

# Econ 210a: 2023-04-19 We 13:00 PST: DeLong: The New Deal & Neoliberal Orders

- **J. Bradford DeLong**, *Slouching Towards Utopia: The Economic History of the 20th Century* <<https://bcourses.berkeley.edu/courses/1521277/files?preview=85872568>>:
  - Intro
  - 1. Globalizing the World
  - 2. Revving-Up the Engine of Technological Progress
  - 3. Democratizing the Global North
  - 7. The Great Depression
- **Gary Gerstle**, *The Rise & Fall of the Neoliberal Order* <<https://bcourses.berkeley.edu/courses/1521277/files?preview=85872567>>:
  - Intro
  - 1. Rise
  - 79-87

# Guesses & Major Features of Very Long-Run Human Economic History

## Guesses at Global Longest-Run Global Economic Growth

Date	Real Income/ Capita y	Popula- tion P (millions)	Total Income Y (billions)	Ideas Stock Level H	Ideas Growth Rate h		Population Growth n	Efficiency- Growth g
-8000	\$1,200	2.04	\$2.4	0.037	0.003%		0.006%	0.000%
-6000	\$900	5.09	\$4.6	0.043	0.009%	"Tribal" mode of production	0.046%	-0.014%
-4000	\$900	10.5	\$9	0.062	0.018%	Final start of "urbanization"?	0.036%	0.000%
-3000	\$900	15	\$14	0.075	0.018%	Start of Bronze-Literacy age	0.037%	0.000%
-1500	\$900	37	\$33	0.117	0.030%	Bronze-Literacy mode of pro	0.060%	0.000%
-1000	\$900	50	\$45	0.136	0.030%	Start of Iron age	0.060%	0.000%
-400	\$900	103	\$93	0.195	0.060%	"Ancient" mode of domination	0.120%	0.000%
150	\$900	200	\$180	0.272	0.060%	High Antiquity	0.121%	0.000%
800	\$900	240	\$216	0.297	0.014%	Late-Antiquity Pause	0.028%	0.000%
1000	\$900	296	\$266	0.330	0.052%	Feudal mode of production	0.105%	0.000%
1500	\$900	500	\$450	0.429	0.052%	Commercial-Gunpowder-Empire	0.105%	0.000%
1770	\$1,100	750	\$825	0.643	0.149%	Imperial-Commercial Revolution	0.150%	0.074%
1870	\$1,300	1299	\$1,689	1.000	0.442%	Steampower mode of produc	0.550%	0.167%
1930	\$3,000	1909	\$5,727	3.000	1.714%	Second-Industrial-Revolution	0.641%	1.394%
1975	\$6,000	3678	\$22,069	9.000	2.269%	Mass-Production mode of pr	1.457%	1.540%
2020	\$12,000	7566	\$90,794	27.000	2.342%	Global-Value-Chain mode of	1.603%	1.540%
2100	\$50,000	10000	\$499,990	129.333	1.958%	? Into the Future?	0.349%	1.784%

1. **The Neolithic Revolution** from -8000 to -6000
2. **The glacial pace of technological progress in the past**—1870 to 2010 we saw, in an average year, 200 times the *h* of the early Agrarian Age. (And, of course, growth from a much, much higher pace.)
3. Nevertheless, the **large cumulative magnitude of technological progress.**
4. **The acceleration of growth in the early Agrarian Age** -6000 to the year 1
5. **The Late-Antiquity Pause** from 150 to 800
6. **The Mediæval Recovery**
7. **The Imperial-Commercial Age** step-up in growth over 1500 to 1770.
8. **The British Industrial Revolution Age** from 1770 to 1870.
9. **Modern Economic Growth** from 1870 to 2010.
10. **The Population Explosion and Demographic Transition** from 1770 to 2100.
11. **Whatever is going on now**—if global warming and other problems do not interrupt Modern Economic Growth, what do we have to look forward to for the world of 2100?
12. **Is this a misguided intellectual enterprise**—focusing on H, and taking it to be something real and important rather than a distracting mental-fictional cloud-castle that does more to confuse than to enlighten us?

# Guesses & Major Features: Focusing in

## Guesses at Global Longest-Run Global E

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### “Modes of Production”:

1. Agrarian-Age Feudal (1000)
2. Imperial-Commercial (1770)
3. Steampower (1870)
4. Applied-Science (1930)
5. Mass-Production (1975)
6. Global Value-Chain (2020)

### “Modes of Organization”:

1. Feudal (1000)
2. Bourgeois-Aristocratic (1770)
3. Pseudo-Classical Semi-Liberal (1870)
4. Time of Troubles (1930):
  - a. Really-Existing Socialist
  - b. Fascist-Cæsarist-Nazi
  - c. Failed Restoration
  - d. “4th Way” ( (1930)
5. New Deal Order/Social Democracy (1965)
6. Neoliberal (1995)
7. ??????????

