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The Neoliberal Sort: Liberalism's Recompositions in the United States

Neoliberalismo:
le ricomposizioni senza frattura del liberalismo negli Stati Uniti

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ABSTRACT

This review essay rethinks “neoliberalism” in U.S. history. Rather than treating neoliberalism as a rupture, it proposes analyzing successive “sorts”, or recompositions, of liberal rule – formulas that stabilize the governance of capitalism by relocating authority among public and private institutions, redefining property, and reorganizing coalitions and justificatory languages. Set within the longer history of the liberalism of fear, the essay isolates a recomposition that consolidated in the immediate post-World War II period and made possible a later neoliberal sort in the late 1990s. In both instances, liberal rule incorporated technocratic insulation, marketcraft, and policy tools that secured private capital’s investment discretion while limiting democratic contestation. The essay traces how this neoliberal configuration began to strain in the twenty-first century, after the Iraq War and the global financial crisis of 2008. The conclusion interprets the Biden administration’s attempt to renew liberal repertoires under the threat to liberalism posed by Donald Trump.

KEYWORDS: Neoliberalism; Liberalism; Capitalism; Property; Public and Private.

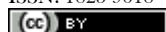
Questo saggio ripensa il “neoliberalismo” nella storia degli Stati Uniti. Aniché trattare il neoliberalismo come una rottura, propone di analizzare i successivi “tipi” o ricomposizioni del governo liberale, formule di governo che stabilizzano il capitalismo ridistribuendo l'autorità tra istituzioni pubbliche e private, ridefinendo la proprietà e riorganizzando le coalizioni e i linguaggi usati per legittimarlo. Inserito nella più ampia storia del liberalismo, il saggio individua una forma di New Deal che si è consolidata nell'immediato dopoguerra e ha reso possibile un tipo neoliberale alla fine degli anni Novanta. In entrambi i casi, il governo liberale ha incorporato l'isolamento tecnocratico, la manipolazione del mercato e strumenti politici che hanno garantito la discrezionalità degli investimenti del capitale privato, limitando al contempo la contestazione democratica. Il saggio traccia come questa configurazione neoliberale abbia iniziato a mostrare segni di tensione nel XXI secolo, dopo la guerra in Iraq e la crisi finanziaria globale del 2008. La conclusione interpreta il tentativo dell'amministrazione Biden di rinnovare i repertori liberali di fronte alla minaccia al liberalismo rappresentata da Donald Trump.

PAROLE CHIAVE: Neoliberalismo; Liberalismo; Capitalismo; Proprietà; Pubblico e Privato.

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The term “neoliberalism” consolidated as a major organizing category in U.S. historiography after the global financial crisis of 2008¹. Emerging alongside new interest in the history of capitalism and political economy, it reframed older narratives on “the rise of conservatism” and “the new right” within a broader ideological account that reached beyond the Republican Party to encompass transformations on the Democratic center-left as well.

Neoliberalism first served as a periodization device. It named a late-twentieth-century era commonly said to begin around Ronald Reagan’s election marking a decisive break with the postwar “New Deal order”. The label quickly accumulated an ever-expanding set of referents – deregulation, privatization, welfare retrenchment, punitive social policy, union decline, austerity, fossil-fuel entrenchment, and more. Soon enough, critics were charging that the term had grown so capacious that it risked explanatory collapse². Yet scholarship has only multiplied³. Whatever its ambiguities, clearly “neoliberalism” cannot be wished away. This essay takes the literature on it seriously. But it also aims to make a corrective intervention.

Too much attention has fallen on the “neo” and too little on “liberalism.” This is not a dismissal but a wager on the literature’s larger significance: scholarship on neoliberalism as a late-twentieth-century turn bears on liberalism’s centuries-long history as a governing philosophy. In the U.S. case, New Deal liberalism, Cold War liberalism, Jim Crow liberalism, postwar liberalism, and neoliberalism are after all each a variety of the same creed. Recent historical work has already begun to destabilize the idea of a clean neoliberal pivot after 1980 – by locating proto-neoliberal logics in the postwar decades, or by arguing that the 1990s, not the 1980s, was the decade in which neoliberalism fully cohered⁴. I draw on these works but seek to

¹ An unusually incisive account is K. PHILLIPS-FEIN, *The History of Neoliberalism*, in B. CEBUL – L. GEISMER – B. WILLIAMS (eds), *Shaped by the State: Toward a New Political History of the Twentieth Century*, Chicago, University of Chicago Press, 2018, pp. 380–396. See also R. SCHILLER, “Neoliberalism: A Useful Category of Historical Analysis?”, «American Historian», 18 Apr. 2017, <https://www.oah.org/tah/issues/2017/may/neoliberalism-a-useful-category-of-historical-analysis/> (accessed 17 Nov. 2025). Much work was inspired by important pre-2008 works on the topic from outside the field of history – among them D. HARVEY, *A Brief History of Neoliberalism*, Oxford, Oxford University Press, 2005 and M. FOUCAULT, *The Birth of Biopolitics. Lectures at the Collège de France, 1978–1979*, New York, Palgrave Macmillan, 2008.

² D.T. RODGERS, *The Uses and Abuses of “Neoliberalism”*, «Dissent», Winter 2018. The earliest powerful critique of neoliberalism was T.C. BOAS – J. GANS-MORSE, *Neoliberalism: From New Liberal Philosophy to Anti-Liberal Slogan*, «Studies in Comparative International Development», 44, 2/2009, pp. 137–161; more ambivalent and helpful on how neoliberalism might best be deployed is J. PECK, *Explaining (with) Neoliberalism*, «Territory, Politics, Governance», 1, 2/2013, pp. 132–157; another strong critique that does not dispense with the category is, R. VENUGOPAL, *Neoliberalism as Concept*, «Economy and Society», 44, 2/2015, pp. 165–187.

³ On new directions, see Q. SLOBODIAN – P. LAL – G. GERSTLE – T. SASSON, *Writing the History of Neoliberalism: A Comment*, «Transactions of the Royal Historical Society», 2026, pp. 1–17. A number of points made in this stimulating forum, which appeared after the writing of this essay was complete, already suggest the argument I advance.

⁴ I have found particularly helpful for understanding the postwar years the following books (limited roughly to the field of U.S. historiography), some explicitly about neoliberalism and some not: L. HYMAN, *Debtor Nation: The History of America in Red Ink*, Princeton, Princeton University, 2011; J. BOCKMAN, *Markets in the Name of Socialism: The Left-Wing Origins of Neoliberalism*, Stanford, CA, Stanford University Press, 2011; L. GEISMER, *Don’t Blame Us: Suburban Liberals and the Transformation of the Democratic Party*, Princeton, Princeton University Press, 2015; N.D.B. CONNOLLY, *A World More Concrete: Real Estate and the Remaking of Jim Crow South Florida*, Chicago, University of Chicago Press, 2016; S.L. MUDGE, *Leftism Reinvented: Western Parties from Socialism to Neoliberalism*, Cambridge, MA, Harvard University Press, 2018; A. OFFNER, *Sorting Out the Mixed Economy: The Rise and Fall of Welfare and Developmental States in the Americas*, Princeton, Princeton University Press, 2019; K. FORRESTER, *In the Shadow of Justice: Postwar Liberalism and the Remaking of Political Philosophy*, Princeton, Princeton University Press, 2019; K.-Y. TAYLOR, *Race for Profit: How Banks and the Real Estate Industry Undermined Black Homeownership*, Chapel Hill, The University of North Carolina Press, 2019; S. MILOV, *The Cigarette: A Political History*, Cambridge, Harvard University Press, 2019; A.J. DIAMOND – T.J. SUGRUE (eds), *Neoliberal Cities. The Remaking of Postwar Urban America*, New York, New York University Press, 2020; C. HORAN, *Insurance*



extend the destabilization further back to show that the nineteenth-century emergence of liberalism as a governing philosophy already assembled repertoires that later made neoliberalism possible⁵. Neoliberalism, then, is best understood as a recomposition within liberalism⁶.

By relating neoliberalism back to liberalism, this reformulation responds to critiques that neoliberalism has suffered semantic inflation⁷. My position also differs from, though is compatible with, claims about neoliberalism's pre-1980 "origins" or "roots" so compellingly advanced by intellectual historians⁸. The assertion here is not only that neoliberal ideas existed earlier but neoliberalism should be grasped as a crisis-driven recomposition of long-standing liberal governing instincts under new historical conditions. While not denying the neoliberal era's distinctiveness, my claim also differs from scholars who associate neoliberalism strictly with a post-1980 "political order"⁹. Finally, by bringing centuries-long continuities in liberal rule into view - without flattening out liberalism's long history - I aim to bring into

Era: Risk, Governance, and the Privatization of Security, Chicago, University of Chicago Press, 2021; B. CEBUL, *Illusions of Progress. Business, Poverty, and Liberalism in the American Century*, Philadelphia, University of Pennsylvania Press, 2023; S. MOYN, *Liberalism against Itself. Cold War Intellectuals and the Making of Our Times*, New Haven, Yale University Press, 2023; D. BESSEMER - M. BRENES (eds), *Cold War Liberalism*, Cambridge, Cambridge University Press, 2026. For isolating the 1990s, see L. GEISMER, *Agents of Change: Microenterprise, Welfare Reform, the Clintons, and Liberal Forms of Neoliberalism*, *Journal of American History*, 107/2020, pp. 107-131; L. GEISMER, *Left Behind: The Democrats' Failed Attempt to Solve Inequality*, New York, PublicAffairs, 2022; G. GERSTLE, *The Rise and Fall of the Neoliberal Order. America and the World in the Free Market Era*, Oxford, Oxford University Press, 2022; N. LICHTENSTEIN and J. STEIN, *A Fabulous Failure: The Clinton Presidency and the Transformation of American Capitalism*, Princeton, Princeton University Press, 2023. I have tried to limit these citations to U.S. historiography but on the 1990s, see L. WACQUANT, *Punishing the Poor: The Neoliberal Government of Social Insecurity*, Durham, Duke University Press, 2009.

