This clear and accessible textbook addresses key issues in twentieth-century British economic history. It is a highly worthy successor to volume 3 of *The Economic History of Britain Since 1700*, 2nd ed. (1994), edited by Roderick Floud and Donald McCloskey, and improves upon it in certain respects. Notable strengths of the new volume include its expanded treatment of services and its incorporation of a wider range of theoretical perspectives. There are especially useful chapters on the financial services sector since 1945 (Katherine Watson), the welfare state, income, and living standards (Paul Johnson), and on regional development and policy (Peter Scott). Valuable contributions are also made in each of the other chapters, which include the wartime economy, 1939–1945 (Peter Howlett), British economic growth since 1949 (Michael Kitson), manufacturing performance (Stephen Broadberry), state ownership of industry (Leslie Hannah), employment, education, and human capital (Mary O’Mahony), money and monetary policy since 1945 (Susan Howson), economic policy (Jim Tomlinson), the rise of the service economy (Robert Millward), the impact of Europe (Larry Neal), technology in postwar Britain (Nick von Tunzelmann), British fiscal policy since 1939 (Tom Clark and Andrew Dilnot), and industrial relations (William Brown).

Examples of the volume’s wider theoretical scope can be found in several chapters. Kitson explicitly discusses alternative approaches to conceptualizing economic growth. Other authors portray economic behavior and outcomes that do not fit neatly with neoclassical models (for example, “the apparently irrational behaviour” of gilt-edged investors, mentioned by Howson on p. 159, and the inability of market adjustment processes to remove regional disparities, underscored by Scott).

Setting a wider context for Watson’s chapter on financial services, Millward addresses the expansion of labor-intensive consumer services, the rise of producer services, and the unanticipated surge in service exports. Financial and business services were the biggest net earners by the 1990s. After describing measurement problems in some detail, he compares British performance in services with that in the United States, France, and Germany.

Brown’s chapter on industrial relations provides a concise and stimulating overview. While he suggests (p. 404) that “it may be trite to say that employers get the trade unions they deserve,” he argues that it was employers’ “lack of solidarity that led to the break-up of industry-level bargaining, and their inadequate controls that encouraged unprecedented workplace bargaining in the 1960s and 1970s.” The 1980s and 1990s saw collective bargaining in retreat. Brown discusses a range of possible consequences, positive and negative, including the sharp increase in income inequality in Britain at the end of the twentieth century, which he attributes in part to the weakening of trade unions.

Two omissions can be noted. O’Mahony’s chapter focuses on human capital, education, and training. The volume also might have included a chapter on immigration and its implications for labor markets, entrepreneurship, and economic policy in postwar Britain. More treatment of the loss of empire might also have been warranted. Although decolonization appears in some chapters, the editors have chosen to highlight instead Britain’s changing relationship with the European continent. That relationship
clearly is an important aspect of Britain’s evolving international economic relations, but it would be useful to hear more about the consequences of altered relationships with its former colonies.

In *Studies in British Overseas Trade, 1870–1914* (Liverpool: Liverpool University Press, 1960), S. B. Saul presented evidence consistent with an argument that the colonial status of India was important for the multilateral payments system of the nineteenth century, in particular for Britain’s ability to cover its deficit with industrializing Europe. In *Money and Empire: The International Gold Standard, 1890–1914* (London: Basil Blackwell, 1974), Marcello de Cecco described how Britain benefited from its influence over Indian monetary policy, perhaps most notably at the time of the Boer War. What replaced these earlier contributions of India to Britain in the twentieth century? To what extent did the rise of financial and business service exports highlighted by Millward substitute for Britain’s dependence on India to cover its trade deficits? On the other hand, decolonization also created opportunities for Britain. Clark and Dilnot note that the scaling back of imperial commitments, which contributed to a decline in defense spending, helped free up resources for expansion of the welfare state.

The volume does without either an introduction or a conclusion, where an overall perspective might have been offered on themes that appear in more than one chapter (such as productivity growth, the effects of privatization, the appropriate spatial scale of analysis—regional, national, international), and where broad issues such as the altered role of Britain in the world economy after 1939 might have been addressed. Nonetheless, it provides a wealth of valuable material for courses in twentieth-century British economic history and will certainly, and deservedly, be very widely used.

CAROL E. HEIM, University of Massachusetts, Amherst


Most economists, at least most trained in the days when the history of economic thought was still a part of the graduate curriculum, know of the great debate that took place in the decade following the end of the Napoleonic wars between Reverend Thomas Robert Malthus and David Ricardo over the possibility of a “general glut” (chronic depression). Malthus believed there could be, indeed there was, a permanent glut of saving, and as a result, chronically high unemployment. The solution was public works. Ricardo thought that there could be temporary departures from full employment, but that in the end market forces would produce a return to full employment. It is an old debate, but one that has never completely disappeared. Our image of Ricardo in this debate is unflattering: blinded by his faith in Laissez Faire, and relying on abstract reasoning based on Say’s law, Ricardo held that a general glut was impossible, even though England was in the midst of one! In contrast, Malthus got the facts right but was unable to win the argument against Ricardo’s superior debating skills. It is a charming story, one calculated to appeal to academics: Ricardo, the former stockbroker and Member of Parliament, was the abstract reasoner, and wrong; Malthus, the clergyman and professor, was the empiricist, and right. Our impression of Ricardo’s role in this debate derives mainly from Keynes, who criticized Ricardo and praised Malthus in the *General Theory* and in his biographical essay on Malthus. Many other economists, however, have joined in the attack. Even George Stigler (“Sraffa’s Ricardo.” *American Economic Review* 43 [1953]: 586–99, p. 596.), although in some
ways an admirer, criticized Ricardo’s mistaken predictions that prosperity would come soon.

