

Concrete Economic: The Hamilton Approach to Economic Growth and Policy

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Repeatedly, government in the United States opened a new economic space, doing what was needed to enable and encourage entrepreneurs to rush into that space, innovate, expand it and, over time, reshape the economy. Each time, and there were many, this was done pragmatically. The choice of economic space seemed obvious, and the means -- while powerful interests usually had a leg up -- was never the bright idea of some smart economist or distinguished committee; it was never guided by ideology, whether pure or in the guise of theory. And each time in America's long economic history -- except for the most recent one, which was based on ideology rather than pragmatism -- the results have been very positive indeed.

From a global, bird's-eye view, three centuries ago the world's high civilizations were roughly equal in prosperity. Today the North Atlantic nations (including a few "honorary" North Atlantic countries like Japan and Australia) are richer by a factor of at least five. And the overwhelming bulk of that divergence is due to economic policy. The post-World War II reinvigoration of Western Europe, the post-1975 rise of China, and the post-1913 relative economic decline of Argentina were, no serious thinkers dispute, predominantly driven by good and bad economy policy.

That policy matters most is clear from this global record. In successful economies, economic policy has focused on what works for people who are trying to increase productivity on the ground, not on the voices heard by madmen in authority or the doctrines of academic scribblers. That is the lesson we draw from our reading of economic history. Getting economic policy right -- and getting the political economy right, so that the country can get its economic policy right -- is and has been of overwhelming importance in generating prosperity. But a global, bird's-eye view cannot provide us with enough detail to understand how, exactly, or what "getting economic policy right" really means.

For that, we have to focus.

And so this book will focus on the United States, which is, fortunately for us, the place where economic policy has been, without a doubt, the most successful over the past couple of centuries.

When we look at the United States, we find not one design of economic policy, but rather sequential redesigns as the economic environment and the policies of that offer the best chance of successful medium-term growth shift.

Beginning with Alexander Hamilton, the architect of the first and most important redesign, and moving on to Abraham Lincoln and the Republican ascendancy, to Teddy Roosevelt, Franklin Roosevelt, and Dwight Eisenhower, the US government is always there, taking the lead, opening new economic spaces. It is doing so consciously. And it is doing so pragmatically -- not ideologically. And it is doing so very successfully, at least until recently.

We have forgotten our history. This book seeks to remind us of our history.