

common racial epithet for Americans of African descent in an effort to diminish their capacity as soldiers during the Spanish-American War (p. 214).

Although any reviewer will find assertions to challenge in any book, Wright's book is worth reading. It will provide advocates of free enterprise much to relish; in equal portions, it will give proponents of state regulated markets ammunition for their policies. Anyone who reads it will, I am certain, be provoked to think further about entrepreneurship in South Dakota and in general, and that is not a bad thing for a history book to do.

STEVEN J. BUCKLIN, *The University of South Dakota*

Building the Empire State: Political Economy in the Early Republic. By Brian Phillips Murphy. Philadelphia: University of Pennsylvania Press, 2015. Pp. xii, 287. \$49.95, cloth.

doi: 10.1017/S0022050716001170

Brian Murphy revisits the connections between politics, development projects, and corporations in Early-Republic New York. If any evidence is needed that developmental corporations were inherently political, look no further than New York's master politicians DeWitt Clinton and Martin Van Buren. Van Buren, who as state senator voted against every bank charter bill but one because he considered corporate privileges anti-republican, nevertheless supported the canal and served on the board of directors of the State Bank of Albany. Clinton was variously, and sometimes simultaneously, a director of the Manhattan Company, Erie Canal commissioner, and governor. The lure of the canal was so powerful that it briefly allied Clinton and Van Buren; it even reconciled Clinton and John Swartwout whose political and personal enmities had earlier led Clinton to shoot Swartwout—twice—in a duel. Personal disputes and political schisms alike were, even if only briefly, “mended by the balm of common interest” in developmental projects (p. 185).

A second feature that separated Van Buren, Clinton, and Swartwout's generation from the Revolutionary-era generation of politicians was that wealth was no longer a prerequisite for holding public office. The aristocrats were replaced by a class of political entrepreneurs, or “people who sought to translate their influence and connections into sources of income and opportunity” for themselves and for others (p. 2). Political entrepreneurs were not conflicted by using their political powers to realize economic gains that tended to further entrench their political power. Van Buren later emerged as one of the nation's premier political entrepreneurs because he could claim to be anti-privilege in not voting for bank charters, but behind the scenes he manipulated the process so that only his political allies received charters; it was understood that the fortunate few would use their banks to further the party's objectives (Howard Bodenhorn, “Bank Chartering and Political Corruption in Antebellum New York,” *Corruption and Reform: Lesson's from America's Economic History*. Chicago: University of Chicago Press [2006]: 231–57).

New York's Livingston clan—namely Robert R., John R., Edward, and H. Brockholst—take center stage in Murphy's analysis of New York's fraught relationship with banks, canals, and steamboat companies. Robert R.'s entrepreneurial efforts appeared in the 1784 banking debate. Three bank proposals were debated: a

land bank, a partnership bank, and a commercial bank. Robert R., who was engaged in property speculation in New York City, favored the land bank, which would be controlled by and for the advantage of a few men including, of course, him. None of the proposed banks secured a legislative charter, but the commercial bank proposal emerged as the Bank of New York. According to Murphy, the BONY succeeded where the others did not because it spread the benefits of ownership broadly, limited the power of large shareholders, and purposely, though not without controversy, crossed partisan lines by including loyalist Tories with wide mercantile connections (p. 41).

If banks were political creatures, it is no surprise that they were also partisan. Contemporaries alleged that the Bank of New York catered to Federalist merchants, leaving Republicans without access to bank credit. Murphy acknowledges that profits tended to trump partisanship, which discountenances contemporary claims, but Federalist shareholders were probably preferred borrowers. Enter the Manhattan Company, which was not supposed to be a bank at all until Aaron Burr slipped a clause into the chartering act that allowed the water utility to assume banking activities. Whether Burr duped the legislature is a less interesting issue than the bank's support of partisan activities. Edward Livingston, Robert R.'s brother, believed that the Company's Republican-focused lending would secure the state's critical electoral-college votes for Thomas Jefferson in 1800. The Company's activities signaled that Republicans, too, intended to participate in "distributive politics" (p.108) to aid the "ambitions of the ambitious" (p. 8).