Timothy Davis has looked closely at the macrohistory of the period over which Ricardo and Malthus were disputing, and concluded that Ricardo had a firm grasp of the facts and offered a reasonable interpretation. Indeed, Davis comes close to standing the traditional view on its head. Ricardo’s complaint with Malthus was not so much with Malthus’s reasoning as with Malthus’s grasp of the facts: the economy had never been in a general glut before and was not in one now. Ricardo did not deny that there were some hard times in the years following Waterloo, but he interpreted them as the result of temporary shocks from which the economy could and did recover. Three shocks were particularly important: the end of the wartime mobilization; the collapse of foreign demand for British exports in 1819; and the monetary policy followed by the Bank of England after the Resumption Act was passed in 1819.

Ricardo believed that the end of the Napoleonic wars would force a difficult readjustment on the economy, and so it proved. There was a sharp recession, but the recovery began in 1817 and press reports suggest that the economy was close to full employment by 1818. The resumption of specie payments is another case in which Ricardo has been blamed for being a rigid ideologue, but where Davis’s research suggests otherwise. England had been on a fiat standard during the war. Ricardo’s advice, which in the end was followed, was for the Bank of England to resume specie payments in gold at the prewar parity. Such advice could be the result of unthinking orthodoxy. Ricardo, however, recognized that important tradeoffs were involved. At one point he favored a return to silver rather than gold, but reversed himself when he concluded that the mechanization of silver mining promised excessive inflation. Ricardo thought that resumption at par had definite advantages—for one thing it would encourage investment—but he thought that devaluation would be warranted if resumption at par would require a substantial deflation. In the end he advised resumption at par because he thought that the required deflation was less than 5 percent. The danger that Ricardo foresaw, a danger that seems to have been realized according to Davis, is that the Bank of England would push the deflation too far.

Davis shows that throughout the period Ricardo paid close attention to the qualitative information available in the private press and in the reports issued by the government, and to the quantitative data, scanty as it was. Ricardo, for example, attempted to infer changes in income from changes in tax revenues. Davis has dug out many interesting time series from the Parliamentary papers, series that Ricardo probably knew, on monetary variables, prices, bankruptcies, international trade and finance, and public finance, and includes them in appendices. As an economic historian I would like to have seen more charts and tables of individual variables and more attempts to relate one series to another. Still, as far as I can tell from some preliminary experiments, the Ricardo-Davis description of the business cycle is accurate. The sawtooth pattern they describe emerges in imports, Bank of England private deposits, and several other variables. Perhaps the Malthusian view of the period as chronically depressed cannot be definitively rejected on the basis of the data we have—there are, as far as I know, no reliable estimates of unemployment, let alone discouraged workers, and so on—but there can be no doubt that Ricardo’s reading of the available data was sensible. Davis has done a superb job of combining history of thought and economic history. We should have more studies like it.

HUGH ROCKOFF, Rutgers University
In this welcome synthesis, Penelope Francks integrates the work of a broad array of English language studies with work by Japanese scholars to analyze the high degree of path dependency evident in the transformation of agriculture as Japan moved from an overwhelmingly agricultural economy to one dominated by heavy industry. Given the demographic and economic significance of agriculture during this period, and its political role well into the postwar era, the subject cries out for systematic treatment. Francks’s ability to place the modern development of Japanese agriculture in the context of comparative developmental agriculture rather than treating Japan as sui generis, breaks a common pattern of works on Japan.

Professor Francks is particularly well qualified to bring a broad perspective to this subject. She has previously published *Japanese Economic Development: Theory and Practice* (London: Routledge, 1992; originally published in 1980) and *Technology and Agricultural Development in Pre-War Japan* (New Haven, CT: Yale University Press, 1984), and was a co-author of *Agriculture and Economic Development in East Asia: From Growth to Protectionism in Japan, Korea and Taiwan* (with Johanna Boestel, Kim Choo Hyop, et al., London: Routledge, 1999). This past work permits a careful placement of her subject in the context of both Japanese economic history and the comparative development of agriculture.

Francks argues that the nature of farming and agricultural technology at the end of the Tokugawa era (ca. 1600–1868) created a farm enterprise pattern based on multiple economic activities (the pluriactive household), and that this pattern, although transformed over time, survived through World War II and shaped the development of modern Japanese farming. Challenged by the growing impact of commerce on agriculture in the eighteenth and early nineteenth centuries, many farm households responded by producing some crops for market, and more importantly, engaging in nonagricultural labors in ways that did not interfere with agriculture. Such labors disproportionately relied on maximizing the economic contributions of women, although men also took advantage of off-the-farm opportunities. Francks sees this multitasking as the key to the survival of small, labor-intensive farms during the Agricultural Transition within Japan’s increasingly industrialized society.

In addition, the author argues that the nature of Japan’s agricultural transformation did much to shape key elements of the industrial component of Japan’s economy. Rather than compete directly with agricultural labor, industrial firms, through practices such as contract employment of teenage women and seasonal employment of labor, managed to draw on rural labor without removing it from its main agricultural activities. This early practice underwent a variety of transformations until, in the postwar era, rice paddy agriculture became fully mechanized and could be undertaken as a part-time endeavor.