⁵ My understanding of nineteenth-century liberalism has been shaped above all by T.C. HOLT, *The Problem of Freedom: Race, Labor, and Politics in Jamaica and Britain, 1832-1938*, Baltimore, Johns Hopkins University Press, 1992 and A.D. STANLEY, *From Bondage to Contract. Wage Labor, Marriage, and the Market in the Age of Slave Emancipation*, Cambridge, Cambridge University Press, 1998.

⁶ My approach to the "transition" to neoliberalism is informed by N. MULDER, *The Neoliberal Transition in Intellectual and Economic History*, *Journal of the History of Ideas*, 84, 3/2023, pp. 473-498 and also (though focused on the UK) D. EDGERTON, *What Came between New Liberalism and Neoliberalism? Rethinking Keynesianism, the Welfare State and Social Democracy*, in A. DAVIES - B. JACKSON - B.F. SUTCLIFFE-BRAITHWAITE (eds), *The Neoliberal Age? Britain since the 1970s*, London, UCL Press, 2021, pp. 30-51.

⁷ In U.S. history, see D.T. RODGERS, *The Uses and Abuses*. Likewise, I hope to address concerns about neoliberalism as a category of analysis raised in influential essays by T.C. BOAS - J. GANS-MORSE, *Neoliberalism: From New Liberal Philosophy to Anti-Liberal Slogan*, *Studies in Comparative International Development*, 44, 2/2009, pp. 137-161, J. PECK, *Explaining (with) Neoliberalism*, *Territory, Politics, Governance*, 1, 2/2013, pp. 132-157; R. VENUGOPAL, *Neoliberalism as Concept*, *Economy and Society*, 44, 2/2015, pp. 165-187.

⁸ P. MIROWSKI - D. PLEHWE (eds), *The Road from Mont Pèlerin. The Making of the Neoliberal Thought Collective*, Cambridge, Harvard University Press, 2009; Q. SLOBODIAN, *Globalists: The End of Empire and the Birth of Neoliberalism*, Cambridge, Harvard University Press, 2018. In this intellectual history literature, far more ambivalent about neoliberalism are A. BURGIN, *The Great Persuasion: Reinventing Free Markets Since the Depression*, Cambridge, Harvard University Press, 2012 and J. BURNS, *Milton Friedman: The Last Conservative*, New York: Farrar, Straus and Giroux, 2023. On relating intellectual to political-economic changes see N. MULDER, *Neoliberal Transition*.

⁹ Readers will see that this essay pays homage to Gerstle's account of liberalism's "protean" qualities. G. GERSTLE, *The Protean Character of American Liberalism*, *American Historical Review*, 99, 4/1994, pp. 1043-1073. It is interesting to compare Gerstle's earlier emphasis on the flexibility of liberalism with his account of a "neoliberal order", which he contrasts to a "New Deal order". Gerstle credits neoliberalism with protean capacities, but in my reading does not see the transition from the "political order" of the New Deal to neoliberalism as resulting from those same capacities. See G. GERSTLE, *Rise and Fall*, as well his response to the essays in, G. GERSTLE - N. LICHTENSTEIN - A. O'CONNOR (eds), *Beyond the New Deal Order: U.S. Politics from the Great Depression to the Great Recession*, Philadelphia, University of Pennsylvania Press, 2019, many of which push back on his framing of the post-1980 neoliberal transition.

conversation two literatures that in U.S. historiography rarely speak directly to one another: histories of the nineteenth century and twentieth century¹⁰.

Liberalism's normative roots lie in early modern apprehensions of arbitrary state power¹¹. But liberalism became over time more than just that. It became a doctrine of rule. As liberalism came to power in the nineteenth century, it was hardly defined by "laissez-faire", notwithstanding later self-narratives. From its critique of the seventeenth-century Leviathan, liberalism built what Charles Maier calls a more formidable "Leviathan 2.0", emerging in the mid-nineteenth century amid imperial nation-state making, slave emancipation, thwarted revolutions, and capitalist industrialization¹². In the U.S., this liberal state was what Richard Bense named the "Yankee Leviathan" that slew the southern Slave Power¹³.

Fear remained constitutive. If liberals first fretted over arbitrary power, their second great fear – rising in the nineteenth century – was of popular democracy. Restored monarchs and Count Metternich, but also the Paris Commune, struck fear in European liberals; U.S. liberals feared the Slave Power but also backcountry populists, emancipated slaves who abjured wage labor, and the rolling strike wave of the Great Upheaval. Under such pressures, as Gerstle memorably put it, liberalism became "protean." Liberalism is an emancipatory creed, but one that has exhibited a remarkable capacity to ally with forces to the right and left, and with movements of self-conscious authoritarian reaction and egalitarian progress¹⁴.

Liberalism cannot absorb everything. By liberalism, I also mean the baseline catalogue of values long associated with it: toleration; constitutional and representative government; public reason; and individual rights¹⁵. Should any be violated wholesale – by, say, suspended elections, the relegation of public reason to irrelevance in the exercise of power, or arbitrary persecution – liberal alliances become illiberal regimes. But liberalism has survived over centuries by renewing its core commitments, absorbing non-liberal materials, and forming surprising alliances to reshape its electoral coalitions. Fretful but flexible, liberalism is uniquely prone to periodic recompositions; neoliberalism was one such recomposition, or sort.

I use "sorting" – a notion inspired by Amy Offner's incisive formulation – to refer to a recurring phase, first prompted by moments of legitimation crisis, in which liberalism re-stabilizes itself by selecting, recombining, and reweighting inherited governing repertoires¹⁶. The tell is not crisis improvisation or policy experimentation. The post-World War II sorting of liberalism I pinpoint happened under Truman, not Roosevelt. The neoliberal sort happened under the second

¹⁰ For a trenchant essay on U.S. liberalism that does, see N.D.B. CONNOLLY, *The Strange Career of American Liberalism*, in B. CEBUL – L. GEISMER – B. WILLIAMS (eds), *Shaped by the State*, pp. 62-95.

¹¹ Fear plays a crucial role in the argument ahead. On fear as constitutive origin, see J.N. SHKLAR, *The Liberalism of Fear*, in N. ROSENBLUM (ed), *Liberalism and the Moral Life*, Cambridge, Harvard University Press, 1989, pp. 21-38 and S.S. WOLIN, *Politics and Vision: Continuity and Innovation in Western Political Thought*, Princeton, Princeton University Press, 2004, pp. 293-297, carried through the twentieth century in terms of liberal governance by I. KATZNELSON, *Fear Itself: The New Deal and the Origins of Our Time*, New York, Liveright Publishing Corporation, 2013.

¹² C.S. MAIER, *Leviathan 2.0: Inventing Modern Statehood*, Cambridge, Belknap Press of Harvard University, 2014.

¹³ R.F. BENDEL, *Yankee Leviathan: The Origins of Central State Authority in America, 1859-1877*, Cambridge, Cambridge University Press, 1990.

¹⁴ G. GERSTLE, *Protean Character of American Liberalism*, G. GERSTLE, *Liberalism as Identity Politics: Between Universalism and Particularism*, «Journal of American History», 106, 1/2019, pp. 50-76.

¹⁵ In a large literature, I recommend J. GRAY, *Liberalism*, Minneapolis, University of Minnesota Press, 1995; S. HOLMES, *Passions and Constraint: On the Theory of Liberal Democracy*, Chicago, University of Chicago Press, 1995.

¹⁶ A. OFFNER, *Sorting out the Mixed Economy*. Offner focuses on the postwar period. I apply and extend her framework both backward and forward.



Clinton administration, not Reagan. A sorting is complete when there is a settled recomposition of liberal governance spanning institutions, norms, subjectivities, and ideas. A sort hardens a public-private governing mix, while placing key levers of rule at some remove from direct democratic contestation. It couples that institutional settlement to a justificatory idiom and electoral dynamics durable enough to reproduce it.

The essay proceeds as follows. Section I sketches liberalism as a nineteenth-century doctrine of rule and isolates features that later prove decisive: ambivalence about mass democracy requiring technocratic insulation of key levers of rule; state market-making in pursuit of growth-based legitimacy; public-private mixtures in governance that empower corporations; a moralized shifting of risk onto individuals and households; universalist moral languages; and an educated, metropolitan, propertied electoral base.

Histories of neoliberalism often take “the market” as their organizing thread. This essay follows a different one: property. As is often the case with repetitions, liberalism repeatedly re-sorts itself around a recurring, fear-laden fantasy – in this case that liberals can defend property rights while still securing popular legitimacy. Identifying episodes of liberal sorting reveals moments at which fear-driven recomposition hardens into a fantasy of stability in the governance of capitalism. Liberalism emerged within what might be called the long industrial century – from industrialization through Fordist mass production and into the crises of the 1970s. I do not treat capitalism, a dynamic and crisis-prone system, as an overriding cause. But one of liberalism’s enduring historical tasks has been to make capitalism governable.

