

# Gabriel Kolko's Unfinished Revolution - On the role that the state and its legal system played in the very making of modern capitalism

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**Kolko reshaped the way we think about how the state protects and advances capitalist interests.**

Gabriel Kolko, historian and socialist, died last month in his home in Amsterdam. He was 81.

When Kolko's *The Triumph of Conservatism* appeared on the scene in 1963, it was not only a book of history but heresy. This was the era in which American liberalism reigned supreme, and social commentators such as Daniel Bell confidently assured the public that the formula for sustained economic prosperity and political freedom had been uncovered in the form of a capitalist system kept in check by a powerful and centralized regulatory government.

American liberals of the era rarely challenged the basic assumption on which their worldview hinged: that the purpose of the modern state was to inhibit and constrain — not advance or sustain — corporate interests. As is evident from Bell's contemporaneous declaration that the balance of powers between private enterprise and public policy signaled nothing short of an "end of ideology," American liberals in the early 1960s were so utterly convinced of the diverging interests of state and capital that they could not even fathom that this assumption was ideological in itself.

To men such as Arthur Schlesinger, an archliberal in both the White House and his own historical writings, it was sheer common sense to note that "liberalism in America has been ordinarily the movement on the part of other sections to restrain the power of the business community." In the early 1960s, American historians — led by the likes of Oscar Handlin, Louis Hartz and Richard Hofstadter — echoed Schlesinger's sentiment. American historians, that is, save for a young Gabriel Kolko.

Any hegemonic historical narrative worth its salt must have a solid origin story. American liberalism's lay in its self-proclaimed "Progressive Era." The labels which have stuck to this distinct periodization of American history insure that this particular story — which still dominates textbook timelines, best-selling biographies, National Public Radio podcasts and most college history departments — practically tells itself. In the beginning, there was the "Gilded Age," an era of rampant capitalistic greed and excess in which the fortunes of the American people were crushed by "robber barons" and the corrupt politicians these men had in their pocket.

But then, everything changed. With the new century came a dramatic turn of events as a cadre of crusading "middle-class reformers" — led by the "trust-busting" likes of Teddy Roosevelt — took

control of the federal government, instituted a number of anti-business “reforms” and not only ushered in the Progressive Era but set the political, economic, and ideological foundation for post-war American affluence.

Be it the government-subsidized consumerism of fifties suburbia, state-sanctioned anti-communism, or the rise of Eisenhower’s “military-industrial complex,” Gabriel Kolko was skeptical of this liberal narrative and set out to undermine it.

In his doctoral dissertation on railroad regulation at Harvard, Kolko pulled the rug from under the origin tale of American liberalism by painstakingly uncovering a startling revelation in the archives: The men who had led the push for federal regulation of railroads were not populist farmers or wage laborers but rather the railroad capitalists themselves.

“The dominant fact of American political life of this century,” Kolko would later summarize, “was that big business led the struggle for federal regulation of the economy.”

In his dissertation, and then more broadly in *The Triumph of Conservatism*, Kolko presented meticulous research to offer a revisionist version of American history. “I contend that the period from approximately 1900 until the United States’ intervention in the war, labeled the ‘Progressive Era’ by virtually all historians,” he declared, “was really an era of conservatism.” Conservative, Kolko went on to explain, because it was “an effort to preserve the basic social and economic relations essential to a capitalist society.”

Kolko was not one to pull his punches or mince his words. A proud socialist and a man of the New Left, he became a leading voice and pamphleteer within the Student League for Industrial Democracy (SLID), an organization that would later become the Students for a Democratic Society (SDS). Yet like many socialists of the era, Kolko rejected the determinist positivism of earlier Marxist theory.

The consolidation of the American economy into a few giant monopolistic corporations, Kolko would repeatedly argue throughout his life, was not — as both Max Weber and Karl Marx had suggested — an inevitable event brought on by inexorable economic forces. Rather, it was a contingent and conscious transformation brought on by the very “progressive” policymakers that American liberals had been celebrating for precisely the opposite reasons.

Impersonal laws of diminishing returns didn’t make corporate capitalism, according to Kolko — people in power did. People like Theodore Roosevelt, who legitimized the corporation by dividing them into “good” and “bad” trusts, or Senator Nelson Aldrich, a close ally of JP Morgan and the architect of the Federal Reserve System that publicly ensured the much-needed stability of private finance.

