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Book Review: Levy, Jonathan. *Ages of American Capitalism: A History of the United States*. Random House, 2021. 908 Pp.

Everyday ordinary Americans are involved in, and impacted by, economic institutions and commerce. In recent years, historians have increasingly studied the history and evolution of the American economy. These studies have reached a broad spectrum of conclusions. Their contributions have been important, as a deepened understanding of the nation's economic past can provide valuable insights to policymakers, business leaders, and public citizens as they navigate the travails and opportunities of our present-day economic world.

Jonathan Levy, of the University of Chicago, has published an ambitious in-depth work, *Ages of American Capitalism*, which traces the origins and evolution of the American economy. His objective is to review the history of American capitalism to assess the impact of the past on our current economic affairs. Levy acknowledges that he is considered part of the "New History of Capitalism" historiographical school of academics and writers (p. xii). His beginning premise is that "capital is the process through which a legal asset is invested with pecuniary value, in light of its capacity to yield a future pecuniary profit" (p. xiv). Levy adds 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" (pp. xviii, xxii). He aligns with the Keynesian view that "There has been a chronic tendency throughout human history for the propensity to save to be stronger than the inducement to invest" (p. xxii).

Levy divides his book into four major chronological sections, tied by a common belief that investment liquidity and speculation are at the heart of capitalism. In the Age of Commerce (1660-1860), he asserts that "the dominant forms of productive capital were land and slaves" (p. 6). The Age of Capital (1860-1932) introduced the Industrial Revolution, where "Money capital and credit now concentrated on Wall Street" (p. 190). During the Age of Control (1932-1980) "The only real candidate was the federal government" to bring back order in the wake of the Great Depression (p. 391). Levy notes that the current Age of Chaos (1980-present) functions through a "pattern of inequality and its dependence on debt" (p. 587).

One of Levy's primary themes is what he refers to as the "capitalist credit cycle" where "credit [and] speculative investment" cause "panic [and] hoarding" (p. 6). He notes that during the Age of Capital "the speculative cycle of boom and bust [was] dominated by confidence games—psychic energies, not fossil fuel energies" (pp. 190-191). When the Great Depression began, "Capitalism was not going to lift itself out of the slump … Fear was so intense that owners of capital favored the psychological return of security over seeking pecuniary profit" (p. 391). The Age of Chaos features "a preference for liquidity over long-term commitment … the liquidity of capital has made for a chaotic age dominated by the vagaries of appreciating assets" (p. 587).

The most valuable attribute of Levy's work is to integrate economic history with other concurrent events. As an example, *Age of Capitalism* frequently references the impact of economic times on arts and literature (pp. 137, 348-351, 493, 531). As a historian, Levy eschews the tendency to impose modern quantitative analysis on the study of economic history. Instead, he regards economic events and trends through the historical thought of several past economists such as Adam Smith, Karl Marx, John Maynard Keynes, Thorsten Veblen, and Joseph Schumpeter (pp. 9-11, 135-136, 146-147, 267-270, 502).

Although the book provides quite interesting narratives about the interface between the American economy and society, there are some significant gaps and omissions given the author's stated objective to analyze American capitalism. One critical instance is his view of the relationship between capitalism and capital markets. Levy asserts that speculative investment in capital markets defines capitalism, thereby confusing a "means" of commercial activity with its actual "ends". In support, he devotes a full chapter of the book, entitled "Confidence Games", to the impact of speculation and psychology on investing behavior, featuring P.T. Barnum's showman career (as described in his two autobiographies) as analogous with financial markets (pp. 129-133). The analogy is unconvincing.

The business cycle, intermittent periods of boom and bust that have been a staple of industrialized economies, beguiles policymakers, investors, and consumers. Levy attributes the bust of the business cycle to investors pulling their money out of investments. He does not seriously address whether investor withdrawal from capital markets is a cause or effect. Nor does he consider alternative explanations. Austrian economists would suggest malinvestment. Milton Friedman attributed the Great Depression to poor monetary policy. Levy acknowledges Friedman and Friedrich Hayek but dismisses Austrian and Monetary theories on the business cycle and what he perceives as their excessive faith in markets and rejection of a significant role for the state in economic policy (pp. 575-578, 595).

The book does not consider many issues that lie at the heart of business activity, such as entrepreneurship, risk, and technology change. Although Joseph Schumpeter is casually mentioned, there is no acknowledgment of the concept of "creative destruction" (pp. 135-136). The book selectively considers the impact of governmental economic engagement at a macroeconomic level. Levy forcefully argues for the benefits of government intervention in response to the Great Depression, but, he does not address the impact of large-scale monetary and fiscal policy since the beginning of the twentieth century in any detail. Nor does he discuss the positive or negative impact of government policy on modern American capitalism and the national economy.

Age of American Capitalism is what Levy advertised. It fits into the New History of Capitalism school of historiography, with a heavy emphasis on viewing history through the lens of class, gender, and race. Its overall view of American economic history aligns with Thomas Piketty's economic critiques of capitalism, exemplified by *Capitalism in the Twenty-First Century* (2014). However, there is no acknowledgment of the great increase in standards of living that has been a constant long-term feature of the American economy since its founding. Levy's interpretations either ignore or fundamentally disagree with competing views such as Deirdre McCloskey's *Bourgeoise* trilogy (2010-2016) or Alan Greenspan and Adrian Wooldridge's *Capitalism in America, a History* (2018). Despite its emphasis on class, the book also does not address the democratization of the American stock market after World War Two, as identified in Janice Traflet's *A Nation of Small Shareholders* (2013).

On balance, Jonathan Levy's *Age of American Capitalism* is an impressive and important work. It presents fresh perspectives that challenge many traditional narratives about capitalism and American economic history. Levy's research is impressive, and his viewpoints are clearly explained. While acknowledging the limitations, any individual with a serious interest in capitalism, particularly in the American context, should read and assess this work.

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