Section II traces the sorting of New Deal liberalism. In the context of the 1930s crisis caused by the Great Depression, I stress the contingency of liberalism’s alliance with industrial labor and the rise of what I call “income politics”, while also showing how older liberal commitments were not displaced so much as recombined and, by the late 1940s and early 1950s, re-stabilized – before legitimation crisis struck again during the 1970s.

Section III narrates the neoliberal sort. Neoliberalism was not a complete rupture so much as liberalism recomposed to govern a new capitalism oriented around “asset-price appreciation.” The narrative runs from the Volcker interest rate shock and the Reagan years to the consolidation of a coherent governing formula in the Clinton era, then to the accumulating contradictions of the 2000s and the renewed legitimation crises after the Iraq War and financial crisis of 2008. The final section carries the analysis, necessarily more speculatively, through the period after the election in 2016, including the attempt of the Biden administration to achieve a politically sustainable recomposition of liberal governance in the face of Donald Trump’s threat to liberal rule.

A final preparatory note. Neoliberalism is a global phenomenon with multiple points of origin and dynamism outside U.S. borders.¹⁷ My focus is upon the U.S., but at times I will appeal to comparative and global contexts.

¹⁷ R. CONNELL – N. DADOS, *Where in the World Does Neoliberalism Come from? The Market Agenda in Southern Perspective*, «Theory and Society», 43/2014, pp. 117–138.

1. Liberalism

While its defining doctrines had longer genealogies, the actual word “liberalism” was coined in the nineteenth century in post-Revolutionary France. Liberalism named the constitutional principles of 1789, defined against the twin threats of Bourbon restoration and radical republicanism-cum-revolutionary terror¹⁸. Trapped between these fears, liberals built distinctive governing repertoires. My focus is on these repertoires and their tensions, at stake in twentieth-century sorts of liberalism – not a comprehensive interpretation of nineteenth-century liberalism. I also stress liberalism’s protean capacity to absorb non-liberal materials, in a discussion of liberal hypocrisy and irony.

Liberalism was forged as a governing creed to reconcile its normative commitments with the exigencies of rule¹⁹. The upshot was that nineteenth-century liberals were anxious about democracy in its mass forms – whether as radical republicanism, populism, or socialism. “Liberal democracy” is possible, but the pairing is not inevitable²⁰. Whether Alberdi, Cavour, or Gladstone, many nineteenth-century liberals were not democrats, defending franchise restrictions by property or education²¹. Along with civic equality and freedom of public debate, one of the great preoccupations of nineteenth-century liberals was with public education – far more so than “laissez-faire”, about which liberals disagreed. The backbone of nineteenth-century liberalism was the educated, propertied, urban classes, who dreaded that without greater education “the people” that liberal doctrines formally vested with sovereignty could not be trusted to fully participate in their own rule.

In the U.S., the rise of democracy was not the same thing as the rise of liberalism. In 1828, a constituency many elites regarded as uneducated and uncultured brought Andrew Jackson to the presidency. Jackson claimed a majoritarian mandate, asserting executive prerogatives unbound by judge-made law, while trampling on minority rights in the name of popular democracy²². If nineteenth-century liberalism could be anti-democratic, the era’s democratization could be illiberal. Property restrictions on voting fell away during the era of Jacksonian democracy. But many other restrictions on the electoral franchise according to race and sex remained until the twentieth century. Even a nineteenth-century U.S. liberal stalwart such as Abraham Lincoln, in his last public address, advocated for limited Black suffrage²³. When liberal fears turned to industrial working-class political power and socialism, many American liberals like many elsewhere expressed sour views on popular democracy²⁴. From a global context, only in the twentieth century would

¹⁸ H. ROSENBLATT, *The Lost History of Liberalism: From Ancient Rome to the Twenty-First Century*, Princeton, Princeton University Press, 2018; S. HOLMES, *The Anatomy of Antiliberalism*, Cambridge, Harvard University Press, 1993.

¹⁹ G. GERSTLE, *Liberty and Coercion: The Paradox of American Government from the Founding to the Present*, Princeton, Princeton University Press, 2015.

²⁰ On this point, see S.W. SAWYER, *Demos Assembled: Democracy and the International Origins of the Modern State*, Chicago, University of Chicago Press, 2018.

²¹ On Alberdi and the illuminating case of nineteenth-century Latin American liberalism, see J. ADELMAN, *Republic of Capital: Buenos Aires and the Legal Transformation of the Atlantic World*, Stanford, Stanford University Press, 1999.

²² A recent account that promotes this framing is S. HAHN, *Illiberal America: A History*, New York, W.W. Norton, 2024.

²³ A. LINCOLN, *Last Public Address*, 11 April 1865, in R.P. BASLER ET AL. (eds), *The Collected Works of Abraham Lincoln*, vol. 8, New Brunswick, Rutgers University Press, 1953, pp. 399–405.

²⁴ S. BECKERT, *The Monied Metropolis: New York City and the Consolidation of the American Bourgeoisie, 1850–1896*, Cambridge, Cambridge University Press, 2001; N. COHEN, *The Reconstruction of American Liberalism, 1865–1914*, Chapel Hill, University of North Carolina Press, 2002; N. MAGGOR, *Brahmin*



liberalism, under pressure, resort to governing with mass democracy rather than against it.

Liberals first looked to economic development and growth to attain popular legitimacy²⁵. A lasting connection between fossil-fuel powered economic abundance and political liberalism formed²⁶. Liberals in power subsidized or built new coal-powered transportation and communications infrastructures like railroads, telegraphs, and steamships to extend the dual reach of markets and state power. Many private corporations, stripped by liberals of many of their public obligations as charter-carrying entities, carried out these projects. The mid-nineteenth century U.S. saw the rise of large private corporations – the greatest being railroad corporations – to rival early modern, more publicly oriented, corporate behemoths²⁷. From railroad finance arose global capital markets governed by the British-backed international gold standard. It could not halt the financial volatility that led to the Great Depression. But perhaps no greater example than the gold standard – a “neutral” international monetary standard – illustrated liberal governance’s desire to foster economic growth through technocratic mechanisms insulated from mass politics. The gold standard de-politicized “the money question”²⁸.

Capitalist industrialization proceeded. On principle, nineteenth-century liberals exhibited little concern for the income and wealth inequalities caused by it. Equality extended, such as it did, to opportunity and not outcome. A foundational liberal commitment was to private property rights – expressive of liberals’ commitment to individual liberty²⁹. Not long after the term “liberalism” was coined, so was “individualism,” to name a new form of subjectivity and self-rule compatible with liberal governance³⁰.

Liberals defended property as well as other dearly held individual rights by articulating a strong public/private separation. In practice, much liberal governance still mixed public and private modalities. Liberalism simply favored more private iterations. Not only did liberalism rely upon private corporations to achieve public aims, like economic development. Liberalism deeply moralized private contractual relations³¹. An emblematic nineteenth-century private contract and novel form of property was a life insurance policy³². Ideologically, to enjoy liberal freedom and its responsibilities – and not to be a slave – was to be a risk-bearing individual. Life insurance privatized welfare, while moralizing care for dependents, typically wives and children. Paid insurance premiums aided capital formation by powerful private insurance corporations.

Capitalism: Frontiers of Wealth and Populism in America’s First Gilded Age, Cambridge, Harvard University Press, 2017.

²⁵ C. CLARK, *Revolutionary Spring: Europe Aflame and the Fight for a New World, 1848–1849*, London, Allen Lane, 2023.

²⁶ P. CHARBONNIER, *Affluence and Freedom: An Environmental History of Political Ideas*, Cambridge, Polity, 2021.

²⁷ R. WHITE, *Railroaded: The Transcontinentals and the Making of Modern America*, New York, W.W. Norton & Co., 2011.

²⁸ S. KNAFO, *The Making of Modern Finance: Liberal Governance and the Gold Standard*, London, Routledge, 2013.

²⁹ T. PIKETTY, *Capital and Ideology*, Cambridge, Harvard University Press, 2020.

³⁰ M. ZAKIM, *Individualism in America: Alexis de Tocqueville Discovers a New World of Liberal Politics*, «Critical Historical Studies», 10, 1/2023, pp. 73-107.

³¹ A.D. STANLEY, *From Bondage to Contract*.

³² J. LEVY, *Freaks of Fortune: The Emerging World of Capitalism and Risk in America*, Cambridge, Harvard University Press, 2012.

Liberal moralizing is a topic that deserves special mention. Much recent scholarship in history, political theory, and cultural studies critical of the liberal tradition treats liberalism as a uniquely hypocritical governing philosophy³³. Liberals profess universal values but often violate them in practice according to persistent categories of difference. Nineteenth-century liberal moralizing about “progress” and “civilization” often descended into condescension and moral tutelage, if not outright violence, over peoples – whether emancipated Black slaves, colonized others, or an industrial working class. All would have to “wait” to enjoy liberal freedoms, including representative government³⁴. Breaking away from eighteenth-century liberal traditions, Tocqueville and Mill “turned” to support empires that they newly moralized for education and uplift³⁵. When some U.S. progressives first embraced the term “liberalism” as their motto in the 1910s and 1920s, they did so as advocates of U.S. empire³⁶. Again, we see liberals in their guise as no friends to popular rule.

