

The Political Economy of American Industrialization, 1877–1900. By *Richard Franklin Bensel*. New York: Cambridge University Press, 2000. xxiii + 549 pp. Index, notes, figures, maps, tables. Cloth, \$70.00; paper \$25.00. ISBN: cloth 0-521-77233-8; paper 0-521-77604-X.

Reviewed by Robin L. Einhorn

In this large and impressive book, Richard Franklin Bensel argues that the key to American industrial development in the late nineteenth century was the Republican Party. Although he frames his study as a contribution to comparative political economy (using the U.S. case to explore how “democracy” and “development” could coexist), Bensel actually takes aim at two influential views of U.S. history in particular: interpretations of economic growth and business history that downplay politics; and interpretations of political and electoral behavior that downplay economic policy issues. In the late-nineteenth-century United States, he argues, industrialization depended on active government promotion, and politics was dominated by debates about economic policy. As he has done in two previous books, *Sectionalism and American Politics* (1984) and *Yankee Leviathan* (1990), Bensel also emphasizes the significance of sectional conflicts. Historians who focus on local class conflicts—over wages in the industrial belt, cotton-crop liens in the South, grain marketing in the West—miss the redistributions that were organized into partisan politics more directly: the “intersectional redistributions” that favored the industrial Northeast and Great Lakes regions over the South and West. The Republican Party promoted capital accumulation in the industrial belt by intensifying the regionally uneven development of the U.S. economy.

Three major policies dominate this narrative: the protective tariff, the gold standard, and the unregulated national market. The Republican Party championed these policies, in no small part by locating them in different branches of the federal government. Congress crafted tariffs, or what Bensel calls the “tariff policy complex,” whose real significance was that it built support for the Republican Party. Tariffs on raw wool won support from the wool growers of the Great Plains, while tariff revenues funded the massive pension system for Union veterans, which won support throughout the agricultural regions of the North. Bensel comes close to dismissing the economic significance of industrial “protection” altogether. “The tariff certainly had economic effects, some of them very important, but the importance of protection for national development lay primarily in its politics,” as the centerpiece of a policy complex that “underpinned the Republican developmental coalition” (pp. 463, 466). Politically, the tariff subsidized the gold standard and the unregulated national market, which Bensel casts as more significant

economically but less popular. For these reasons, they could not be entrusted to Congress. Presidents and treasury secretaries defended the gold standard, which encouraged reinvestments of industrial profits in the U.S. economy, despite the huge support for silver and other inflationist strategies reflected in Congress. After the Union victory in the Civil War created the national market, the Supreme Court defended and expanded it by striking down the mostly state-level laws that tried to raise barriers (for example, discriminating against out-of-state firms) “almost as fast as they were erected” (p. 321).

Most of us are familiar with the “battle of the standards” of the late nineteenth century, if only for its role in the Bryan campaign of 1896. Bensel charts this battle in party platforms and in Congress, but his analysis of the administration and defense of the gold standard (chapter 6) is simply fascinating. Anyone could tell whether this effort was successful: the United States was on gold if the Treasury could redeem paper and silver in gold on demand. But, under the Bland-Allison Act (1878) and the Sherman Silver Purchase Act (1890), the Treasury had to buy and coin large amounts of silver it was never able to circulate in the economy. Thus, defending the gold standard required the government to store vast numbers of silver dollars. By 1890, the Treasury was holding enough to fill 1,000 freight cars. “The United States,” as Bensel explains, “in effect, was operating a price support program for silver producers” that was only “partially disguised as an inflationary strategy” (p. 393) and that Nevada representatives compared to the protection the tariff granted to the iron producers of the Northeast and Midwest. Thus, to the story of the fight over whether the United States should have been on gold or silver, Bensel adds the story of how the executive branch (under Republican presidents and the gold Democrat Grover Cleveland) kept the nation on gold—despite congressional opposition, the fiscal drag of silver purchases, and repatriations of European capital whenever the silver agitation heated up.

It is impossible to do justice to Bensel’s analysis of the economy, congressional politics, or the economic policies in a short review—much less to the complex interactions among them. Suffice it to say that Bensel’s research is broad and deep, sometimes to an extent that can only be called overkill. The weakest chapter is a 100-page analysis of state-level partisan platforms, in which Bensel counts the appearance of various planks in Democratic, Republican, Prohibitionist, Greenback, and Populist platforms (with twenty-three frequency distribution tables). This analysis was written to show the following: (1) that economic development issues appeared vastly more often than temperance or other staples of the “ethnocultural” view that Bensel identifies mainly with Paul Kleppner’s *The Third Electoral System* (1979); and (2) that “intersectional” economic issues like the tariff too often are dismissed as “sham” issues, as they are in Lawrence Goodwyn’s *Democratic Promise* (1976)—and were by Greenbackers and Populists at the time.

Although Bensel is clearly right about the content of the platforms, this finding does not conclusively rule out the rival views, since they explicitly reject platform statements as reliable gauges of voting behavior (Kleppner) or of popular aspirations for economic justice (Goodwyn). Nobody has ever denied that Democrats and Republicans argued about the tariff. The question is whether this debate was meaningful. Bensel shows that it was, but not by counting the platform planks.

As Bensel himself recognizes, this book is too long, despite the significance of its reinterpretation of the political economy of late-nineteenth-century America. Nevertheless, many will find it an indispensable source, as it makes sense of things everyone knows are important but whose links have often seemed muddy. Business and economic historians will have to take account of Bensel's claims for the centrality of public policy, while political historians will have to acknowledge that the Republican Party was more than a mere political machine—it was a developmental engine at the heart of industrial growth. Whether this means that “development” coexisted with “democracy” in the U.S. case is, Bensel ultimately admits, less than clear, especially from the vantage point of southern blacks. There was a robust electoral politics. Democracy may well be another matter.

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