A couple of years before he was convicted of securities fraud, Martin Shkreli was the chief executive of a pharmaceutical company that acquired the rights to Daraprim, a lifesaving antiparasitic drug. Previously the drug cost $13.50 a pill, but in Shkreli’s hands, the price quickly increased by a factor of 56, to $750 a pill. At a health care conference, Shkreli told the audience that he should have raised the price even higher. “No one wants to say it, no one’s proud of it,” he explained. “But this is a capitalist society, a capitalist system and capitalist rules.”

This is a capitalist society. It’s a fatalistic mantra that seems to get repeated to anyone who questions why America can’t be more fair or equal. But around the world, there are many types of capitalist societies, ranging from liberating to exploitative, protective to abusive, democratic to unregulated. When Americans declare that “we live in a capitalist society” — as a real estate mogul told The Miami Herald last year when explaining his feelings about small-business owners being evicted from their Little Haiti storefronts — what they’re often defending is our nation’s peculiarly brutal economy. “Low-road capitalism,” the University of Wisconsin-Madison sociologist Joel Rogers has called it. In a capitalist society that goes low, wages are depressed as businesses compete over the price, not the quality, of goods; so-called unskilled workers are typically incentivized through punishments, not promotions; inequality reigns and poverty spreads. In the United States, the richest 1 percent of Americans own 40 percent of the country’s wealth, while a larger share of working-age people (18-65) live in poverty than in any other nation belonging to the Organization for Economic Cooperation and Development (O.E.C.D.).

Or consider worker rights in different capitalist nations. In Iceland, 90 percent of wage and salaried workers belong to trade unions authorized to fight for living wages and fair working conditions. Thirty-four percent of Italian workers are unionized, as are 26 percent of Canadian workers. Only 10 percent of American wage and salaried workers carry union cards. The O.E.C.D. scores nations along a number of indicators, such as how countries regulate temporary work arrangements. Scores run from 5 (“very strict”) to 1 (“very loose”). Brazil scores 4.1 and Thailand, 3.7, signaling toothly regulations on temp work. Further down the list are Norway (3.4), India (2.5) and Japan (1.3). The United States scored 0.3, tied for second to last place with Malaysia. How easy is it to fire workers? Countries like Indonesia (4.1) and Portugal (3) have strong rules about severance pay and reasons for dismissal. Those rules relax somewhat in places like Denmark (2.1) and Mexico (1.9). They virtually disappear in the United States, ranked dead last out of 71 nations with a score of 0.5.

Those searching for reasons the American economy is uniquely severe and unbridled have found answers in many places (religion, politics, culture). But recently, historians have pointed persuasively to the gnatty fields of Georgia and Alabama, to the cotton houses and slave auction blocks, as the birthplace of America’s low-road approach to capitalism.

Slavery was undeniably a font of phenomenal wealth. By the eve of the Civil War, the Mississippi Valley was home to more millionaires per capita than anywhere else in the United States. Cotton grown and picked by enslaved workers was the nation’s most valuable export. The combined value of enslaved people exceeded that of all the railroads and factories in the nation. New Orleans boasted a denser concentration of banking capital than New York City. What made the cotton economy boom in the United States, and not in all the other far-flung parts of the world with climates and soil suitable to the crop, was our nation’s unflinching willingness to use violence on nonwhite people and to exert its will on seemingly endless supplies of land and labor. Given the choice between modernity and barbarism, prosperity and poverty, lawfulness and cruelty, democracy and totalitarianism, America chose all of the above.

Nearly two average American lifetimes (79 years) have passed at the start of the Civil War, only states could charter banks. It wasn’t until the National Currency Act of 1863 and the National Bank Act of 1864 passed at the height of the Civil War that banks operated in this country on a national scale, with federal oversight. And even then, it was only law in the North. The Union passed the bills so it could establish a national currency in order to finance the war. The legislation also created the Office of the Comptroller of the Currency (O.C.C.), the first federal bank regulator. After the war, states were allowed to keep issuing bank charters of their own. This byzantine infrastructure remains to this day and is known as the dual banking system. Among all nations in the world, only the United States has such a fragmentary, overlapping and inefficient system — a direct relic of the conflict between federal and state power over maintenance of the slave-based economy of the South.

Both state regulators and the O.C.C., one of the largest federal regulators, are funded by fees from the banks they regulate. Moreover, banks are effectively able to choose regulators — either federal or state ones, depending on their charter. They can even change regulators if they become unsatisfied with the one they’ve chosen. Consumer-protection laws, interest-rate caps and basic-soundness regulations have often been rendered ineffectual in the process — and deregulation of this sort tends to lead to crisis.

In the mid-2000s, when subprime lenders started appearing in certain low-income neighborhoods, many of them majority black and Latino, several state banking regulators took note. In Michigan, the state insurance regulator tried to enforce its consumer-protection laws on Wachovia Mortgage, a subsidiary of Wachovia Bank. In response, Wachovia’s national regulator, the O.C.C., stepped in, claiming that banks with a national charter did not have to comply with state law. The Supreme Court agreed with the O.C.C., and Wachovia continued to engage in risky subprime activity.

Eventually loans like those blew up the banking system and the investments of many Americans — especially the most vulnerable. Black communities lost 53 percent of their wealth because of the crisis, a loss that a former congressman, Brad Miller, said “has almost been an extinction event.”

By Mehrsa Baradaran

Mortgaging the Future: The North-South rift led to a piecemeal system of bank regulation — with dangerous consequences.