What those critical of the liberal tradition describe as hypocrisy, many liberals redescribe plausibly enough as “irony”³⁷. The phenomenon feeds into liberalism’s protean character. To hold power, liberals exhibit an impressive capacity to absorb non-liberal policies and ideologies, often by stitching together incongruous alliances. Nineteenth-century liberals were willing to ally themselves with reactionary post-Revolution of 1848 monarchies. FDR would ally the New Deal with southern Jim Crow Democrats and the Congress of Industrial Unions. Bill Clinton would engage in “triangulation” with the Gingrich New Right. More than just immediate political calculation, each instance revealed a larger technique of liberal rule that converted contradiction into durability.

There is a final general characteristic of liberalism crucial for its ability to sort. The politics of fear and legitimation constantly dance. More so than enervation, liberal despairing has been an engine of flexible liberal action, including during “states of exception”³⁸. Lincoln was perhaps the canonical liberal depressive; yet, suspending *habeas corpus*, he vanquished the greatest threat to nineteenth-century U.S. liberalism, the Slave Power, even while worrying at Gettysburg that representative government might “perish from the earth”³⁹. During the legitimation crisis of the Great Depression, Walter Lippmann – whose 1919 “Liberalism in America” was a milestone in American appropriation of the tradition – told Roosevelt that the crisis in 1932 was so severe he might have to assume dictatorial powers to save liberalism. “Fear itself,” as FDR famously put it coming into office, was fuel for the beginning of a liberal recomposition.⁴⁰

³³ For an illustrative example, see L. LOWE, *The Intimacies of Four Continents*, London, Duke University Press, 2015.

³⁴ T.C. HOLT, *The Problem of Freedom*.

³⁵ J. PITTS, *A Turn to Empire: The Rise of Imperial Liberalism in Britain and France*, Princeton, Princeton University Press, 2005; D. TODD, *A Velvet Empire: French Informal Imperialism in the Nineteenth Century*, Princeton, Princeton University Press, 2021.

³⁶ H. ROSENBLATT, *Lost History of Liberalism*, pp. 246.

³⁷ See, for instance, R. RORTY, *Contingency, Irony, and Solidarity*, Cambridge, Cambridge University Press, 1989.

³⁸ G. GERSTLE – J. ISAAC (eds), *States of Exception in American History*, Chicago, University of Chicago Press, 2020.

³⁹ A. LINCOLN, *Address at the Dedication of the National Cemetery at Gettysburg, Pennsylvania*, 19 November 1863, in R.P. BASLER ET AL. (eds), *The Collected Works of Abraham Lincoln*, vol. 7, New Brunswick, Rutgers University Press, 1953, pp. 22–23.

⁴⁰ W. LIPPMANN, *Liberalism in America*, «The New Republic» 1919; I. KATZNELSON, *Fear Itself*, p. 121.



2. Sorting New Deal Liberalism

In 1936, philosopher John Dewey published the essay *A Liberal Speaks out for Liberalism*⁴¹. Only in these years after the turn that began in the late 1910s did many U.S. “progressives” finally embrace the term “liberalism” to define their philosophy of government⁴².

This section carries the argument forward through the era of “New Deal liberalism.” The claim is not that the New Deal was neoliberal. It is that, under crisis conditions, liberalism recomposed itself: first through rapid experimentation and coalition-building in the 1930s, then more quietly but no less consequentially through a late 1940s sorting of governing repertoires – some fashioned by the New Deal, like an alliance with labor, but others with longer liberal lineages. Identifying this sort clarifies both what the New Deal transformed and what it left in place, as well as what remained available for a later neoliberal recomposition.

Defending the New Deal, Dewey argued that liberal governance did not mean the “gospel of individualism”⁴³. By then, FDR’s administration had engaged in four years of experimentation in economic policy. FDR first broke with liberalism’s existing script by going off the international gold standard. There was the corporatist (sometimes Italian fascist-inspired) and ill-fated National Recovery Administration (1933-1935)⁴⁴. The New Deal relied for Congressional votes on the illiberal Jim Crow South⁴⁵. Most fateful, however, was FDR’s decision in 1935 to abandon his attempt at forging an “all class alliance” and – after a massive 1934 industrial strike wave – to ally the New Deal with the industrial working class, opening U.S. liberalism to popular front politics⁴⁶. From this moment on, the New Deal took Fordist mass production as given and sought alliance with industrial laborers organized by the Congress of Industrial Unions. FDR won re-election in a 1936 landslide. New Deal liberalism’s electoral coalition began to cohere – but not yet its policy mix.

In much of the North Atlantic world, liberal parties adapted – sometimes reluctantly – to mass suffrage by reorganizing around labor as an electoral fact⁴⁷. This was the break. From a nineteenth-century perspective (and early twenty-first), the alliance between liberalism and a working-class voting bloc cannot be taken for granted. Because of this alliance the mid-twentieth century decades became an era of relative economic equality, compared to what came before and after. Towards that end, the state developed new powers of taxation⁴⁸. They were deployed and morally legitimated in the wake of World War II toward redistribution favoring ordinary citizens⁴⁹. New Deal liberalism diminished economic inequality in the U.S.

⁴¹ J. DEWEY, *A Liberal Speaks Out for Liberalism*, «The New Republic», 8 April 1936, pp. 14–16.

⁴² H. ROSENBLATT, *Lost History of Liberalism*, pp. 246–247.

⁴³ J. DEWEY, *A Liberal Speaks Out for Liberalism*.

⁴⁴ J. SCHWARZ, *The New Dealers. Power Politics in the Age of Roosevelt*, New York, Alfred A. Knopf, 1993.

⁴⁵ I. KATZNELSON, *Fear Itself*.

⁴⁶ J. LEVY, *Ages of American Capitalism: A History of the United States*, New York, Penguin Random House, 2021; J. M. BURNS, *Roosevelt: The Lion and the Fox*, New York, Harcourt, Brace and Company, 1956; M. DENNING, *The Cultural Front: The Laboring of American Culture in the Twentieth Century*, London, Verso, 1997.

⁴⁷ See G. ELEY, *Forging Democracy: The History of the Left in Europe, 1850–2000*, Oxford, Oxford University Press, 2002.

⁴⁸ T. PIKETTY, *Capital and Ideology*.

⁴⁹ J. SPARROW, *Warfare State: World War II Americans and the Age of Big Government*, New York, Oxford University Press, 2011.

Regulations, especially of finance and public utilities, were among other departures which have rightly received emphasis. Liberalism transformed.

However, there were decisive continuities which became clearest when New Deal possibilities were sorted into a settled recomposition after the end of World War II, in a period between 1946 and 1951⁵⁰. In economic policy, the Employment Act of 1946 (watered down from the original draft Full Employment Act) sorted out an explicit commitment to direct public investment, even as the goal of “full employment” and a larger role for fiscal management were sorted in. The end of the 1945–46 strike wave sorted out labor’s demands for “industrial democracy,” or greater union voice in production processes and investment decisions, while preserving collective bargaining over wages often linked to productivity growth. The business-friendly Taft–Hartley Act (1947) passed over Truman’s veto. But Truman’s 1948 victory reaffirmed the labor-based New Deal coalition.

Truman’s Fair Deal failed to move the settlement back leftward. The sort was complete when, after the outbreak of the Cold War in 1947–8, anticommunism hardened the outer left boundary of legitimate reform⁵¹. Postwar liberalism sought legitimacy through technocratic growth and mass abundance. It took the form of suburban consumerism that depended on cheap petroleum and public support for automobility – binding legitimacy to an energy-intensive growth path. Government policy doubled down on market-making policies already visible during the 1930s, which used state power to build competitive markets, or tax policy to incentivize private investment⁵². Congress became a forum largely for interest-group bargaining. The public utility ideal waned, as national-security politics most reliably coalesced a “public interest”. Aggregate demand management tilted toward military Keynesianism⁵³. Meanwhile, insulated economic governance reasserted itself. A 1951 Accord between the Treasury Department and the Federal Reserve restored the Fed’s prewar freedom to set interest rates⁵⁴. These continuities had novel aspects – new epistemic measures of “growth,” surging deficits, suburban consumerism, petroleum-powered automobility – but the underlying resonances with a longer liberal tradition are unmistakable.

Continuing in this vein, let me appeal to an argument from my book *Ages of American Capitalism*. I refer to New Deal-era “income politics”, which were decisively sorted in at this moment, too. Liberalism newly achieved greater economic equality by taxing, fiscalizing, and redistributing incomes yielded from productive industrial capital. The incomes of individuals and corporations were taxed at progressive rates. Farm incomes were subsidized. Redistribution took the form of welfare income subsidies. Fiscalization included income tax credits for philanthropic redistribution. The overriding policy target of economic growth measured the national income.

⁵⁰ What I am calling the New Deal sort I earlier called “the postwar hinge”, J. LEVY, *Ages of American Capitalism*, pp. 462–487. The following paragraphs draw from this account.

⁵¹ M. CENTO, *L’ideologia atlantica. La delegittimazione politica dalla guerra fredda culturale al neoconservatorismo (1936–1967)*, Milano, Le Monnier, 2023.

