interests?

Historical inquiry that foregrounded these key questions would shed new light on the long history of American capitalism.

This inquiry needs not be crudely materialistic, nor ought it conceptualize capitalism in monolithic terms. Slobodian, for example, emphasizes the role of ideas and ideological commitments in political economic change. Scholars of the Gilded Age have long focused on the origins of reform. But who were the visionaries behind the period's immense capitalist transformation? Whose conceptions proved most crucial in setting the ideological foundations for American industrialization? Ogle's emphasis on unevenness and fragmented institutional geography also moves us away from any linear or functionalist understanding of a national market. What indeed was the economic impact of the U.S.' complex institutional landscape, with numerous competing jurisdictions, divided between local, state, and federal authorities? What were the implications of this irregular terrain for private actors, including financial institutions, businessmen, and corporations, as well as for the overall trajectory of American capitalism?

The time is ripe for inquiry in this vein—an intellectual and political history of capitalism—as recent scholarship demolished the idea of the Gilded Age as an era of *laissez-faire*. Steven Hahn, for example, has called attention to the role of the territorial state in consolidating American sovereignty in the late nineteenth century. Paul Kramer has examined the role of immigration policy in forging American power. William Novak has emphasized the significance of law in providing the American state with “infrastructural power.”¹² Instead of marking the “last gasps of the well-regulated society,” Novak has argued that the Gilded Age was characterized by “a truckload of far-reaching experiments in state regulation of new economic and business activity.” The period generated, not a dearth of government involvement, but rather “a sprawling disarray of litigation, ordinances, statutes, franchises, and charters” that inevitably shaped economic life.¹³ Thus far, the literature on the American state has not drawn explicit and systemic connections between state formation and the overall arc of American capitalism. But the conceptual opening is certainly there.¹⁴ By contrast, most discourse about the New Gilded Age hardly registers this interpretive reorientation. Instead of inspiring a new wave of scholarship in a new mode, it points back toward the old fables, cartoons, and personalities.

Can this dialogue, however, work both ways? Does the literature on the First Gilded Age have anything to teach us about our own neoliberal age? Here, I want to point to the historical literature on American populism. Long ago, historians of the United States dismantled conceptions of the late nineteenth-century populists as bigoted and nostalgic opponents of modernity as such.¹⁵ Against the Cold War view of populism as a form of status anxiety, best accounted for by psychological factors, they meticulously uncovered the substantive political economic grievances raised by the populists in the context of the capitalist transformation of the late nineteenth century. The era's populist movements—from the Grangers and Knights of Labor to the People's Party—not only demonstrated an impressive ability to organize and mobilize large numbers of ordinary Americans, but also formulated ambitious policy agendas.¹⁶ Their efforts were not quixotic or romantic campaigns, fated to fail. They, rather, proved to be formidable state builders, breaking new ground in areas such as progressive taxation, corporate regulation, antitrust policies, labor empowerment, and urban governance. They imaginatively rethought the fundamental building blocks of the capitalist political economy.¹⁷

Anybody with even a cursory knowledge of this historical scholarship about American populism cannot but be puzzled by the fashionable use of populism as a

blanket term for reactionary politics in contemporary media (and in some corners of political science).¹⁸ This pervasive use of “populism” to refer to a great variety of organizations, movements, and ideas betrays a knee-jerk tendency to dismiss all forms of grassroots protest as inherently retrograde. It exposes a deep-seated difficulty of liberal optics and categories to make sense of insurgent social movements. Historians of the First Gilded Age are well positioned to challenge this type of dismissive attitude and push for a much more complicated and engaged assessment. Skeptical about old tropes that reduce populism to little more than a dangerous threat, historians can encourage observers to discern in today’s grassroots movements a protest against economic inequality and a call for the reinvention of global capitalism. They can push to identify in these movements a constructive conception, often absent from our public discourse, of economic change as politically malleable. Whereas grassroots movements comprise of a broad diversity of ideas and platforms, the history of the First Gilded Age suggests that they also contain thoughtful, clear-eyed, and forward-looking elements bent, not on a wholesale rejection of modernity, but on the radical remaking of the market economy.

Overall, the juxtaposition of the late nineteenth century and the closing decades of the twentieth century could prove generative for discussion of political economy in both periods. New histories of neoliberalism as an ideological, institutional, and political project, as explored by Slobodian and Ogle, among others, challenge long-standing assumptions about the First Gilded Age as a type of absence—of collective agency, government involvement, positive political-economic vision—that preceded an assertive “Age of Reform.” Similarly, histories of the First Gilded Age, especially the literature about grassroots movements, bring into sharper relief the idea that globalization, far from an elite construction—conceived and engineered from the top by a small cohort of powerful actors—has, in fact, deeply contentious and conflictual processes. There are certainly pitfalls to this type of intellectual exercise, but the potential benefits outweigh the possible costs.