To appreciate the heretical depths of Kolko’s revisionism, we must linger a bit longer on his dissertation and first book. In these works, Kolko turned liberal historiography on its head. He argued that the Gilded Age was not an era of untrammelled monopoly power and corporate dominance but rather one of cutthroat competition, chaotic instability, rising labor power, radically anti-business legislation at the local and state level, and a balkanized political system that did not fit the standardized needs of corporations aspiring to create a centralized national economy.

Corporate-minded businessmen, Kolko pointed out, desperately tried to deflect these social and economic forces through the construction of private cartels and mergers, but to no avail. By the turn of the twentieth century, corporate businessman’s profits and social standing were both dropping fast. These failures led leading corporate interests to conclude that only the federal government had

the means and power to centralize, rationalize, standardize, stabilize, and regulate the chaos of Gilded Age capitalism into a predictable and consolidated corporate economy.

Only in the era historians have ironically coined “Progressive,” Kolko concluded, did economic elites finally succeed — under the aegis of government “reform” — to institutionalize corporate social relations through such business-led government initiatives as the Federal Trade Commission and the Federal Reserve System.

After deeming the Progressive Era conservative, Kolko — along with his wife Joyce — turned his eye on to American foreign policy, the Cold War, and Vietnam. Here too, Kolko sought to challenge the conventional wisdom of the field.

Until Kolko and William Appleman Williams came along, the standard argument regarding the origins of the Cold War in America fixed nearly all of the blame on the Soviet Union. George Kennan’s popular theory of “containment” portrayed the United States as a rather passive player in global politics, as it sought only to protect itself and hold back Communist aggressors. These narratives tended to downplay economic or social causes of the Cold War in favor of diplomatic explanations and high politics.

Kolko’s rewriting of the Cold War reflected these criticisms. In *The Politics of War* (1968), he linked domestic and foreign policy by arguing that one of the main goals of American warfare was to suppress the Left at home and preserve corporate capitalist social relations. In *The Limits of Power* (1972), he contended that it was American capitalism’s unquenched need for overseas markets as an outlet for corporate surplus production that forced the United States to take the offensive following World War II.

In these and later writings on American foreign policy, Kolko once more contended that the liberal dichotomy between government and capital was a false one, and that one could only understand the Cold War by exploring the synergetic relationship between capitalists and the liberal state.

And once again, Kolko’s writings and his politics remained firmly enmeshed: He became one of the most outspoken critics of American war crimes, supported the North Vietnamese cause, and was actually in Vietnam when Saigon fell (or, as Kolko would have it, liberated). Kolko even left his position at the University of Pennsylvania after discovering that the school had participated in research on the infamous chemical weapon known as “Agent Orange.” He moved to Canada.

Postwar American liberalism was tolerant and supportive of many historical schools, even those often dominated by socialists. Thanks to its bottom-up emphasis on human agency and marginalized Americans, for example, the liberal mainstream had few qualms about the emerging field of labor history. And despite having its fair share of Marxist luminaries, the history of slavery was widely accepted into the liberal canon in these decades partly because such histories had a tendency to implicitly legitimize free labor capitalism (no matter how hard some on the Left tried to avoid such conclusions).

Celebrate the laborer and slave, or condemn the ruthless businessman and slaveholder, and you could still be a star of the historical profession in postwar America — even if you were a socialist. There was, however, one angle you decidedly could not take: the undermining of middle-class reform and the federal government by equating liberalism with capitalism. As a result, Kolko never managed to climb into the upper echelon of the profession. After leaving the University of Pennsylvania, Kolko spent the rest of his career in Canada, teaching at York University in Toronto.

Today, few graduate students, even those of American capitalism, have even heard of Gabriel Kolko.

In the recent bibliographical essay in *The Cambridge History of the Cold War*, Kolko was not even mentioned. Such labels as “the Progressive Era” or “middle-class reform,” on the other hand, don’t seem to be going anywhere.

