

## The Securities State: Washington and the Making of Modern Wall Street, 1979-1992

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The last quarter of the twentieth century marked a period of profound transformation in Wall Street's role in American life. Over this period, the New York-based securities industry expanded beyond the largely sleepy postwar world of underwriting, advisory, and brokerage services for large corporations and wealthy individuals to a host of integral economic functions that had previously been reserved for government, the regulated banking sector, and corporate managers themselves. By provisioning retirement funds for millions of Americans, directing the investment decisions of companies large and small through private equity funds and leveraged buyouts, and acting as underregulated "shadow banks" for corporate treasuries, an aggressive "modern Wall Street" has become the central force in intermediating credit, savings, investment, and liquidity throughout the entire US economy <sup>1</sup>.

My dissertation seeks to answer how and why this transformation occurred, and what role the U.S. state played in it. Scholars who have approached these questions generally fall into two camps. The first emphasizes financial deregulation. In this account, Congress and the Executive steadily stripped away New Deal-era financial regulations in the final decades of the twentieth century, beginning with the deregulation of credit markets and interest rates in the

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<sup>1</sup> Greta R. Krippner, *Capitalizing on Crisis: The Political Origins of the Rise of Finance* (Cambridge, MA: Harvard University Press, 2011), 27–57; Robin Greenwood and David Scharfstein, "The Growth of Finance," *Journal of Economic Perspectives* 27, no. 2 (February 1, 2013): 3–28, <https://doi.org/10.1257/jep.27.2.3>; Paul Nary and Aseem Kaul, "Private Equity as an Intermediary in the Market for Corporate Assets," *Academy of Management Review* 48, no. 4 (October 2023): 719–48, <https://doi.org/10.5465/amr.2020.0168>; Zoltan Pozsar, "Institutional Cash Pools and the Triffin Dilemma of the U.S. Banking System," *IMF Working Papers*, IMF Working Papers, August 1, 2011, <https://ideas.repec.org/p/imf/imfwpa/2011-190.html>; Zoltan Pozsar et al., "Shadow Banking," *FRBNY Economic Policy Review* 19, no. 2 (December 2013): 1–16.

1970s and culminating in 1999 with the repeal of the Glass-Steagall separation of investment and commercial banking. As a result, an unshackled Wall Street was free to expand into financial activities that had been off-limits in the mid-twentieth century <sup>2</sup>. But a second group of scholars has the exact opposite view. Paying particular attention to international monetary policy, they have shown how the federal government expanded its power over finance in this period, protecting and developing Wall Street as a national champion in a globalizing financial system. These scholars point in particular to the actions of the Federal Reserve in becoming “lender of last resort” not only to banks but the entire financial sector over the 1970s and 1980s, ensuring liquidity for Wall Street’s expanded market-making at home and abroad <sup>3</sup>.

How, then, do we make sense of the American state’s seemingly contradictory relationship to Wall Street in the 1970s and 1980s? Why did the federal government deregulate certain forms of financial activity, while re-regulating others? Were there points of contention and conflict within presidential administrations about how to handle this balance? Did certain agencies and officials favor certain subsections of Wall Street—like established investment

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<sup>2</sup> Krippner, *Capitalizing on Crisis*; Judith Stein, *Pivotal Decade: How the United States Traded Factories for Finance in the Seventies* (New Haven, CT: Yale University Press, 2010); Nelson Lichtenstein and Judith Stein, *A Fabulous Failure: The Clinton Presidency and the Transformation of American Capitalism*, Politics and Society in Modern America Series (Princeton: Princeton University Press, 2023); Gary Gerstle, *The Rise and Fall of the Neoliberal Order: America and the World in the Free Market Era* (New York: Oxford University Press, 2022); Pierre-Christian Fink, “The Rise of the Money Market: The U.S. State, New York City Banks and the Commodification of Money, 1945–1980” (Ph.D., United States -- New York, Columbia University, 2020), <https://www.proquest.com/pqdtglobal/docview/2316847467/abstract/6F8B40AFEFED4A92PQ/1>; Richard Charles Barton, “Washington and Wall Street: The Democratic Party, Financial Deregulation, and the Remaking of the American Political Economy” (Ph.D., United States -- New York, Cornell University, 2022), <https://www.proquest.com/pqdtglobal/docview/2711912884/abstract/12BCA78547A5412FPQ/1>.

<sup>3</sup> Perry Mehrling, *The New Lombard Street: How the Fed Became the Dealer of Last Resort* (Princeton, N.J.: Princeton University Press, 2011); Leo Panitch and Sam Gindin, *The Making of Global Capitalism: The Political Economy of American Empire* (London Brooklyn, NY: Verso, 2013); Stephen Maher and Scott M. Aquanno, *The Fall and Rise of American Finance: From J.P. Morgan to Blackrock*, Kindle (New York: Verso, 2024); Tim Barker and Chris Hughes, “Bigger than Penn Central: The Financial Crisis of 1970 and the Origins of the Federal Reserve’s Systemic Guarantee,” *Capitalism: A Journal of History and Economics* 5, no. 1 (2024): 14–70; Leon Wansleben, *The Rise of Central Banks: State Power in Financial Capitalism* (Cambridge, Massachusetts: Harvard University Press, 2023).

banks, upstart brokerages, fund managers, or their downtown commercial bankers—over others? In short, how do we make sense of the complex and contradictory legal relationship between Washington and Wall Street in this period?

