

When All Else Fails: Government as the Ultimate Risk Manager. *By David A. Moss.* Cambridge, Mass.: Harvard University Press, 2002. viii + 456 pp. Index, notes, figures, tables. Cloth, \$39.95. ISBN 0-674-00757-3.

Reviewed by William J. Novak

The history of political economy in the United States—the history of the interrelationship of politics, law, and economic development in the nineteenth and twentieth centuries—is enjoying something of an academic renaissance. Business and institutional historians like Colleen Dunlavy, Richard John, and Naomi Lamoreaux, working in the tradition of Alfred D. Chandler Jr. and Louis Galambos, continue to advance our understanding of the deeply rooted links between institutions of government and organizations of capital. Political scientists like Richard Bense, working in an American political development subfield pioneered by Karen Orren, Theda Skocpol, and Stephen Skowronek, are drawing renewed attention to the interdependence of statecraft and economic growth in the critical period from the Civil War through the New Deal. Economists and economic historians like Claudia Goldin and Gary Libecap continue to open up an agenda gleaned from the later work of Douglass North and Robert Fogel on the institutional and governmental prerequisites for economic development and reform in a regulated economy. Forthcoming books by John Fabian Witt on accident law and Michelle Landis Dauber on emergency disaster relief exemplify some of the new ways in which legal and political historians are currently extending the pioneering examinations by Willard Hurst, Harry Scheiber, and Morton Keller of the political and legal conditions of economic freedom. Even international scholars working on comparative economic development, like Hernando de Soto and Mancur Olson, have begun to scrutinize the legal–economic history of the early United States for lessons on the appropriate level of governmental support for, and intervention in, property and contract relations. The list of younger interdisciplinary scholars working on diverse aspects of this history of U.S. political economy grows every year, including, among others, Sven Beckert, Daniel Carpenter, Barry Cushman, Jacob Hacker, Christopher Howard, Meg Jacobs, Kenneth Kersch, Jennifer Klein, Reuel Schiller, and Barbara Welke.

David A. Moss's wonderful new book, *When All Else Fails: Government as the Ultimate Risk Manager*, heralds a new maturity in this recent scholarship. It is the first attempt to survey the long history of legal and state involvement in the provision of economic security over the whole course of the nation's two centuries of development. And it is the first book that should be assigned to graduate students to introduce them to this intricate, but still too hidden, history of the American state's crucial and constant involvement in the economic life of the nation. This is an extraordinary book and an important new voice in the history of political economy.

Moss uses the idea of government risk management to create a fresh synthesis of the history of public economic policymaking from the early republic to the present. Moss defines risk management broadly as "any government activity designed either to reduce or reallocate risk" (p. 1). Consequently, he is able to weave together in a single chronological narrative seven particular policy case studies: the emergence of limited liability for corporations; banking and the regulation of money supply; bankruptcy law; workers' compensation; social security; product liability; and federal disaster relief. The case studies are well chosen, exceptionally well written, and heroically clear and concise. While experts in each area will find much that is familiar in Moss's individual policy narratives, they will be hard pressed to identify better thirty-page statements of the main challenges and initiatives in each area. Though I have written on nineteenth-century banking regulation, for example (and have spent an inordinate amount of time deciphering Willard Hurst's *Legal History of Money*), I simply have never understood the problem of the early American money supply any better than when I finished Moss's illuminating chapter on the topic. One reviewer has compared the ease and clarity with which Moss writes about complex economic and financial matters to John Kenneth Galbraith's legendary style. And indeed there is something rare and inspiring about Moss's seemingly effortless tour through two centuries of the thorniest legal and economic policies imaginable—corporate organization, bankruptcy, product liability (do more difficult historical subjects exist?). Even when dealing with some of the more familiar material, arguably the case with the emergence of social security, Moss's individual chapters never fail to surprise and introduce new angles of vision. News to me in the development of unemployment insurance was the early Louis Brandeis-inspired

idea of using federal taxing powers to offset the “race-to-the-bottom” effect that had plagued previous efforts to draft uniform state unemployment legislation.

But while the individual case studies do form the empirical heart of this book, the original breakthrough of the volume lies in its interpretive synthesis. Unlike *Socializing Security*, Moss’s first book, *When All Else Fails* is not a monograph—it is a sweeping reinterpretation of the nature and import of American governmental involvement in the economy since the inception of the nation. In contrast to all-too-resilient portrayals of the American political–economic tradition as one of laissez-faire economics and limited government (or as involving a single wholesale shift from Gilded Age laissez-faire to the New Deal welfare state), Moss’s surveys document the consistent and continuous intervention of the state to manage private-sector risks since the earliest days of the republic. From legal and legislative interventions limiting risks affecting trade and investment before 1900, to Progressive Era reforms to rein in the new risks to workers posed by industrialism, to post–New Deal efforts to secure all citizens as consumers from product, environmental, and other health and safety hazards, Moss charts the ubiquitous and explicit efforts of Americans to actively utilize the power of the state in order to solve the most pressing socioeconomic problems of the day. By locating the roots of American state activism in general and constant risk management (as opposed to, say, labor–capital relations, welfare policy, social-democratic political reform, or interest-group rent-seeking), and by looking for that activism in hard-to-detect but common policies involving rather complicated changes in common-law rules, tax law, liability regimes, and insurance (as opposed to highly visible, though rarer, instances of clear-cut legislative or administrative reform), Moss goes far toward explaining that persistent paradox of American policymaking: the abundance of statist interventions and regulations amid a resounding rhetoric of individualism, private rights, entrepreneurship, and limited government.

Like any original reinterpretation, Moss’s synthesis will generate critics. No doubt some will complain that his conception of risk management (which includes even the predictable enforcement of property rights) is overly capacious, potentially including anything that can be seen as either reducing the possibility of harm to or positively enhancing the welfare of the population—that is, the very definition of the general

responsibility of government. So too, critics will take issue with Moss's depiction of a distinct evolution in governmental risk-management policy through three phases: risks to business capital, risks to worker health and safety, risks to consumer citizens. Questions about causation for the shifts in policy priorities remain, and so do questions about the decisive nature of those shifts. Is the American legal–governmental policymaking apparatus of the early twenty-first century any less focused on reducing risks to business, investment, trade, and capital than it was in the early nineteenth century?

On the whole, however, it is the bold originality of this sweeping synthesis that will generate the most commentary. No other book exists like it. And one would need to reach back a generation to find scholars willing to take on the whole history of American legal–economic policymaking. Thus David Moss's book stands out as a beacon and an example to a new group of scholars now trying to revitalize a field of inquiry—political economy—that is as old and as important as the very idea of the social sciences.

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