Francks shows that the transformation required support from the state. State efforts appeared grudgingly in response to both increased demand for rice (as opposed to other grains) as the staple in the Japanese diet and a perceived challenge to Japan’s food self-sufficiency at the end of World War I. Support took such forms as extension of credit and encouragement of agricultural cooperatives. These efforts supported the mid-sized farm households that owned most of the land they farmed and shifted sup-
port away from large landlords by the 1930s. Simultaneously, the middling rural groups were aligned to Japan’s increasingly expansionist efforts in Taiwan, Korea and Manchuria. These economic links between the state and domestic agriculture reinforced other links between the state and rural society that aligned the latter firmly behind Japan’s war efforts.

Francks’s argument is far more multifaceted and nuanced than conveyed by the foregoing summary, which should, however, at least suggest to readers the scope of the work.

This study is distinctive in two further respects: First, it successfully integrates rural and industrial economic growth, subjects usually treated quite separately. Second, it provides us with a truly long-term focus on rural economic development, enabling us to appreciate connections that might otherwise remain hidden.

Scholars looking for extended statistical analyses will be disappointed, but this lack is not surprising because systematic and comprehensive data collection for population, labor, and many other facets of Japanese society was not well developed until approximately 1920. Thus, for much of the period covered by this work, statistical data are scattered and not nation-wide. Francks does capitalize on numerical data where available, however.

To compensate for data limitations, Francks relies on secondary studies by major Western and Japanese scholars. These are often case studies of limited areas of Japan, sometimes a province, sometimes just a village or small district. The synthesis that the author derives is adroit, but one is sometimes very conscious of the limitations of evidence. These notwithstanding, the author is, especially in the early parts of the book, rather more cautious than I think warranted. A number of Francks’s tentatively phrased characterizations of late Tokugawa rural life are generally accepted by early modern historians.

Although Francks has given us a helpful perspective on the transformation of Japanese agriculture and illuminated developments that affected the largest segment of Japanese society in the late nineteenth and early twentieth centuries, the manuscript is badly in need of editing. It is repetitious, and some phrasings are awkward enough to almost hide the import of some (minor) arguments, especially in the early chapters. Even as someone very interested in the subjects Francks plumbs, I found it a challenge to stick with this work.

In sum, Francks has given us a very valuable study, but reading it requires some effort on the part of readers.

PHILIP C. BROWN, The Ohio State University

UNITED STATES


In telling the story of the Texas Railroad Commission (TRC), William Childs follows what he calls an analytical-narrative approach, using a traditional organizational history to examine larger patterns associated with the development of commission-style regulation in the United States. The TRC, well known for its role in regulating the extraction of oil in Texas, is a good subject for such an approach. Established in
1891 to resolve debates over rates and rules in the Texas railroad industry, the agency eventually gained responsibility for constructing and administering the rules governing three other economic activities in Texas: oil production, trucking, and the sale of natural gas. Given important differences in the dynamics of each market, Childs is able to provide four case examples for the price of one organizational history.

Drawing on a wide range of scholarship, Childs roots the formation of the TRC in a national context. In the mid-nineteenth century, as interstate railroads knitted small regional markets into a national economy, courts and legislators were forced to confront numerous concerns, including those associated with stock fraud, discriminatory rate-setting, and monopolistic pooling. After several decades of legal and legislative experimentation, regulatory commissions emerged as an effective way to establish rates and rules that railroads, shippers, and courts accepted as legitimate. Furthermore, the general strategy of using commissions appeared suitable for all common carriers and utilities whose heavy investment in infrastructure prevented easy entrance and exit from a market.

Childs then turns to Texas and the creation of its railroad commission, initially focusing on the leadership of John Reagan, a railroad reformer who resigned his seat in the U.S. Senate to become the first chair of the Texas agency. Childs then traces the transformation of the TRC into a mature Texas-style Progressive Era organization, capturing changes in the culture and logic of the commission as it wrestled with each new railway-related issue that arose. What emerges is the story of a small organization (still having fewer than 20 employees in 1920) led by pragmatic individuals struggling to promote state-level economic activity while balancing the economic interests of multiple actors. Overlaid on that story is the complicating factor of interstate commerce and an evolving federal relationship.

In the years after World War I, the agency inherited, partly out of convenience and partly due to its expertise in transportation-related activities, responsibility for regulating oil production (1917), natural gas utilities (1920), and motor carriers (1922). In covering the 1920s and 1930s, Childs drops any effort to fit the development of the TRC into tidy periods and focuses instead on the different challenges faced in each new industrial sector. The organization itself split into four separate divisions, each constructing its own regulatory model. The trucking industry, for example, consisted of many independent carriers; these carriers did not necessarily follow fixed routes or owe allegiance to large organizations that could be easily regulated. The natural gas industry, on the other hand, was dominated by common carriers with a heavy investment in infrastructure, but the relationships between producers and consumers differed substantially from those in the railroading. But, according to Childs, it was the TRC’s venture into the regulation of oil production that eventually transformed the culture of the agency, placing it at the center of what Childs calls the “civil religion of Texas oil.”