One of the main interventions of my research is to explore the Reagan administration's regulatory attitude towards Wall Street. While scholars have extensively researched the financial policymaking of the Nixon, Ford, and Carter administrations, the Reagan administration has been comparatively neglected due to more recent unavailability of archival sources and a general perception that it was driven by a universal ideological commitment to deregulation. But that is far from the case. While the administration did withdraw oversight from parts of the financial sector, such as the savings and loan industry in 1982 and bond registration in 1983, it also supported the Federal Reserve's attempts to regulate securities broker-dealers by exempting repurchase agreements from the automatic stay of bankruptcy proceedings (1984) and placing conditions on foreign-owned primary dealers in U.S. government debt (1988). Moreover, the administration was divided over proposals to regulate corporate takeovers, pension funds, and derivatives markets (particularly after the 1987 Black Monday stock market crash).<sup>4</sup>

To understand these disputes within the Reagan administration and how and why they were resolved, I am requesting \$1,500 to travel to Simi Valley, CA and spend three-to-four weeks researching in the collections of the Ronald Reagan Presidential Library, which does not provide research funding. The Reagan Library contains the records of several key financial

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<sup>4</sup> See contemporary accounts, for example, Kenneth B. Noble, "[Reagan Questions Curb on Takeover Defenses](#)," *New York Times*, July 18, 1984; James Sterngold, "[Brady Panel Criticizes Inaction on Stock Crash](#)," *New York Times*, May 6, 1988; Kenneth B. Noble, "[Limits Proposed on Ending Worker Pension Funds](#)," *New York Times*, July 28, 1986.

policymaking bodies in the White House, including the Cabinet Council on Economic Affairs, the Depository Institutions Deregulation Committee, and the Presidential Task Force on Market Mechanisms. An initial survey of these records has shown they contain valuable memoranda and correspondence with federal agencies (such as the Treasury and the Fed) and Wall Street financiers, and I have already been approved to consult previously restricted records, pursuant to the Freedom of Information Act. These collections will be essential to understanding the Reagan administration's attitudes towards different factions of Wall Street, lines of conflict within the administration, and moments when ideological purity was trumped by other concerns.

**Budget:**

\$500 – NYC<->LAX roundtrip air fare

\$500 – Car rental for 2 weeks

\$500 – Meals and incidentals for 10 days

TOTAL: \$1,500

# AARON FREEDMAN

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## EDUCATION

**PhD Candidate in History** **2022-**  
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Dissertation: “The Securities State: Washington and the Making of Modern Wall Street, 1979-1992”

**MPhil in History** **May**  
**Columbia University** **2025**

Fields: 20th Century American History, 19th Century American History, Early American History, History of Capitalism

**M.A. in History** **2023**  
**Columbia University**

Master’s Essay: “The Progressive Origins of the Union-Busting Consultant: The Rise and Fall of Nathan Shefferman”

- Awarded the 2024 Bernard Bellush Prize by the New York Labor History Association for best unpublished graduate student paper

**B.A. in History** **2014**  
**Swarthmore College**

Minor in Political Science, High Honors, Phi Beta Kappa

## ACADEMIC PUBLICATIONS

"[The Reform Not Traveled: Reconsidering Alan Brinkley’s \*The End of Reform\*](#)." *Reviews in American History* 51, no. 3 (2023): 289-294.

“The Policy of Cooperation: American Colonial Politics in Bavaria, 1945-49,” [The Crimson Historical Review](#) 3, no. 1 (Fall 2020): 42-60.

## CONFERENCE PRESENTATIONS

“A Creditor’s Market: How the Volcker Shock Changed the Political Economy of American Home Ownership,” Urban History Association Conference, Los Angeles, CA, October 2025.

“Jews with Money: An Ethnic History of Financialization, 1979-1992,” Annual Meeting of the Business History Conference, Atlanta, GA, March 15, 2025.

“A Creditor’s Market: How the Volcker Shock Changed the Political Economy of American Home Ownership,” 14th Annual Boston University American Political History Institute Graduate Student Conference, Boston, MA, March 23, 2024.

“The Progressive Origins of the Union-Busting Consultant: The Rise and Fall of Nathan Shefferman,” Annual Meeting of the Business History Conference, Providence, RI, March 16, 2024.

Moderator, “The Stelton Colony and Modern School: The Legacy of an Anarchist Community in New Jersey,” Labor and Working-Class History Association Conference, New Brunswick, NJ, May 20, 2023.

## **GRANTS AND FELLOWSHIPS**

### ***External Fellowships & Grants***

2025-26	<b>American Historical Association</b> Littleton-Griswold Research Grant in US Legal History
2025	<b>Wilson Library, University of North Carolina at Chapel Hill</b> Visiting Researcher Fellowship
2025	<b>Business History Initiative, Harvard Business School</b> Alfred D. Chandler Jr. Travel Fellow
2024, 2025	<b>Business History Conference</b> Alfred D. Chandler Jr. Travel Grant
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### ***Internal Fellowships & Grants***

2025	<b>Center for Political Economy, Columbia University</b> Graduate Student Grant
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## **ACADEMIC SERVICE**

Co-President, Graduate History Association, Columbia University (2024-25)

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