⁵² See works, for instance, by Jordan Schwarz and Louis Hyman on credit allocation, Sarah Milov on farm policy, and Brent Cebul on business policy generally. J. SCHWARZ, *New Dealers*; L. HYMAN, *Debtor Nation*; S. MILOV, *The Cigarette State*; B. CEBUL, *Illusions of Progress*.

⁵³ T. BARKER, *Cold War Capitalism: The Political Economy of American Military Spending, 1947–1990*, Harvard University Dissertation, 2022; N. JOHNSON, *American Keynesianism*, University of Chicago Dissertation, 2024.

⁵⁴ D. STEIN, *Fearing Inflation, Inflating Fears: The Civil Rights Struggle for Full Employment and the Rise of the Carceral State, 1929–1986*, Chapel Hill, University of North Carolina Press, forthcoming.



While novel, the limits of income politics reveal how liberalism's overriding commitment to private property rights ran consequentially through the era of New Deal liberalism. Income politics left capital – by definition a stock of wealth, not a flow of income – in the hands of private property owners, to be deployed at their discretion. That was the essence of Cold War “free enterprise”. Thus, large, private corporations continued to hold enormous sway. In 1946 General Motors led the business lobbying assault against the Employment Act's public-investment provisions while simultaneously defeating the Autoworkers' demands for “industrial democracy.” The postwar sort was finished when ownership of capital – and discretion over whether, where, and when to invest – was firmly restored to private hands as a matter of property rights. The property settlement was broad-based. General Motors ran their factories, while securing postwar Jim Crow liberalism were policies that supported limited Black property ownership in segregated cities⁵⁵. Elsewhere, even under the U.S. security umbrella, often postwar “social democracy” looked different. There was more state planning, more public investment, more union voice⁵⁶.

The postwar U.S. welfare state sorted into a more private form. Already the Social Security Act of 1935 was premised upon the contributory model of private insurance, with its gendered notions of dependency – leading to significant early exclusions⁵⁷. Not only did public health insurance fail to take root. The U.S. welfare state, even as coverage became more universal, remained a public-private mixture. In another postwar sort, postwar liberalism only furthered the spread of private insurance, which led to the individual internalization of proto-neoliberal forms of subjectivity with respect to risk-bearing and individualized notions of responsibility that had clear nineteenth-century origins⁵⁸. Private corporate power further solidified. Another line of recent research has underscored the importance of nonprofits, philanthropy, and charity to the functioning of liberalism in this period. FDR's insistence that Social Security not replace charity proved to be consequential⁵⁹. The postwar income tax provided substantial benefits through deductions for large U.S. philanthropic foundations, like the Ford Foundation. Nonprofit corporations were prominent in the delivery of state benefits, a phenomenon that accelerated in LBJ's Great Society⁶⁰. State-funded nonprofits and foundations played a critical role in postwar “urban reform”⁶¹. Experiments in public-private political-economic logics were often fleshed out beyond U.S. borders before they came back to the U.S.⁶²

What about the language of moral universalism and empire? During World War II, the New Deal state became a “crusading state”, a role it continued to play

⁵⁵ N.D.B. CONNOLLY, *A World More Concrete*.

⁵⁶ A. SHONFIELD, *Modern Capitalism: The Changing Balance of Public and Private Power*, Oxford, Oxford University Press, 1965.

⁵⁷ D. BOUK, *How Our Days Became Numbered: Risk and the Rise of the Statistical Individual*, Chicago, University of Chicago Press, 2015; A. KESSLER-HARRIS, *In Pursuit of Equity: Women, Men, and the Quest for Economic Citizenship in Twentieth-Century America*, New York, Oxford University Press, 2001.

⁵⁸ C. HORAN, *Insurance Era*.

⁵⁹ E. S. CLEMENS, *Civic Gifts: Voluntarism and the Making of the American Nation-State*, Chicago, University of Chicago Press, 2020.

⁶⁰ O. ZUNZ, *Philanthropy in America: A History*, Princeton, Princeton University Press, 2012

⁶¹ C. DUNNING, *Nonprofit Neighborhoods: An Urban History of Inequality and the American State*, Chicago, University of Chicago Press, 2022.

⁶² A. OFFNER, *Sorting out the Mixed Economy*; D. IMMERWAHR, *Thinking Small: The United States and the Lure of Community Development*, Cambridge, Harvard University Press, 2015.

during the Cold War⁶³. Liberals professed universal moral values, this time in opposition not to clericalism and absolute monarchy but rather the feared Cold War liberal antiliberal nemesis of “totalitarianism”. Here, another postwar sort took place, in the realm of ideas. The political liberalism of the postwar decades articulated in a rights-and-reason idiom a justification for the institutional result of the New Deal sort and the struggle against communism abroad⁶⁴. Several works locate the human rights imaginary, which many scholars associate with neoliberalism, fully in the era of postwar liberalism⁶⁵.

Nineteenth-century liberal hypocrisy/irony in the international arena finds later iterations in the history of twentieth-century U.S. global hegemony. Foreign military interventions, to fight communism and/or to secure access to oil, subverted liberalism’s highest normative commitments. But in another resonance, liberals simply believed they had no choice but to dirty their hands to battle their worst enemies. If Constant agreed to write a new liberal, French Constitution during Napoleon’s Hundred Days, for fear of a Bourbon restoration, then Walt Rostow supported the post-1965 consolidation of Suharto’s bloody regime in Indonesia, for fear of communism⁶⁶. What should not be surprising at this point is that overseas large, private U.S. corporations, whether Bechtel or Brown & Root (later Halliburton), became near arms of the U.S. state. What I am calling liberal hypocrisy/irony, the great postwar liberal thinker Reinhold Niebuhr called the “tragedy of politics”⁶⁷. Ironically or not, U.S. liberalism allied itself with, say, European Christian Democrats, the Crown Prince of Saudi Arabia, pacifist Japan, or the post-1964 Brazilian military dictatorship.

Yet, liberalism’s coalition unraveled at home. Forced by the civil rights movements of the 1960s, liberals embraced social movements revolving around identities such as race, gender, and ethnicity – all while still attempting to hold onto its industrial, working-class base, much of which was white and male⁶⁸. A renewal of organized labor that transcended any conflict between class allegiance and social identities was attempted and not doomed to failure⁶⁹. In elite public discourse and university seminar rooms, however, liberalism’s moral language shifted towards pluralism and minority rights, just when the productivity gains of Fordist mass production – the basis of its income politics – were running out of steam⁷⁰. Making it worse, oil shocks unmasked liberalism’s dependency upon fossil fuels. As stagflation set in and real incomes flagged, the liberal coalition strained. Demands placed on liberalism from all quarters, whether from capitalists complaining about their profit margins or from new social movements demanding recognition, appeared to overwhelm

⁶³ I. KATZNELSON, *Fear Itself*.

⁶⁴ M. CENTO, *L’ideologia atlantica*; M.E. LATHAM, *The Right Kind of Revolution: Modernization, Development, and U.S. Foreign Policy from the Cold War to the Present*, Ithaca, NY, Cornell University Press, 2011; K. FORRESTER, *In the Shadow of Justice*; MOYN, *Liberalism Against Itself*.

⁶⁵ E. BORGWARDT, *A New Deal for the World: America’s Vision for Human Rights*, Cambridge, Belknap Press of Harvard University, 2005; M. BRADLEY, *The World Reimagined: Americans and Human Rights in the Twenty-First Century*, Cambridge, Cambridge University Press, 2016.

⁶⁶ B. R. SIMPSON, *Economists with Guns: Authoritarian Development and U.S.–Indonesian Relations, 1960–1968*, Stanford, Stanford University Press, 2008.

⁶⁷ R. NIEBUHR, *The Children of Light and the Children of Darkness: A Vindication of Democracy and a Critique of Its Traditional Defense*, Garden City, Doubleday Anchor, 1952.

⁶⁸ J. STEIN, *Running Steel, Running America: Race, Economic Policy, and the Decline of Liberalism*, Chapel Hill, University of North Carolina Press, 1998; G. GERSTLE, *Liberalism as Identity Politics*.

⁶⁹ L. WINDHAM, *Knocking on Labor’s Door: Union Organizing in the 1970s and the Roots of a New Economic Divide*, Chapel Hill, University of North Carolina Press, 2019.

⁷⁰ K. FORRESTER, *Shadow of Justice*.



it. In the 1970s, liberalism faced yet another legitimization crisis. Liberals began to fret again that liberalism might soon perish.

3. The Neoliberal Sort

What happened next was a discontinuity, to be sure, but not a clean rupture. Neoliberalism selected from, as much as it broke with the postwar recomposition of New Deal liberalism. This section narrates the neoliberal sort from the muddling through of experimentation during the 1980s and early 1990s, to consolidation in the late 1990s, and then to yet another legitimization crisis by the 2010s.

Which of liberalism's long-lasting repertoires were sorted in – and out – over this period such that the new era deserves the name neoliberalism? In some early scholarship, it was as if a transition occurred whole cloth after the election of Reagan; in an instant long germinating anti-government, neoliberal ideas of market fundamentalism and market deregulation ran loose⁷¹. Recent work cautions against this view. Neoliberal repertoires were assembled across administrations, with the Carter Administration already testing market rhetoric and deregulatory tools⁷². Most tellingly, the singular event if there was one that ushered in the new age was a U.S. government action that took place in an arena insulated from electoral politics.