Early Americans expected corporations to be more than for-profit enterprises. Incorporation inhered public authority in private hands and it was only because political entrepreneurs advanced the commonweal that politicians tolerated the "influence of a cadre of unelected" men (p. 7). When private capital proved incapable of advancing the commonweal in some sphere, alternatives to the private corporation were sought. Murphy argues that the inability of the Northern and Western Inland Lock Navigation companies to make even short canals economically viable convinced New York's legislators to adopt an alternative, purely public ownership model for the Erie Canal. It was to be a wholly state-owned and financed project because the canal was "too important" to hand over to a private corporation (p. 170). In reality it was too big for private equity to finance. The state's ability to even contemplate it, however, was made possible because Alexander Hamilton—a non-elite Revolutionary-era political entrepreneur—had transformed American state debt from junk to investment grade (Richard Sylla, *U.S. Securities Markets and the Banking System, 1790–1840*, *Federal Reserve Bank of St. Louis Review* [May/June 1998]: 83–98).

For Murphy, state ownership and financing of the canal signaled an incipient movement toward a more enlightened democratic/capitalist order in which "squabbling over patronage, party divisions, and even past duels could be overwhelmed by the relational bonds of shared commercial and financial interests that were capable of prodding shareholders to cooperate as citizens" (p. 187). Murphy's analysis of the canal, and banking for that matter, would have been more compelling had he set aside or, at least, supplemented his notion that the canal commissioners succeeded because they teased out "different valences of...civic aspirations" with John Wallis's ("Constitutions, Corporations, and Corruption" this *JOURNAL* 65, no.1 [2005]: 211–56) idea that the only transportation infrastructure projects that came to fruition were those funded by taxless finance or offered something for everyone. The Erie came into being because

its expected revenues, long, wandering route and the promise of short feeder canals brought together a large enough coalition to overcome the objections of outspoken opponents, such as Erastus Root, whose districts would not directly benefit from the canal. Moreover, Murphy's belief that a state-owned canal, managed by politically connected canal commissioners, would introduce fewer economic distortions than privately owned and managed corporations seems naïve to anyone who accepts that public officials, as citizens, maximize private utility first.

None of these criticisms are fatal, but addressing them would add nuance and lead to some alternative interpretations of New York's choices than those offered by Murphy. Still, the book stands as an original and interesting addition to a new literature reinterpreting early American capitalism.

HOWARD BODENHORN, *Clemson University*

CRASH!: How the Economic Boom and Bust of the 1920s Worked. By Phillip G. Payne. Baltimore: Johns Hopkins University Press, 2015. Pp. vii, 142. \$19.95, paper. doi: 10.1017/S0022050716000905

This short book is part of the “How Things Worked” series published by Johns Hopkins University Press. The timing of the book is prescient as Phillip Payne consistently weaves in parallels between the boom and bust of the 1920s and 1930s and the housing boom and financial crisis that occurred in the first decade of the twenty first century. Payne relies heavily on Charles Mackay's 1841 classic analysis of asset bubbles, *Memoirs of Extraordinary Popular Delusions and the Madness of Crowds* to explain the behavior of the stock market in the late 1920s as well as the housing bubble of 2004–2007.

The main thesis of *CRASH!* is that poor governance by Republican presidential administrations (Harding, Coolidge, Reagan, and both Bushes) who became too cozy with Wall Street allowed speculation to fester into asset bubbles, which then popped and brought economic hardship to the nation. Republicans do not get all the blame. Democratic President Bill Clinton is also labeled a political enabler for having “imbibed some of the tenets of neoliberal capitalism” including free trade, globalization, and deregulation (p. 120). The book highlights the particularly important role played in bubble formation of speculating with borrowed money.

It is important to note that undergraduate students in history are the primary audience for this book—the book could even be assigned reading for good high school history students. The book is non-technical and it does not dive deeply into scholarly debates about the various issues that surround the boom and bust of the 1920s and 1930s. To Payne's credit, he does generally inform the reader that such debates do exist, but to even say that he scratches the surface on the nature of these debates would be an over-exaggeration.

The strongest aspect of *CRASH!*, and one where even scholars who already know this era's history could benefit, is Payne's personalization of the various players in the boom and bust cycle of the 20s and 30s. These include figures such as Richard Whitney, J.P. Morgan, Charles Ponzi, Joseph Kennedy, Irving Fisher, and Herbert Hoover, among others. Individuals are placed into categories such as Schemers, Upstarts, Manipulators,