Sadly, in researching this piece, it became abundantly clear to me that the group of scholars most active in keeping the Kolko flame alive has been the libertarian right, which has taken Kolko’s analysis of government-designed corporate capitalism as an opportunity to celebrate the wonders of the free market. As early as 1976, Kolko himself recognized this development, lamenting the fact that “with the unimportant exception of a few conservatives who ignored everything which undermined their case, no one paid much attention to my economic exposition.”

Kolko’s reaction to this libertarian lovefest, meanwhile, reveals the unapologetic radical that he was. When a free market magazine sought to list Kolko amongst its supporters, he responded with a letter:

*“As I made clear often and candidly to many so-called libertarians, I have been a socialist and against capitalism all of my life, my works are attacks on that system, and I have no common air of sympathy with the quaint irrelevancy called “free market” economics. There has never been such a system in historical reality, and if it ever comes into being you can count on me to favor its abolition.”*

Kolko’s politics, however, were not the only reason he failed in his attempt to upend the discipline of American history. Glance at the cover of *The Triumph of Conservatism*, and you will find a picture of a giant capitalist in a top hat towering over everyday Americans. Take a closer look, and you will see that the businessman is in fact a giant puppeteer as he has managed to harness the American people with a fistful of rope.

For Gabriel Kolko, capitalists really did pull all the strings. While Kolko’s archival research was always impressive and convincing, such a simplistic approach to history lacked a nuanced and rigorous understanding of power, class and historical change.

While other revisionist historians of the era such as James Weinstein were coming to view businessmen, social reformers, and politicians as part of a single consolidating class (and culture) of corporate technocrats, Kolko’s analysis tended to focus on either presidents and top policy makers or specific interest groups such as Wall Street bankers or Midwestern industrialists. The emphasis was often on uncovering high profile “smoking guns,” not broad, complex and tacit shifts towards a new class-driven and bureaucratic synergy between corporation and state. Despite all his emphasis on economic forces, for Kolko historical change remained mostly personal — not structural and certainly not cultural.

And yet, while Kolko’s heretical revolution clearly remains unfinished, his vast influence on the field of American history cannot be denied. Along with William Appleman Williams, Martin Sklar, and James Weinstein, Kolko became one of the founding fathers of the “corporate liberal” school which stressed that the modern liberal state aided and abetted corporate capitalism far more than it inhibited it. Corporate liberalism has remained one of the most important interventions in American historiography in part because it succeeded in denaturalizing capitalist relations and challenging both neoclassical and liberal approaches to the study of market economics by stressing the crucial role that the state and its legal system played in the very making of modern capitalism.

While more nuanced than Kolko’s somewhat crude arguments, works such as Morton Horwitz’s *Transformation of American Law* and Alan Brinkley’s *End of Reform* are but two examples of great works of history which clearly owe a great debt to Gabriel Kolko. As Alan Brinkley argued in classic

Kolkian style, while New Deal reforms may not have been hand-written by businessmen, they nevertheless were committed first and foremost to “providing a healthy environment in which the corporate world could flourish.”

These important books, as well as Sven Beckert’s *The Monied Metropolis*, Nancy Cohen’s *The Reconstruction of American Liberalism*, William Roy’s *Socializing Capital*, James Livingston’s *Origins of the Federal Reserve*, and many others have Gabriel Kolko’s intellectual fingerprints all over them. Even on the foreign policy front, Kolko’s voice — albeit indirectly — seems to be emerging once more. As Paul Kramer has recently argued in what may become a transformative article in the *American Historical Review*, it is high time that the study of American imperialism focus not only on racism and masculinity but corporate capitalism. I hope Kolko got to read this article before he died.

I have a hunch that both the war in Iraq and the US government’s blatant bailout of Wall Street in 2008 may lead to a Kolkian renaissance in the near future. In his wildest socialist dreams, Kolko could not have made up such outrageous and perfect examples to prove his argument that the main goal of the federal government, in both its domestic and foreign policy, is not to restrain corporate capitalism but to preserve and advance it.

Let us hope scholars other than libertarians do pick up where Kolko left off, as he is no longer around to write the meticulous and definitive case study on the shady dealings of Timothy Geithner, Hank Paulson, Dick Cheney, and Donald Rumsfeld. This is a real tragedy, for I suspect that no one would have done it better.

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