In 1979, with price inflation reaching double digits and the U.S. dollar declining sharply in global currency markets, Carter appointed a new chairman of the U.S. Federal Reserve, Paul Volcker. To staunch inflation and support the dollar, U.S. interest rates during the Volcker “interest rate shock” of 1979-1982 climbed to nearly twenty percent (recall, the Fed exercised independent powers of monetary policy preserved in 1951, during the New Deal sorting of liberalism). Whether such rates were completely responsible for the rapid reduction in price inflation has recently come under debate⁷³. But high rates only helped, while triggering a sharp global recession that lasted until the Fed relented in 1982. Much of the world fell into a debt crisis, to be subjected to neoliberal policies of austerity and structural adjustment.⁷⁴ In the U.S., a new, debt-fueled capitalism arose instead⁷⁵.

The Volcker shock was key. Reagan swept into office by drawing workers away from the electoral coalition forged by FDR, and espousing market fundamentalism to criticize the New Deal state. But he also discussed the possibility of a return to the international gold standard, while promising to revive U.S. manufacturing productivity and employment, cut budget deficits, and boost U.S. investment and productivity. What happened next was the opposite. Capitalism changed first. The Volcker shock transformed patterns of U.S. capital investment⁷⁶. The high rates encouraged short-term profit-making through interest rate accrual, the first step

⁷¹ D. HARVEY, *Brief History of Neoliberalism*, arguably tended in this direction, as did works that followed in its wake.

⁷² G. GERSTLE, *Rise and Fall of the Neoliberal Order*.

⁷³ On the debate, see M. BLYTH – N. FRACCAROLI, *Inflation: A User's Guide*, New York, W. W. Norton, 2023.

⁷⁴ C. CAPOTESCU – O. SANCHEZ-SIBONY – M. TEIXEIRA, *Austerity without Neoliberalism: Reappraising the Sinuous History of a Powerful State Technology*, «Capitalism: A Journal of History and Economics», 3/2022, pp. 379–420. This article cautions against collapsing austerity into neoliberalism.

⁷⁵ This following account of 1980s changes draws from J. LEVY, *Ages of American Capitalism*, pp. 595-632.

⁷⁶ G. R. KRIPPNER, *Capitalizing on Crisis: The Political Origins of the Rise of Finance*, Cambridge, Harvard University Press, 2011. I note that Krippner is skeptical about the concept of neoliberalism, preferring financialization.

towards a broader financialization. Long-term fixed industrial investment plummeted, and deindustrialization accelerated sharply. Capital not only began to change its investment direction. Its fortunes generally rose, with respect to labor. A crucial assist came from the Reagan Administration's anti-labor union policies, symbolized by Reagan's 1981 firing of over 11,000 unionized striking air traffic controllers. But the Volcker-induced recession, accelerating deindustrialization in the historic U.S. northeast-Midwest industrial core, was already striking heavy blows against U.S. industrial unions, which now bled members.

The Volcker shock precipitated an unintended chain of events, only after which neoliberal governance would settle. When interest rates declined, financialization during the 1980s still accelerated, with even U.S. non-manufacturing firms turning to finance, insurance, and real estate. The decade saw booming U.S. stock, bond, and commercial real estate markets, assisted by an explosion of debt. Early 1980s financial regulations abetted these changes by encouraging greater domestic and international capital mobility. But Reagan's chief policy achievements were the 1981 and 1986 tax cuts. Favoring the wealthy, Reagan slashed taxes on top earners. As importantly, technical changes to tax law that promised to incentivize productive investment instead favored the turn to finance and real estate⁷⁷. These were not new but old liberal policy tools – tax incentives to push private corporate capital in particular directions, in lieu of direct public investment. Reagan's 1981 tax cut shared important affinities with the John F. Kennedy's 1961 tax cut. The former did not work to solve the urban crisis or rural poverty in the 1960s, and the latter did not work to stoke a manufacturing revival in the 1980s. Still, in both decades, U.S. budget deficits – much because of Cold War military spending – again contributed to long macroeconomic booms.

The post-1982 economic expansion that lasted until 1990 saw the emergence of a new U.S. capitalism of what I call “asset-price appreciation”. During capitalism's long industrial century, the system worked by combining labor with industrial capital in production. Through use, industrial capital yielded incomes, for division between profits and wages. Initially, during industrialization, capital had the upper hand. Inequality increased or held steady relative to the pre-industrial baseline. New Deal liberalism's income politics had created a more favorable landscape for labor. In the post-1980 era, capitalism shifted towards a new logic of income generation. Now, appreciating assets – paradigmatically in finance and real estate – generated incomes, with profits often leveraged by debt. Labor was not as necessary to the process. By contrast to the shop floors of industrial mass production, labor had a harder time finding where to contest capital, now less fixed and more mobile in financial form. High incomes tied to finance generated demand for low-wage and often racialized and feminized service labor – retail, health care, cleaning services, childcare, or food services. Employment growth in that sector was the great success story of the 1980s U.S. economy. However, inequality increased, to reach levels not seen since the nineteenth century⁷⁸. If in new ways, capitalism reverted to a property-focused dynamic. Property was long liberalism's home ground, and neoliberalism pushed liberalism back in that direction, too. The tools of income politics fast became as obsolete as a rusting Pennsylvania steel factory.

⁷⁷ M. COOPER, *Counterrevolution: Extravagance and Austerity in Public Finance*, New York, Zone Books, 2024; N. FOSTER, *Country on FIRE*, Philadelphia, University of Pennsylvania Press, forthcoming.

⁷⁸ T. PIKETTY, *Capital and Ideology*.



In hindsight, neoliberal governance began to take shape in the 1980s and early 1990s. But it did not consciously settle until Clinton's second term⁷⁹. Coming into office after the "jobless recovery" of 1990-1991, Clinton's first administration still sifted among liberal repertoires – industrial policy, universal health care, and labor-law reform⁸⁰. The drubbing Clinton took in the 1994 Congressional midterms, however, led to a reckoning. After Clinton's reelection in 1996, the administration governed through a recognizably neoliberal repertoire: pro-growth marketcraft; a public-private governing mix reliant upon corporations; technocratic insulation and meritocratic idioms that shunted to the side the New Deal's commitment to labor.

The neoliberal recomposition consolidated between 1996 and 2000⁸¹. As Truman was to the New Deal, Clinton's second term was to the neoliberal sort: the moment when experimentation gave way to settlement. In the budding New Economy, the deregulatory Telecommunications Act (1996) sorted in pro-market competition, sorting out remnants of the New Deal-era public-utility ideal. In antitrust policy, high-profile cases enforced pro-competition policy. In social policy, the welfare reform bill of 1996 ended entitlement as a right and sorted in work requirements and time limits. The Balanced Budget Act (1997) further expanded public-private delivery in welfare and health administration. In tax policy, the Taxpayer Relief Act (1997) lowered the top rate on long-term capital gains, further rewarding asset holders. In finance, the Gramm-Leach-Bliley Act (1999) removed key barriers between commercial and investment banking, and the Commodity Futures Modernization Act (2000) ensured largely unregulated derivatives markets – a permissive architecture for new asset classes. The administration presumed the benefits of complete global capital mobility. In trade, following upon the North American Free Trade Agreement (1993), the 2000 normalization of trade relations with China affirmed a policy of free trade globalization and cleared the path for China's entry into the World Trade Organization in 2001.

Neoliberals held out the promise of economic growth, legitimated through Clinton's "triangulation" against Republicans and a meritocratic, justificatory idiom of equality of opportunity. Earnest attempts were made to enforce antidiscrimination against suspect categories of difference like race and sex, including through affirmative action programs. Clinton's commitments to balanced budgets and welfare reform were coalition-building strategies, appealing to moderate suburban voters whose prosperity was increasingly tied to real estate and portfolio values⁸². The punitive arm of governance – already strengthened in the 1994 crime bill and reinforced in 1996 immigration policy – helped manage disadvantaged populations, including through incarceration, most excluded from the new asset-centered economy⁸³. Economic governance migrated further from democratic contestation into courts and administrative agencies. The Fed, under "the maestro" Alan Greenspan,

⁷⁹ On Reagan's second term, see N. FOSTER, *Country on FIRE*.

⁸⁰ N. LICHTENSTEIN and J. STEIN, *A Fabulous Failure*.

⁸¹ For this account, I draw from LEVY, *Ages of American Capitalism*, pp. 633-669.

⁸² A.J. DIAMOND, *Chicago on the Make: Power and Inequality in a Modern City*, Oakland, University of California Press, 2017; A.J. DIAMOND – T.J. SUGRUE, *Neoliberal Cities*.

⁸³ L. WACQUANT, *Punishing the Poor*. These policies too pulled from earlier, liberal repertoires from the 1960s. E. HINTON, *From the War on Poverty to the War on Crime: The Making of Mass Incarceration in America*, Cambridge, Harvard University Press, 2016; J. KOHLER-HAUSMANN, *Getting Tough: Welfare and Imprisonment in 1970s America*, Princeton, Princeton University Press, 2017.

was preeminent⁸¹. “Central bank independence” and the pursuit of a “neutral” interest-rate stance aimed to preempt a return of 1970s inflation dynamics; the effect, in an economy increasingly organized around balance sheets, was to favor asset appreciation. Like nineteenth-century liberals, credentialed late twentieth-century neoliberals held out to the propertyless the promise of education, codified in the Workforce Investment Act (1998) – to aid “human capital” formation⁸⁵. The discourse of human capital, which Foucault traced back to the postwar decades, now captured the essence of neoliberal subjectivity and self-rule⁸⁶. Altogether, these measures sorted in a repertoire that treated competition, private corporate intermediation, and asset values as the main conduits of growth and legitimacy – while sorting out the remnants of the New Deal’s labor-centered promises and fledgling public-utility ethos.