Childs argues that the TRC’s success in bringing order to oil production depended on a carefully constructed ideology that legitimized efforts to stabilize prices by rooting those efforts in the ideals of resource conservation. In the early 1920s, when the TRC had just taken on the challenge of regulating oil production, a handful of efficiency-minded advocates of resource conservation were lobbying to change the fundamental rules governing oil extraction. They argued that the rule of capture, which encouraged producers to extract oil as fast as possible, had to be scrapped. Otherwise, the industry would continually face reservoir-draining and price-depressing gluts caused by producers trying to extract more oil than their neighbors. The discovery of the giant East Texas field in the early 1930s rocked the oil industry and pushed the TRC onto the national stage. Under the leadership of Ernest O. Thompson, the agency
soon transformed itself into organization capable of controlling oil production levels in Texas enough to stabilize prices. By 1939, the decisions of the TRC, which had grown to 560 employees, influenced the price of oil in national and international markets.

How does this study of the TRC help one to understand the development of commission-style regulation in the United States? Childs summarizes, in a succinct conclusion, the key points, most of which are threads pulled from the rest of the book. The gist, as I see it, is that the rules governing markets are constructed by a variety of interest groups, all struggling to shape the decisions of legislators and regulators in the face of constant technological change and innovative business practices. The TRC and similar regulatory commissions provided an arena for this process, facilitating the construction of rules and rates that promoted economic activity, with regulated companies often welcoming rules that brought order to a market. Nowhere is this more apparent than in the regulation of oil production, with the TRC’s role—and conveniently mythical status—being pivotal to entire system.

In The Texas Railroad Commission, Child successfully illustrates how regulatory systems and markets co-evolve. Regulatory commissions, according to Childs, do not merely impose rates and rules on a resistant industry; indeed, among other things, they often codify actions that the private sector attempts to take on their own. I recommend this solid history of the well-known Texas agency to anybody who desires to enrich their understanding of regulatory systems.

HUGH S. GORMAN, Michigan Technological University


As the twentieth century came to a close, consumers were purchasing more beef and pork (per capita) than they had in the 1950s (www.usda.gov/factbook/chapter2.pdf). Despite the continued importance of beef and pork in the American diet, one of the great institutions of the meat processing industry, the stockyard, was in its death throes. J’Nell Pate’s Livestock Hotels seeks to trace out the history of America’s stockyards, and, ultimately, to explain the death of this institution.

Divided into two sections, Dr. Pate’s book begins by discussing the activities that took place in a typical stockyard. After the brief introduction to the activities of the stockyard, the book proceeds with a history of livestock trading in the United States. Chapter two examines the livestock markets that existed prior to 1850; chapters three through six briefly outline the history of the stockyard. The second section of the book contains case studies of 24 of the nation’s largest stockyards. There are four chapters in this section; three of these chapters focus on the stockyards from a specific time period or region of the country, and the fourth chapter looks at “minor” stockyards in addition to providing a brief conclusion.

The title for the book—Livestock Hotels—comes from an analogy that the meat processing industry used to describe the activities of a modern stockyard. Much as one would see at a large urban hotel, the guests of a livestock hotel received lodging, food, and special attention (medical treatment or grooming). Although a stockyard provided hotel “services,” fundamentally, the modern stockyard served as a central market, where ranchers sold their animals to the highest bidder.

Pate expertly describes the activities of the stockyard. Over the course of the first section of the book, the day-to-day operations of a stockyard become very clear. What
remains less clear, though, is why the stockyard was the institutional solution developed to meet the needs of ranchers and meat packers. In the introduction to the book, Pate asserts that the stockyards were critically dependent on railroads and meat packers. Indeed, her stated reason for writing the book is that the economic history literature has focused on the railroads and meat packing industry without paying attention to the stockyards. Over the course of the book’s ten chapters, Pate describes the changes that took place in the stockyards and meat packing plants. She also briefly discusses the decline of the railroads and the rise of the livestock transport truck. Taken together, her descriptions paint a picture of an industry that was initially served by large, centralize markets—the stockyards—but that is eventually served by small, rural markets scattered throughout the country.

Because the book does not attempt to explain why these changes took place, the reader is left with a number of questions after finishing the book: What were the economic forces that led to the creation of the stockyards? Were these forces irrevocably altered when the railroads went into decline and the government began regulating the stockyards? Why did the stockyards disappear in the second half of the twentieth century rather than earlier? Was it the creation of the interstate highway system and the rise of video technology? Are the small, modern markets in rural areas an economically efficient way for buyers and sellers to come together? Pate’s book does not directly answer any of these questions, though it does give the reader enough information to form an educated guess as to what the answers might be.

The second section of the book, the section that describes two dozen American stockyards, is well researched, but it is largely ineffective. Although the passages on the individual stockyards may be of interest to an individual in the meat processing industry or someone who is interested in a given city’s economic history, they are too short to give the reader a full sense of what was going on in each of these stockyards. Thus, it is hard to understand what is special or unique about the stockyard in any one city. It seems that the reader would have been better served by an in-depth discussion of the most important stockyards. Had Pate focused on the largest, most significant stockyards she could have highlighted the economic forces that led to the creation of these stockyards and vividly illustrated the forces that worked to wipe them out.

Pate’s passion and expertise are on display throughout this book, and the book does a good job of describing the changes that have taken place in livestock markets. *Live-stock Hotels* would have been a great success, though, if Pate had used her expertise to explain how economic forces worked to produce stockyards in the nineteenth century and why those forces were no longer present at the end of the twentieth century.

FRED H. SMITH, Davidson College

GENERAL AND MISCELLANEOUS


It does not take a Ph.D. in economics or political science to look across the world and see a strong positive correlation between democracy and the level of economic development. Economic historians have long believed that institutions “matter,” including political ones. Yet what precisely are the “microfoundations” of institutional change, when the institution in question is the form of government? Why are some
countries democracies and others dictatorships? Why do some countries shift from control by elites to control by the “masses”? Why are some shifts to democracy unstable whereas others are (apparently) permanent?

