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Book Review: Glock, Judge. *The Dead Pledge: The Origins of the Mortgage Market and Federal Bailouts, 1913-1939*. New York: Columbia University Press, 2021. 289 Pp.

The primary contribution of Judge Glock's book is to isolate the 26-year period, in the roughly 220-year history of mortgage finance in America, in which consensus was finally reached to address market failures with government intervention. Glock breaks the 26-year period of substantial change into four sub-periods. He devotes one chapter to 1913-1916, one to 1916-1926, one to 1926-1933 and four full chapters to the 1933-1939 period. The author's thesis is that an ideology prevalent during the time of Andrew Jackson, that no group in society should get special privileges from the Federal government, known as "opposition to class legislation", was gradually replaced by the "balanced economy" ideology. Special privileges could now be granted to farmers and homeowners who had struggled mightily during periods of general price decline to allow them to resume their balance with the industrial sector. Privileges came in the form of improved access to credit markets when government implicitly or explicitly guaranteed payment of debts due by farmers and city dwellers when threatened by events beyond their control. Industry was viewed as already having continual access to credit markets through the real bills banking doctrine, thus not meriting intervention.

The author pursues an archival methodology, using two historical approaches. The "history from below" approach emphasizes the life of the masses that create events with which leaders are simply carried along. The "great man of history" approach highlights roles played by key thinkers—twelve in this story, some very well-known and others less well-known—to explain the evolution of how government intervention in mortgage markets was viewed by American society. Glock blends the two historical approaches when tracing how failures in the farm and housing mortgage markets were addressed by government over time. The plight of farmers who suffered from prolonged periods of deflating commodity prices—history from below—is the backdrop against which Glock tells the story of how the great men of history gradually changed their views about government provision of privileges to certain groups in the mortgage finance markets. Policy decisions made by Presidents Andrew Jackson, Woodrow Wilson, Herbert Hoover, and Franklin Roosevelt are situated within the slow progression of ideas from the early ideology opposing class legislation to the later ideology supporting a balanced economy.

Glock analyzes the thought processes and backgrounds of eight proponents of the balanced economy ideology and how they factored into each president's decision-making processes. Contributions made by Carter Glass and Henry Hollis in Woodrow Wilson's Congress figured prominently in Wilson's decision to usher in special borrowing privileges for farmers in the Federal Reserve Act in 1913 and the Federal Farm Loan Act in 1916. Eugene Meyer, as Federal Reserve Chair, collaborated closely with President Herbert Hoover to support passage of the Reconstruction Finance Agency Act and The Federal Home Loan Bank Act in 1932 to intervene in credit markets early in the Great Depression. The balanced economy ideology reached its peak during the Roosevelt administration supported by arguments from economists John Maynard Keynes, Laughlin Curry and Winfield Riefler, Treasury Secretary Henry Morgenthau, and Federal Reserve Chair Marriner Eccles. Glock analyzes how dozens of Roosevelt interventions in the mortgage market, especially the National Housing Act in 1934, provided special privileges to broad swaths of borrowers who had been negatively affected by general price declines.

Shifts in consensus followed periods of crisis when the mortgage market either provided less credit than demanded or when it froze completely, both failures associated with drops in the price level. The first set of pre-1913 failures was gradual but persisted for many years and related to commodity price declines and foreclosed farming mortgages. The second set of failures in the 1930s was a comparatively sudden tsunami that affected both farms and homes. It was of much broader scale and affected more constituents in society, so it is no surprise that politicians agreed on much larger scale interventions than earlier.

In his Conclusion section, Glock argues that ironically it was the whole-hearted embrace of the idea of intervening in the mortgage market in the name of a balanced economy that eventually led, seven decades later, to an imbalanced economy in which government subsidies to the mortgage markets helped create the sub-prime mortgage crisis of 2008. The twelve key thinkers Glock writes about, especially Roosevelt, seemed to agree that the costs of intervention in the form of contingent guarantees were low when policy was initiated but had the potential to become substantial if the guarantees were ever called upon. Glock notes that in the 2008 crisis, and again since then, those concerns were validated.

The book achieves what it intended to do. Glock uncovered convincing, detailed archival discourse that traces the emergence of the notion of supporting a balanced economy as an alternative ideology to the Jacksonian practice of providing no special support to classes or sectors of the economy. Using over 70 archives, he followed the development of the ideology and its expanded application to mortgage market failures in the Great Depression, with the suffering of the masses so great in that final episode that the necessary conditions for massive intervention became sufficient conditions.

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