Finally, the sort extended outward. After the end of the Cold War, U.S. power appeared unchecked: Washington promoted privatization and market “shock therapy” abroad. The nonprofit corporate “non-governmental organizations” (NGOs) of “global civil society” spread neoliberal policies and creeds.⁸⁷ Yet human-rights universalism supplied moral justification for coercive interventions, such as Clinton’s bombing of Serbia in 1999. Seattle’s WTO protests in 1999 signaled growing contestation, but institutionally the sort held. The year 2000 was an apex moment of liberal triumphalism in which “liberal” and “democratic” seemed to coincide.

It would not last long. In hindsight, it is possible to see the 2000s as a decade when the consequences and contradictions of the neoliberal sort became apparent. In the wake of the September 11, 2001 terrorist attack, the Bush Administration made the fateful decision to invade Iraq. George W. Bush was not elected by a popular majority in 2000 – an election that revealed significant flaws in the U.S. presidential electoral system⁸⁸. Much of the U.S. political class decided that instead of addressing U.S. democracy’s flaws, they would spread liberal democracy abroad at the point of a gun. Recent work shows that Bush, however feckless, meant what he said in public. He thought he was preventing terrorism and spreading (neoliberal) freedom⁸⁹. His gambit failed disastrously. Some political scientists now date the global liberal democratic “backsliding” that has dominated the twenty-first century to the mid-2000s, uncannily in the aftermath of the Iraq War⁹⁰. Some political theorists associate democratic erosion with the consequences of neoliberalism itself⁹¹. The Iraq war fused neoliberal statecraft with a militarized universalism – and the legitimacy costs were enormous, at home and abroad.

In the economy, the Bush years only furthered the now-settled neoliberal logics⁹². The U.S. macroeconomic expansion that began in 2001, after the brief

⁸⁴ N. JOHNSON, *American Keynesianism*.

⁸⁵ L. GEISMER, *Left Behind*.

⁸⁶ FOUCAULT, *The Birth of Biopolitics*; M. FEHER, *Self-Appreciation; or, The Aspirations of Human Capital*, «Public Culture», 21, 1/2009, pp. 21–41.

⁸⁷ T. SASSON, *The Solidarity Economy: Nonprofits and the Making of Neoliberalism after Empire*, Princeton, NJ, Princeton University Press, 2024.

⁸⁸ C.L. ZELDEN, *Bush v. Gore: Exposing the Hidden Crisis in American Democracy*, Lawrence, University Press of Kansas, 2010.

⁸⁹ M.P. LEFFLER, *Confronting Saddam Hussein: George W. Bush and the Invasion of Iraq*, New York, Oxford University Press, 2023.

⁹⁰ See, for instance, L. DIAMOND, *Facing Up to the Democratic Recession*, «Journal of Democracy», 26, 1/2015, pp. 141–155.

⁹¹ See, for instance, W. BROWN, *Undoing the Demos: Neoliberalism’s Stealth Revolution*, New York, Zone Books, 2015.

⁹² These next paragraphs draw from J. LEVY, *Ages of American Capitalism*, pp. 670–705.



recession triggered by the collapse of the New Economy stock-market bubble in 2000, shifted the logic of asset-price appreciation to a new asset class: residential real estate. Average U.S. income growth remained flat. Ever since the Volcker shock, U.S. consumers had been increasingly responsible for sustaining global macroeconomic balance. The era of neoliberalism thus witnessed something genuinely new in the history of global economic hegemony: a hegemon that on net imported capital and goods rather than exporting them. The pattern had begun in the 1980s, but it intensified dramatically after China's entry into the World Trade Organization in 2001. With wages stagnant, households first turned to home-equity extraction to sustain consumption. By the mid-2000s, housing prices themselves began to soar. The most aggressive and predatory lending practices spread especially in regions previously left behind by financialization and struck hardest by deindustrialization in the wake of the China "trade shock". U.S. support for securitization and mass homeownership – including for the "predatory inclusion" of minorities – began decades before, following from New Deal-era policies.⁹³ But what happened in the 2000s was a far more ambitious attempt to extend the political economy of asset-price appreciation to a mass constituency. It enjoyed bipartisan support. Revealing the deeper shift from income to property as the foundation of economic security, George W. Bush celebrated the housing boom as the advent of an "ownership society".⁹⁴

Homeownership dangled the "cruel optimism" of the neoliberal good life⁹⁵. The boom turned to bust in the fall of 2008, just when a new U.S. president was being elected, Barack Obama. Obama's campaign language emphasized racial unity and political renewal much more so than a structural critique of the asset-centered economy. In office, his administration sought to repair, not alter, the capitalism of asset-price appreciation. Its success, from a technocratic perspective, was impressive⁹⁶. The Fed led the technocratic charge, charting new frontiers in "unconventional" monetary policy. But this was a liberal crisis response – not an attempt at a fresh recomposition. In characteristically illustrative neoliberal fashion, it pushed the downside risks of the U.S. housing collapse onto homeownership households. This was part of a greater, moralized neoliberal "risk shift" onto individuals and families – but not onto corporations with significant lobbying power⁹⁷. After 2008, two previously major U.S. investment banks, Bear Stearns and Lehman Brothers, disappeared. But other financial institutions were deemed "too big to fail". By 2010, Obama had pivoted to embrace neoliberal austerity. He spent nearly all his remaining political capital on health care reform, which genuinely expanded and improved U.S. healthcare coverage – by working in partnership with private insurance corporations. Abroad, Obama sought a pivot of U.S. foreign policy to Asia, while re-

⁹³ L. HYMAN, *Debtor Nation*, and on "predatory inclusion" see K.-Y. TAYLOR, *Race for Profit*.

⁹⁴ G.W. BUSH, *State of the Union Address*, Washington, 20 January 2004, in «Public Papers of the Presidents of the United States: George W. Bush», 2004, vol. I, Washington, Government Printing Office, 2006, pp. 113-124.

⁹⁵ L. BERLANT, *Cruel Optimism*, Durham, Duke University Press, 2011.

⁹⁶ A. TOOZE, *Crashed: How a Decade of Financial Crises Changed the World*, New York, Viking, 2018.

⁹⁷ M. COOPER, *Family Values: Between Neoliberalism and the New Social Conservatism*, New York, Zone Books, 2017; J.S. HACKER, *The Great Risk Shift. The New Economic Insecurity and the Decline of the American Dream*, New York, Oxford University Press, 2006.

moralizing U.S. global leadership, including by waging more “humane” warfare, conducted by drone strikes⁹⁸.

Obama’s 2008 election was stunning – a stark repudiation of the U.S. political establishment. Opposition to his presidency, much of it racist, was fierce. But once in office, Obama lost touch with social movements – the great social uprising of his presidency, Black Lives Matter, was distant from him⁹⁹. He became a politician “conservative” in temperament, as he put it in his memoirs¹⁰⁰. Obama passed a fiscal stimulus and bailed out the U.S. auto industry. He acknowledged the era’s rise in inequality. He brokered and signed the 2015 Paris Agreement to limit global warming. But whether it was Wall Street corporations or the Silicon Valley information technology and social media corporations like Google and Facebook that supported and aided his campaigns, his administrations looked askance at the growing concentration of private corporate power. Neoliberalism began in the 1980s as an “age of fracture”, while the 1990s saw “networks” flexibly assemble the fractured elements¹⁰¹. By the 2010s it became clear that power was concentrating again – into the mighty U.S. corporations that controlled the era’s new information technologies and appreciating capital assets.

Obama only sought to play the role anointed for him, as he understood it. He explained it best early in his presidency to a group of leading Wall Street bankers in a White House meeting after the 2008 financial crisis. Pleading with the bankers for cooperation, the president told them only he stood between them and “the pitchforks”¹⁰².

4. Crisis of Neoliberal Legitimacy

In the U.S., something new happened the same year Donald Trump was elected to the U.S. presidency for the first time. One long-standing critique of “neoliberalism” as an analytic category was that it rarely functioned – at least in U.S. mainstream political discourse – as an actor’s category. Scholars used the term, and it percolated on the political left, but mainstream politicians seldom did. In 2016, “neoliberalism” became salient in U.S. public debate. That rhetorical shift mattered. Naming liberalism’s post-1980 recomposition signaled that the neoliberal sort had become contestable, and that liberal governance was again entering a period of legitimation crisis.

Neoliberalism made its rhetorical appearance on the center-left during Trump’s first administration. A group of former Obama and Clinton aides outright blamed the “neoliberalism” of the Democratic Party for its loss to Trump. Several joined Biden’s presidential administration after his 2020 victory, including Biden’s national security advisor Jake Sullivan and Jennifer Harris, a member of Biden’s National Economic Council. Explicitly drawing from post-2008 scholarship on neoliberalism, they blamed the unmanaged globalization of the neoliberal era for the “China trade shock” that had gutted U.S. manufacturing jobs, producing many

⁹⁸ S. MOYN, *Humane: How the United States Abandoned Peace and Reinvented War*, New York, Farrar, Straus and Giroux, 2021.