Political scientists such as Barrington Moore, whose well-known book *Social Origins of Dictatorship and Democracy* (Boston, MA: Beacon Press, 1966) is the provocation for Daron Acemoglu and James Robinson’s choice of title, have long proposed answers to these questions. But to economists, these answers lack rigor because they are not derived from a model in which individuals maximize self-interest subject to well-defined constraints and in which there exists one or more (hopefully, one) equilibrium such that no individual has an incentive to change her behavior. The goal of *Economic Origins* is to provide a class of models that exhibit the kind of rigor that economists expect. Acemoglu and Robinson’s models are game-theoretic, and dynamic at that.

At the outset it must be emphasized that this is not a book for the mathematically squeamish. It is certainly true that the game theorist down the hall will not find anything particularly novel or difficult to understand, but the game theorist down the hall is not the intended reader. Acemoglu and Robinson assert that “knowledge” of game theory at the level of Robert Gibbons’ *Game Theory for Applied Economists* (Princeton, NJ: Princeton University Press 1992) should suffice to follow their arguments. I own a copy of Gibbons and have read it, and I disagree (“mastery” of Gibbons is more like it). This should not deter anyone because enough of the book is in English to follow the basic drift.

*Economic Origins* is divided into 12 chapters grouped into six parts, one of which is an appendix. Chapter 1 briefly presents narratives of four “paths” to democracy. England’s path was inexorable. Once started, it never stopped. Another path is cyclic. Once established, democracy is unstable, and government switches back and forth from democracy to dictatorship. In such cases there is frequent class conflict, and the military often does the dirty work of the elites. Argentina is such a county. The third way is Singapore’s, a nominal democracy but still a one-party state in which the party is not very violent or oppressive and in which living standards are high and equitably distributed. A fourth path is South Africa’s, long delayed and revolutionary in origin.

Chapter 2 is a nontechnical summary of the basic ideas of the book. The players in the game are the “rich” and the “poor” and, sometimes, the “middle class.” Government, which is a passive actor, redistributes income by taxing the rich and giving to the poor. Initially, the rich hold *de jure* political power. The poor are much more numerous, but they lack clout to change the status quo. However, if the “state of nature” changes (a random variable)—a food crisis, for example—the masses might be able to overcome the free rider problem and overthrow the elites. The elites do not want to be overthrown, this being bad for their wealth (if not health). They could promise to go easy on the masses. For example, the rich could offer to redistribute income once the masses put down their weapons. But such promises are not credible. The masses know that once the threat has passed there will be an overwhelming incentive on the part of the elites to renege. The masses, therefore, will not (or rather should not) be swayed. To sway them, the elites need to make credible promises which they may do by establishing democracy. Chapter 3 surveys the evidence on the correlations between democracy, inequality, and income per capita.

The remainder of the book elaborates on the basic ideas of Chapter 2 in heavier mathematical detail. Chapters 4 and 5, for instance, invoke single-peaked preferences and the median voter theorem to justify aggregation of preferences, and they develop Acemoglu and Robinson’s “workhorse” models. Chapter 6 shows that the simplified version of the game in extensive form carries over to an explicit dynamic game with
infinitely lived individuals. Chapter 7 allows a nascent democracy to revert via coup or to consolidate. Chapter 8 introduces the middle class into the picture. Chapter 9 makes factor prices endogenous, and Chapter 10 allows for trade.

There is no question that *Economic Origins* is a major achievement on its own terms. Over the 25 odd years that I have attended the annual meetings of the Economic History Association, I have heard a lot of chatter about the necessity to properly model institutional change but seen little in the way of serious progress. Acemoglu and Robinson talk the talk, and walk the walk; their book is the real thing. And what they know between them about economic and political history would put a lot of economic historians to shame.

*Economic Origins*, however, is not without sin. I found the text to be highly repetitive and grew annoyed as the same ideas were hammered over and over into my head, albeit at higher levels of generality from one chapter to the next. This is probably inevitable because the book originated as a course text, but for those who are not looking for a perfect substitute for Acemoglu and Robinson’s graduate lectures, the book could have been much shorter. As already noted, the text can be mathematically dense, but at other times the authors engage in utterly elementary discussions of the need for formal models or, at another juncture, the Cobb-Douglas production function. The contrast is jarring.

The book is disappointing in its studious avoidance of empirical work. Clearly this is a conscious choice on the part of the authors; they are intent on fashioning a theory of political institutions not testing one. But this does not stop them from casual empiricism, asserting that this or that morsel of a country’s political history can be illuminated by some variant of their model. Readers are told that the absence of democracy in Singapore can be “explained” by high living standards and low levels of inequality and that the elites in power are not really elites (they are drawn from the middle class, like everyone else). There is no “demand” for Western-style democracy in Singapore, so there is none. But is this the only story? What is the percentage explained by high income and low inequality? I do not know, and they do not provide one with the tools to find out. In fairness to the authors, forging an econometric link to the theory strikes me as a difficult problem. At the same time, I fear that journal editors are likely to be subjected to an incredible number of bad regressions on bad data purporting to “test” one or another hypothesis derived from this book.