Notes

1 For insightful and critical analysis, see Gabriel Winant’s essay in this volume. See, for example, Paul Krugman, “For Richer,” *New York Times Magazine*, Oct. 20, 2002; Thomas Piketty, *Capital in the Twenty-First Century*, trans. Arthur Goldhammer (Cambridge, MA: Harvard University Press, 2014).

2 Matthew Josephson, *The Robber Barons: The Great American Capitalists, 1861–1901* (New York: Harcourt, Brace, and Co., 1934); Richard Hofstadter, *American Political Tradition and The Men Who Made It* (New York: A. A. Knopf, 1948). For a specimen in this vein, see Allan Nevins, *John D. Rockefeller: The Heroic Age of American Enterprise* (New York: C. Scribner’s Sons, 1940).

3 Richard R. John, “Who Were the Gilders? And Other Seldom-Asked Questions about Business, Technology, and Political Economy in the United States, 1877–1900,” *The Journal of the Gilded Age and Progressive Era* 8:4 (2009): 474–80; Alfred Chandler, *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, MA: The Belknap Press of Harvard University Press, 1977), 5.

4 On the political significance of the robber barons’ discourse, see Nicolas Barreyre, “Thomas Piketty en Amérique,” *Annales. Histoire, Sciences Sociales* 70:1 (2015): 115–24. On the political economy of the Gilded Age in comparative perspective, see Stefan Link and Noam Maggor, “The United States as a Developing Nation: Revisiting the Peculiarities of American History,” *Past & Present*, 246:1 (2020): 269–306.

5 My emphasis. Quinn Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Cambridge, MA: Harvard University Press, 2018), 2, 5.

6 Slobodian, *Globalists*, 29.

7 This framework is inspired by Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time*, 2nd ed. (Boston, MA: Beacon Press, 2001).

- 8 For the metaphor, see Thomas L. Friedman, *The World Is Flat: A Brief History of the Twenty-First Century* (New York: Farrar, Straus and Giroux, 2005).
- 9 Vanessa Ogle, "Archipelago Capitalism: Tax Havens, Offshore Money, and the State, 1950s–1970s," *The American Historical Review* 122:5 (2017): 1431–58.
- 10 Ogle, "Archipelago Capitalism," 1433, 1440.
- 11 Ogle, "Archipelago Capitalism, 1432.
- 12 Steven Hahn, *A Nation without Borders: The United States and Its World in an Age of Civil Wars, 1830–1910* (New York: Viking, 2016); Paul Kramer, "The Geopolitics of Mobility: Immigration Policy and American Global Power in the Long Twentieth Century," *The American Historical Review*, 123: 2 (April 2018): 393–438; William J. Novak, "The Myth of the 'Weak' American State," *The American Historical Review* 113:3 (June 1, 2008): 752–72. See also Gary Gerstle, *Liberty and Coercion: The Paradox of American Government from the Founding to the Present* (Princeton, NJ: Princeton University Press, 2015); Charles S. Maier, *Leviathan 2.0: Inventing Modern Statehood* (Cambridge, MA: The Belknap Press of Harvard University Press, 2014).
- 13 William J. Novak and Naomi R. Lamoreaux, eds., *Corporations and American Democracy* (Cambridge: Cambridge University Press 2017), 172, 175, 153.
- 14 For groundbreaking work in this vein, see Megan Black, *The Global Interior: Mineral Frontiers and American Power* (Cambridge, MA: Harvard University Press, 2018); Emma Teitelman, "The Properties of Capitalism: Industrial Enclosures in the South and West After the American Civil War," *The Journal of American History*, forthcoming.
- 15 See "The Agrarian Myth and Commercial Realities" in *The Age of Reform; from Bryan to F. D. R.*, ed. Richard Hofstadter (New York: Knopf, 1955).
- 16 Lawrence Goodwyn, *Democratic Promise: The Populist Moment in America* (New York: Oxford University Press, 1976); Charles Postel, *The Populist Vision* (Oxford: Oxford University Press, 2007).
- 17 Monica Prasad, *The Land of Too Much: American Abundance and the Paradox of Poverty* (Cambridge, MA: Harvard University Press, 2012); Elizabeth Sanders, *Roots of Reform: Farmers, Workers, and the American State, 1877–1917* (Chicago: University of Chicago Press, 1999); Noam Maggor, *Brahmin Capitalism: Frontiers of Wealth and Populism in America's First Gilded Age* (Cambridge, MA: Harvard University Press, 2017).
- 18 For the resilience of the Cold War view of populism in the European context, see Anton Jäger, "The Semantic Drift: Images of Populism in Post-War American Historiography and Their Relevance for (European) Political Science," *Constellations* 24:3 (2017): 310–23.