### Pace of Change:

1. “All that is solid melts into air...”
2. Survivals and anticipations...
3. A “last instance”?

# Gerstle: Intro

## *The Rise & Fall Of The Neoliberal Order: America & the World in The Free-Market Era:*

- Declaring the post-2010 beginning-of-the-end of the “Neoliberal Order” (miscalled “Reaganite conservatism”)
- “Political order”: a constellation of ideologies, policies, and constituencies that shape politics and governance: “bending the opposition part[y|ies] to its will...”
- New Deal Order and Neoliberal Orders
- Steve Fraser & Gary Gerstle, eds., *The Rise & Fall of the New Deal Order, 1930-1980*
  - Discontent with the New Deal Order: Race, overbureaucratization, privileging disruption
- Neoliberal Order: Rise:
  - Role played by really-existing socialism’s fall?
  - 1970s-1980s: Rise of Ronald Reagan and his Republican Party (and Margaret Thatcher, and others)
  - 1990s: Bill Clinton and the “New Democrats”—thought of themselves as somewhat-chastened New Deal Order/Social Democratic wolves in left-neoliberal sheeps’ clothing
  - 2000s: George W. Bush and the “Washington Consensus”
- Neoliberal Order: Fall:
  - Culture: neo-Victorianism vs. cosmopolitanism
  - Great Recession & Barack Obama
  - “Tea Party” & Donald Trump/Bernie Sanders
  - COVID & Joe Biden

# Gerstle: 1. Rise (of the New Deal Order)

## A Political Coalition, an Ideological Orientation, & an Economic Program:

- Political coalition:
  - Unions
  - Ethnics
  - Southern whites
  - Blacks
- Ideological orientation:
  - Unfettered capitalism a destructive danger
  - Power of the can-do state
  - Anti-communism
  - Post-1948 Civil Rights
  - Large institutions and organizations
- Economic Program
  - Keynesianism
  - Labor—the Great Compression
  - Redistribution—“new property entitlements”
  - Alphabet-soup of regulatory agencies
  - Eisenhower: I am a better manager of the New Deal Order because I am not a committed believer in it

# Gerstle: 79-87

## From Pseudo-Classical Semi-Liberalism to the New Deal Order, and After:

- Pseudo-Classical Semi-Liberalism:
  - Unleash technology and the market!
  - But privilege order over freedom
  - Progressive reaction: necessity of curbing “malefactors of great wealth”
  - Progressive reaction: necessity of making citizens
- The New Deal Order:
  - Progressivism or liberalism? Not settled until 1940...
  - Need to find a third way between *laissez-faire* and “collectivism”
  - Progressive reaction: necessity of making citizens
- Neoliberalism Struggles to Be Born:
  - Herbert Hoover: “government-regulated business” as opposed to Roosevelt’s “government-dictated business”...
  - Mont Pelerin
  - “Encasement” and depoliticization...
  - Human capital investment so that people can access the market...
  - Throwing off constraints—in this case, New Deal-bureaucratic constraints...

# DeLong: Intro

## Post-1870 Sees the Rapid Arrival of Knowledge of How to Bake a Sufficiently-Large Economic Pie:

- Sufficiently large for everyone to have *enough*...
- But what about slicing and tasting the economic pie?...
- What about equitable distribution, and using our wealth wisely and well, so people feel safe and secure and are healthy and happy?
- Why have those problems so completely flummoxed us?
- DeLong's major themes:
  - History became economic...
  - The world globalized...
  - Technological cornucopia was the driver...
  - Governments mismanaged...
  - Tyrannies intensified...

# DeLong: 1-3

## The Pseudo-Classical Semi-Liberal Order in the Global North:

- Industrial research labs & modern corporations: discovery, development, and deployment of new technologies...
- Full globalization: incentives & ability to deploy and diffuse modern technologies...
- Governance: how to support, how to manage, and how to handle:
  - The pace of change...
  - Schumpeterian creative-destruction...
  - Dealing with structural transformation...
  - Anger of the relative & absolute losers in the context of rapidly growing inequality...
  - Yet the system holds together up to 1914...
  - “Economic El Dorado”...



# DeLong: 7. Great Depression

## Accidental Transformational Moment:

- Up until then, the forces trying for “restoration” still largely had the upper hand...
- Why a Great Depression?: Say’s Law and Mill’s refutation...
- Why a Great Depression?: Austerity, & the belief that depressions were functional...
- The sheer luck that the 1932 election produces a swing to the center-left in the United States—and that FDR is then solidly in the driver’s seat...
- But what was FDR to do in 1933?...
- Answer: everything...
- And then reinforce success...
- The New Deal Order—the shotgun marriage of von Hayek to Polanyi blessed by John Maynard Keynes, was in its origins not at all ideological, but purely pragmatic: what had seemed to work over 1933-1948...