⁹⁹ B. RANSBY, *Making All Black Lives Matter. Reimagining Freedom in the Twenty-First Century*, Berkeley, University of California Press, 2018.

¹⁰⁰ B. OBAMA, *A Promised Land*, New York, Crown, 2020, p. 293

¹⁰¹ D.T. RODGERS, *Age of Fracture*, Cambridge, Belknap Press of Harvard University, 2011.

¹⁰² E. JAVERS, *Inside Obama’s Bank CEOs*, «Politico», 3 April 2009.



angry Trump voters. Although their primary focus was China as a geopolitical threat, they also denounced runaway inequality, corporate monopoly, and fiscal austerity¹⁰³.

In power, the Biden administration attempted yet another recomposition of liberalism, drawing from existing repertoires¹⁰⁴. The attempt failed, facing powerful veto points in Congress, the courts, and organized business. Corporate lobbies successfully attacked its most ambitious policies, before many Wall Street and Silicon Valley elites, fearful of an antitrust revival, decided to support Trump's restoration. Biden himself looked backward, evoking the New Deal's commitment to labor. In Congress, the legislation that did pass was justified in the language of national security – now targeting China rather than the Soviet Union, but still more redolent of Cold War liberalism than a renewal of the New Deal's cross-class alliance. Semiconductor manufacturing and green-energy subsidies were technocratic, relying upon complex incentives to induce private investment – income politics that were legacies of the postwar sorting of public investment out from U.S. liberalism. Tellingly, the post-COVID recovery – driven by technocratic monetary policy and expansionary fiscal policy – amplified post-1980 asset-price capitalism, spilling into speculative assets like cryptocurrencies. When price inflation appeared in 2021 because of the post-COVID transition and Russia's invasion of Ukraine, Biden avowed the importance of “central bank independence” insulated from democratic pressures to stabilize prices. Monetary policy dutifully tightened.

The problem was structural. In the end, Biden tried an income-politics recomposition in an asset-price capitalism governed by central bank independence. That “Bidenomics” made its stand on green energy policy was telling. Neoliberalism had only entrenched fossil fuel dependence. But in this moment of truth, old liberal policy tools and the Democrats' neoliberal political coalition were not up to the task. By the 2020s, a new sort was difficult without confronting the political power of the class of asset owners – for which not only technocratic policy tuning and national security alarm-raising but a countervailing popular social movement and a renewed ideal of a public interest were necessary.

The Biden-era attempt at recomposition engaged in moralizing about the importance of liberal democracy, but on the ground failed to renew or widen liberalism's actual electoral coalition. In 2016, on the eve of Trump's first triumph, New York senator Charles Schumer revealingly remarked: “For every blue-collar Democrat we lose in western Pennsylvania, we will pick up two moderate Republicans in the suburbs in Philadelphia”¹⁰⁵. Eight years later, when Biden faced Trump again, the Democratic Party's base remained eerily reminiscent of liberalism's core nineteenth-century constituency of educated, propertied, metropolitan, cosmopolitan professionals. In hindsight, the New Deal-era alliance between liberalism and an industrial working class was a contingent episode in liberalism's history, hardly

¹⁰³ R.D. BLACKWILL – J.M. HARRIS, *War by Other Means: Geoeconomics and Statecraft*, Cambridge, Harvard University Press, 2016; J. SULLIVAN, *Remarks by National Security Advisor Jake Sullivan on Renewing American Economic Leadership at the Brookings Institution*, 27 April 2023, *Biden White House Archives*; J. M. HARRIS, *The Post-Neoliberal Imperative: Contesting the Next Economic Paradigm*, «Foreign Affairs», May/June 2025. Before joining the Biden Administration Harris led a project at the Hewlett Foundation, drawing from post-2008 scholarship on neoliberalism.

¹⁰⁴ This paragraph and what follows draws from my update of *Ages of American Capitalism*, J. LEVY, *Opium Talk: American capitalism in transition*, «Economic Sociology: Perspectives and Conversations», 25, 1/2025, pp. 4-18.

¹⁰⁵ C. SCHUMER, Interview with *The New York Times*, 27 July 2016.

essential. It rested on mid-twentieth-century conditions: mass industrial employment, organized labor, a Fordist productivity trendline, and the ability of income politics to achieve redistribution within industrial capitalism. As these conditions eroded, liberalism's prior affinities – latent if not fully manifest in the New Deal sort – reasserted themselves.

Meanwhile, preparing their return to power, Trumpists began to denounce both liberalism and neoliberalism by name. As early as 2016, conservative and right-wing U.S. intellectuals began to speak of the need for “post-liberalism”¹⁰⁶. Right-wing figures like Tucker Carlson and Steve Bannon criticized neoliberalism as early as 2019. In 2022, future Vice President J.D. Vance bashed “neoliberal orthodoxy”, and by 2024 pro-Trump discourse targeted both the “neoliberal consensus” it associated with Biden and the “neoliberal neocons” seeking to restore the pre-Trump GOP¹⁰⁷.

Let me conclude this essay with a provocation. There are two great political traditions in U.S. history, at once constitutive and antagonistic: liberalism and populism. Each can shade ideologically left or right, within the context of the U.S. two-party political system. Liberalism has always feared populism, even as it has drawn strength from it. Liberalism's success as a ruling philosophy of government has largely hinged on whether it can sufficiently absorb populism while containing it. This has been true, arguably, since the ratification of the Constitution in 1787. Surely, a founding success of New Deal liberalism was its cooptation of the populist and agrarian Bryan wing of the Democratic Party. The stability of the New Deal order was contemporaneous with the relative waning of populism, before it returned on the right flank of the Republican Party¹⁰⁸. From this perspective, the battleline between liberal Democrats and conservative Republicans fades, next to a more encompassing liberalism's fraught relationship with the populist impulse.

In our time, the repressed has returned with electoral force. Behind Trump, the U.S. populist tradition has triumphed at the polls, rendering liberalism subdominant. Trump may be a hypocrite, but he is not a moralizing liberal hypocrite. Whether his patrimonial approach to rule will destroy or coopt liberalism remains to be seen, but he clearly holds many core liberal values in low regard. Liberalism has long been motivated by fear. Now, boxed in by apprehensions of authoritarianism and the uncultured masses, has U.S. liberalism finally encountered a political rival it cannot absorb and contain? Is a more democratic, rather than technocratic, liberal recomposition today possible? Or will Trump's chaotic sorting of U.S. political traditions, including neoliberalism, bring to the fore hemispheric commonalities¹⁰⁹? South American political traditions strike me as the best point of comparison for Trump – not 1930s European fascism¹¹⁰.

¹⁰⁶ P. DENEEN, *Why Liberalism Failed*, New Haven, Yale University Press, 2018; L. FIELD, *Furious Minds: The Making of the MAGA Right*, Princeton, Princeton University Press, 2025.

¹⁰⁷ T. CARLSON, *The Failure of the Neoliberal Consensus*, Fox News, 2019 (television monologue); S. BANNON, *The End of the Globalist Neoliberal Order*, speech at the Oxford Union, 2019; J.D. VANCE, *The Failure of Neoliberal Orthodoxy*, speech at the National Conservatism Conference, Orlando, 2022; P. BAKER and M. HABERMAN, *Trump Allies Attack “Neoliberal Neocons” in the Republican Establishment*, «New York Times», 15 March 2024; R. COSTA, *Inside the Populist Revolt Against the Neoliberal Consensus*, «Washington Post», 10 October 2023.

¹⁰⁸ Although recently historians have shown the populist impulse resurfacing on the right as early as the late 1930s. See, for instance, K. PHILLIPS-FEIN, “A Fight between Two Systems of Thought”: *Gerald B. Winrod and the Kansas Senate Race of 1938*, «Journal of American History», 108, 3/2021, pp. 723-743.

¹⁰⁹ On the neoliberal strains of Trumpism, see Q. SLOBODIAN, *Hayek's Bastards: Race, Gold, IQ, and the Capitalism of the Far Right*, New York, Zone Books, 2025.

¹¹⁰ See I. KATZNELSON, *Perón and the United States: Lessons for a Time of Polarization*, «Boston Review», 24 October 2019. This point brings my reliance upon Offer's concept of sorting in her study of postwar



Perhaps at no time since liberalism's early-twentieth-century embrace of mass democracy has it so plainly lost its protean capacity to renew alliances, moral vocabularies, and policies. Worse still, in the twenty-first century liberalism's most radical and invigorating founding commitment – that, as Stephen Holmes put it in his trenchant study of the antiliberal tradition, “public disagreement can be a creative force” – has weakened¹¹¹. The cultivation of a critical public sphere was essential to liberalism's nineteenth-century rise. In the recent U.S., moral certainties have hardened, while liberal governance keeps doubling down on technocratic insulation.

This is not the first time liberals have feared that liberalism is about to perish. If liberalism recomposes again, it will do so by sorting from its existing repertoire. So long as liberalism survives, another neoliberal recombination remains immanent to it.

American hemispheric political economy full circle. See also A. RUCKERT – L. MACDONALD – K.R. PROULX, *Post-neoliberalism in the Americas*, «Third World Quarterly», 38/2017, pp. 1583–1602.

¹¹¹ S. HOLMES, *The Anatomy of Antiliberalism*, Cambridge, Harvard University Press, 1993, pp. 263.