Inequality plays a central role in Acemoglu and Robinson’s basic setup; their models predict subtle nonlinear relationships between inequality and the onset of democracy. However, throughout much of the book inequality is exogenous. Clearly this is wrong, and they know it. But when they do get around to making inequality an outcome in chapter 9, they only go part of the way by making factor prices endogenous. As far as I can tell, ownership of capital and land is still exogenous (“endowments”). This is not really making inequality endogenous. We need a theory of ownership, which means we need a theory of investment in physical capital (and human capital—there is some of this), as well as a theory of the specification and enforcement of property rights. Having grown up on Douglass North, one expects the form of government to matter in such specification and enforcement and, therefore, in the willingness of elites to support or repress democratic impulses.

Criticisms aside, *Economic Origins* belongs on the shelves of anyone purporting to be interested in “institutions,” which is to say, every card-carrying member of the Economic History Association, the Cliometrics Society, related scholarly bodies, and then some.

ROBERT A. MARGO, Boston University and NBER

Those economists who survived five years of Latin grammar in high school might recall Alfred Marshall’s proclamation that *natura non facit saltum* (nature does not make leaps). Vaclav Smil does not agree with this sort of craven marginalism, and instead argues that nature has made spectacular leaps at least twice in the past 10,000 years: during the Han dynasty; and in the era from 1867 through 1914 when “the greatest technical discontinuity in history took place” (p. 4). The latter period is commonly known as the Second Industrial Revolution, but Smil prefers “the Age of Synergy,” to be distinguished from Mumford Jones’s Age of Energy (1865–1915).

The introductory chapter argues that modern civilization is based on the “unprecedented saltation” of the Second Industrial Revolution/Age of Synergy, which was characterized by the unique visionary boldness of the breakthroughs of the time. The first harbingers in 1867 encompassed the discovery of the second law of thermodynamics, the improvement of the typewriter, Alfred Nobel’s production of dynamite, and the publication of *Das Kapital*. Another noteworthy element of the age was the rise of the United States as the leading industrial power. Its conclusion was marked by the patenting of the tungsten filament for the light bulb, the Ford assembly line, and Niels Bohr’s work on the atom. As a way of demonstrating the discontinuity of this critical era, it is proposed that Antoine Lavoisier (1743–1794) would have been befuddled by the world of 1913; whereas Thomas Edison, a pivotal participant in the Age of Synergy, would have a keen understanding of the world of 2005, because the innovations that surround us today were derived from Edison’s own work and those of his contemporaries.

The introduction is followed by four chapters, each of which is dedicated to descriptions of the evolution of a key category of technical innovation. These include electricity and electrical inventions; internal combustion engines; high performance materials involving the large-scale output of iron, steel, aluminum, nickel, more effective explosives, and synthetic chemicals; and communications and information technology such as the delivery of parcels by mail, typewriters, cameras, moving pictures, phonographs, telephones, and wireless telegraphy. These advances occurred “at a frenzied pace,” their diffusion and impact were “almost instantaneous,” and they were “indispensable for creating the 20th century.”

The author describes chapter 6 as an “exercise in restraint,” merely covering as it does: the development of data processing; a description of some of the personal details of several great inventors (“Alfred Nobel did not commit suicide and did not die a mysterious death” p. 269); product cycles; the annual time series of U.S. patents granted; a medley of economic statistics; a disposition on energy consumption; as well as an outline of mechanization and mass production. Chapter 7 concludes by briefly addressing contemporary perceptions of this “astonishing concatenation of epochal innovations.”

The book traces the development of these key technologies on both sides of the Atlantic. For instance the chapter on electricity begins in various European capitals in the eighteenth century, deviates to New York and New Jersey towards the end of the nineteenth century, and by World War I encompasses crucial contributions in both Europe and the United States. The origins of the internal combustion engine lay in the explosive power of cannons that was recognized in the eighteenth century as a potential motive force, but significant productivity gains awaited the later nineteenth century, when
German inventors Nicolaus Otto, Eugen Langen, Gottlieb Daimler, and Karl Benz improved on the efforts of more than a dozen international inventors from the first half of the century. Throughout, the exposition is enlivened by illustrations, cartoons, personal observations, and an array of quotations from diverse sources, ranging from *Scientific American* to *The Wind in the Willows*.

We all have our favorite great invention, but the author’s constitutes a refreshingly original choice: among all of these international discoveries, synthetic ammonia may be “the most far-reaching of all modern technical innovations” (p. 7). The synthesis of ammonia from its elements by the German chemists Fritz Haber and Carl Bosch is “inexplicably little appreciated,” even though it allowed for the mass production of synthetic fertilizers. Smil contends that, in the absence of this innovation, the world could only sustain a population of 3.5 billion. As for most favored time period, he does not hesitate to rank the 1880s as the “most inventive decade of the century.”

It is extremely useful to have all of these details collated in one volume, although no valid information is presented that will be new to a specialist in this area. The book is strongest on description, but the analysis and conclusions will likely provoke much debate among skeptics. Economic historians in particular will raise an eyebrow at the variant of the axiom of indispensability that is promoted here. Fabian Socialists believed in the “inevitability of gradualism,” and much of the evidence that Smil himself presents is inconsistent with the notion of discrete leaps in technical innovation. The spread of many of the innovations that are singled out here was neither rapid (much less “instantaneous”) nor uniform. In 1910 only 10 percent of American homes had access to electricity; whereas there still remains a marked lack of standardization in frequencies, amperage, and electrical inputs such as plugs and sockets in this country and (more so) elsewhere. As for the author’s pet invention of chemical fertilizers, global production was minimal until just before 1950 (p. 193). It would have been useful to examine the determinants of this variation in diffusion, such as pricing, the presence or absence of complementary innovations that might facilitate use, and institutional impediments.

