

# America Will *Escape* Its Second Gilded Age

BY J. BRADFORD DELONG

*There are reasons  
for optimism.*

Some of us are more optimistic than others about the future. We optimists recognize that it is still possible to escape from the traps that America's Second Gilded Age has laid. During a gilded age, productive capabilities are directed away from providing most people with necessities and conveniences, and toward exorbitant spending on status-seeking and other worthless activities. Inherited wealth typically plays a major role, and it is often deployed to block and delay any transformation that could upend the status quo.

Consider global warming, which now threatens to neutralize much of the technological dividend that we otherwise would have had over the next two generations. We are in this mess precisely because coal and oil interests had enough social and political power to delay the transition to zero-emissions energy. Worse, segments of the socially and politically powerful regard democracy as a problem.

Both optimists and pessimists can agree that escaping our gilded age would make it much easier to address other problems impeding human progress. It would reduce the social power of those who profit from polluting the environment and damaging our democracies. Inequality would no longer stymie the market economy's powers to crowdsource solutions.

What is the case for optimism? For starters, it is worth remembering that the United States did eventually emerge from the original Gilded Age in

THE INTERNATIONAL  
ECONOMY  
THE MAGAZINE OF INTERNATIONAL  
ECONOMIC POLICY  
220 I Street, N.E., Suite 200  
Washington, D.C. 20002  
Phone: 202-861-0791  
Fax: 202-861-0790  
www.international-economy.com  
editor@international-economy.com

---

*J. Bradford DeLong, a former deputy assistant U.S. Treasury secretary, is Professor of Economics at the University of California, Berkeley, a research associate at the National Bureau of Economic Research, and the author of Slouching Towards Utopia: An Economic History of the Twentieth Century (Basic Books, 2022).*

COPYRIGHT: PROJECT SYNDICATE, 2023

the late nineteenth century, and it did so by embracing immigration, expertise, and shared interests—the basis of the American Century that followed.

How did this escape happen? First, consider immigration. In the early decades of the 1900s, the foreign-born share of the U.S. population was as large and as feared as it is now. But this fear did not merely fuel demands to “close the border.” It also created an impetus for policies to integrate immigrants and their children into American society. This meant creating real pathways for upward mobility, and assimilating new arrivals to America’s foundational myths, particularly that America is a nation of immigrants. Almost all of us descend from people who came to the New World to avoid the mistakes of the old one.

The second factor was expertise. In the early 1900s, many elites understood that the Gilded Age was not producing a good-enough society. Although the Republican Party was the natural home of the rich, U.S. President Theodore Roosevelt was far-sighted enough to understand the need to rein in the “malefactors of great wealth.”

Likewise, the steel magnate Andrew Carnegie was far-sighted enough to understand that private wealth is a public trust, and that, “The man who dies thus rich dies disgraced.” And President Herbert Hoover was far-sighted enough to understand that the U.S. government could help spread engineering, managerial, and organizational knowledge throughout the economy.

That brings us to the matter of interest. All these figures could see that even the most individualistic society needs some degree of social solidarity. Americans’ “self-interest rightly understood,” Alexis de Tocqueville observed, rests on the principle that one’s own prosperity is best ensured by having independent and prosperous neighbors. Moreover, the threat posed by totalitarianism taught everyone that good societies are fragile. At the time, few would dare jeopardize

**D**uring a gilded age, productive capabilities are directed away from providing most people with necessities and conveniences, and toward exorbitant spending on status-seeking and other worthless activities. Inherited wealth typically plays a major role, and it is often deployed to block and delay any transformation that could upend the status quo.

Global warming threatens to neutralize much of the technological dividend that we otherwise would have had over the next two generations.

—J. B. DeLong

---

*The United States did eventually emerge  
from the original Gilded Age  
by embracing immigration, expertise,  
and shared interests.*

---

their own interests by pushing institutions and norms to the breaking point, just so that they could try to seize more of the political and economic pie afterwards.

In short, everyone saw that policy corrections were needed. Not even the rich in America were benefiting from the extremely high income and wealth inequality of the Gilded Age.

The pessimists will say that history is unlikely to repeat or even to rhyme in this case. Today’s Republicans are nothing like those of a century ago. Even a supposed moderate patrician like Mitt Romney is not above describing 47 percent of his fellow Americans as willing victims “who believe that they are entitled to health care, to food, to housing, to you-name-it.” The way he saw it when he was running for president in 2012, “My job is not to worry about those people. I’ll never convince them they should take personal responsibility and care for their lives.”

That was over ten years ago. Today, Romney’s colleagues routinely go even further, denouncing everything from “woke mobs” and “Big Tech ... corporations that have sold us out to China” to vaccine mandates (“modern-day segregation”) and efforts to teach Americans that while their country may be great, it is not always good.

Much of this may be just bluster to satisfy an activist base. Recall that when Republicans held a secret ballot, in 2021, on whether to retain Representative Liz Cheney as the chair of the House Republican Conference, 145 members voted in her favor, compared to only 61 against. Similarly, 17 Republican senators voted to advance U.S. President Joe Biden’s 2021 infrastructure plan, and House Republicans recently voted 149 to 71 in favor of the debt-limit deal negotiated by Biden and Speaker of the House Kevin McCarthy.

Escaping the original Gilded Age was a long process, stretching from the Progressive Era of the early twentieth century to the New Deal in the 1930s. The road from the Second Gilded Age will also be long, and there is reason to hope that it will be built. ◆