Finally, the expectant reader will be disappointed to ultimately find that scant attention is actually paid to measuring or even reciting the “lasting impact” of these great inventions that the title promises. However, perhaps that tale will actually unfold in the planned sequel to the current volume.

ZORINA KHAN, Bowdoin College


The puzzle that sets the agenda for this book is the divergent paths taken in the United States and Britain with regard to the role of the state in industrial relations. Despite a common heritage of limited government and an ideological aversion to an interventionist state, the United States responded to the depression of the 1930s with the construction of the now familiar system of state regulated and sanctioned trade union recognition and collective bargaining, a system in which the state became intimately involved in the relations between labor and capital. In Britain, on the other hand, the state played a more muted role in industrial relations leading to the creation of what became known as “collective laissez faire,” in which unions and employers’ organiza-
tions regulated their own relations with only limited legislative interference. Focusing upon the period between the outbreak of the two World Wars, Larry Gerber traces the role of the state in these two countries with the goal of explaining their divergent industrial relations policies. His argument, in a nutshell, is that culture and ideology cannot explain the divergence because they were sufficiently similar, but that differing economic structure can.

The chronological account is organized around an examination of the role of the state in the construction of what Gerber, perhaps misleadingly, refers to as corporatism at the macro- (national), meso- (industry) and micro- (firm) levels. Corporatism is a contested term so it is hard to appeal to a generally accepted definition, but utilized in the fashion of this volume it loses any specificity and becomes more or less synonymous with industrial relations. Gerber recounts the failure of national corporatist experiments in the 1920s in both countries, the successful implantation of industry bargaining in Britain before, during, and immediately after World War I while equivalent efforts failed in the United States, and the spread of firm-level collective bargaining in the United States in response to the National Labor Relations Act. The critical difference between the two countries, he argues, was the role of the American state in regulating and underpinning the system of firm-level bargaining during the Depression.

The essence of Gerber’s argument is that the smaller, less bureaucratically organized British firms remained reliant upon skilled labor, thus making a union avoidance strategy less feasible. As a result, unions were able to encourage firms to enter into industry-level collective bargaining arrangements without calling upon the British state to impose union recognition or bargaining upon employers. In the United States, on the other hand, larger, bureaucratically organized corporations, with increasingly specialized and sophisticated personnel departments, were able to reduce their reliance upon skilled labor and hence their need for cooperation with unions. Furthermore, the experience of World War I encouraged the spread of company unions, making resistance to independent unions more plausible. As a result, Gerber argues, the only way that collective bargaining with independent unions could appear in the United States was if the state itself imposed it through the highly juridified system of the National Labor Relations Act. Hence the more interventionist role of the state in the United States than Britain.

The focus upon the state in this volume is welcome. Particularly among labor historians, but also among industrial relations specialists, there has for too long been a focus upon the workplace and the forms of conflict and cooperation that emerge out of the processes of capitalist economic restructuring and work reorganization. Gerber pays close attention to debates among political actors, particularly in the United States, in order to explain when intervention took place and when it did not. One could ask for a more expansive definition of state intervention; the term is here used in an almost exclusively legislative sense, and in that sense it does appear that the paths of the United States and Britain diverged in the interwar period. However, there was an enormous amount of administrative, judicial and police intervention, which shaped industrial relations and the resulting institutional architecture of collective bargaining. The distinction between the United States and Britain was less the degree of state intervention than its form. Administrative action on the part of the Board of Trade and other government agencies played a central role in the spread of industry bargaining in Britain between 1900 and 1920.

This is a relatively short book, and yet it wades into one of the most contested areas of American historiography and political science: the interpretation of the New Deal. Gerber argues that two of the major approaches to explaining that brief burst of pro-
gressive legislation—one focusing upon the efforts of liberal corporate interests, and the other emphasizing the far-sighted role of the state in regulating capitalism to save it—misread the historical evidence. The very weakness of U.S. labor unions is sufficient to explain the need for the state to step in and force employers to recognize unions. There is merit to Gerber’s preferred explanation, but there is simply not the space in this volume to adequately evaluate alternatives. To take but one example, Peter Swanson’s work (Capitalists Against Markets. New York: Oxford University Press, 2002) is cited approvingly by Gerber, but through a detailed examination of corporate and political archives for the period of the 1930s, Swanson demonstrates that important elements of American business either did favor the bulk of the New Deal legislation, or that the state could anticipate their acquiescence to it.

One final issue raised by this book is the that of path dependence. For Gerber, the structure of the British and American economies in the interwar period created the conditions that led their two paths of industrial relations development to diverge, and those paths remained divergent for close to forty years. Yet the question is why, when economic and political conditions changed, there was not pressure for an institutional restructuring of the two industrial relations systems. By the middle of the 1930s British firms were coming to adopt the organizational form of their American counterparts, a form that was presumably more amenable to union avoidance, and reliance upon skilled labor was far less significant than it had been before World War I. Yet pressures for a more interventionist role on the part of the state did not appear until the middle of the 1960s. Similarly, the political conditions under which the American state was willing to impose union recognition and collective bargaining upon corporations was extremely short-lived, and yet the New Deal industrial relations system has survived, albeit in bastardized form, into the present. Certainly its original intent and functioning has been twisted, but why did it survive the 1940s at all unless it served some useful function for employers?

Larry Gerber has written an engaging and provocative book, which importantly directs our attention to the actual practice of the state, even when antistatism forms the dominant ideological trope. Like any book with the scope and ambition of this one, it raises as many questions as it answers.

CHRIS HOWELL, Oberlin College


Consumers in Europe and America buy similar products, their homes feature similar time-saving appliances, they watch the same movies, and they use the same soap powder. This was not the case in 1906. Today, income matters more than social class as a determinant of spending patterns. In Europe a century ago, local norms and social class were far more important. According to Victoria de Grazia, as America was focusing on raising the standard of living for all, European cultural elites “feared a debasement of taste, craftsmanship, and civility” (p. 78).

Irresistible Empire provides a richly detailed and fascinating account of the creation of a trans-Atlantic market for consumer goods. It explains the evolution of business practices and standards on both sides of the Atlantic through the twentieth century, with a particular emphasis on the adoption of American institutions and norms within
Europe. De Grazia’s history takes us from the early days of Rotary International (chapter 1), to the introduction of mass production in manufacturing (Ford, chapter 2), marketing services to the masses (Filene, chapter 3), advertising (J. Walter Thompson, chapter 4), movies (chapter 5), self-service supermarkets (chapter 8), and today’s global fast-food franchises (conclusion).

The story de Grazia wants to tell is one of American hegemony through the imposition of the Market Empire on Europe. America regarded other nations as having limited sovereignty over their public space (p. 6). This was particularly obvious in the realm of culture. Identifying this view as an imperialist characteristic involves the implicit value judgment that nations (or influential national elites) should have dominion over people’s consumption decisions whenever these decisions have spillovers into the public space. Even if the nation’s sovereignty over its public space is granted, de Grazia’s imperial claim is weakened by her evidence that many American imports were passionately embraced by European elites (for example, Rotary International, p. 40). Other American institutions or products were exported to Europe by recent immigrants; for example, Carl Laemmle, founder of Universal Pictures, migrated to the United States from Germany before exporting the American Western to Europe (p. 297).

De Grazia introduces her market imperialism thesis using Woodrow Wilson’s 1916 address to salesmen in Detroit (p. 2). Wilson’s advice, that salesmen adapt goods to the taste of the local consumer, seems reasonable when addressed to a group of people already doing just that to sell new products abroad. Wilson’s speeches show a government already supportive of America’s “democracy of business” (p. 1), but de Grazia goes further and argues that “at the turn of the 1960s, state and civil society operated with the impeccable synchronicity of a movie dance routine” (p. 7). De Grazia’s evidence for this synchronicity is the focus of Marshall Plan aid on “addressing the dollar shortage that prevented European suppliers from purchasing U.S. goods” (p. 346) and the activities of American diplomats who searched out locations and contacts for businessmen. State support for exports is not uniquely American, however. As de Grazia herself points out, in many European countries the connections between the political, civil, and commercial spheres were much closer.

The far richer story de Grazia actually tells is a complex one of relations between people, companies, and countries across the Atlantic, with a number of issues at stake. Many American firms tried to enter the European market and failed. Others succeeded after a long struggle, and many American products and practices embraced by Europeans only survived because they adapted to the local European culture. Exchange was also multidirectional. For example, French companies were the leading motion picture producers in the early 1900s: in 1907, “40 percent of the total film receipts from the U.S. territory went to French firms” (p. 294). Only after World War I did Hollywood start to dominate the international market, with the onset of talking films in 1927 giving it a secure advantage. European countries thought the conversion to sound would finally allow them to “reestablish sovereignty over their cinema establishments,” (p. 315) but American firms soon responded with European production and dubbing facilities that allowed them to sell their films throughout Europe.

De Grazia is correct to point out that some regulations clearly helped American firms succeed abroad. In particular, the Webb-Pomerene Act of 1918 gave export associations exemption from the Sherman Anti-Trust laws. This allowed the Motion Picture Producers and Distributors of America trade association to operate abroad on behalf of many American film producers (p. 299). While presented as evidence of state regulation furthering the interests of America’s Market Empire, the exemption can
also be seen as allowing American firms to compete on a level playing field in Germany, where firms could enforce cartel agreements in court. (See Alfred D. Chandler Jr., Scale and Scope: The Dynamics of Industrial Capitalism. Cambridge MA: The Belknap Press of Harvard University Press, 1990: 398.)

It is true that the increasingly global market in consumer products challenged European social hierarchies. European elites wanted the new products for themselves while retaining the existing class structures. For example, European critics of American brands were not against brand name products per se; indeed they favored certain brands of distinction that allowed them to parade their wealth and status. As de Grazia tells us about the German advertising pioneer, Hanns W. Brose, “What he abhorred was the proliferation of cheap brands to the detriment of the status of the celebrated ones” (p. 221).

The twentieth century rise of the market consumer also tells a complex story of women and their emancipation from household labor. Women tended to be the major purchasers of consumer goods (food, clothing, laundry detergent) making them the “Market Empire’s main interlocutors” (p. 13). De Grazia does an excellent job of highlighting the challenges women faced in Europe. The middle class or petite bourgeois strained to purchase newly available products beyond their means to keep up with the wealthy in terms of social status. Even though the rise of the consumer had largely obliterated old European social distinctions by the 1950s, the first consumer survey in France in 1954 (almost a decade after the end of the war) found that “76 percent of all households had no running water, 90 percent had no washing machine, and 91 percent no refrigerator” (p. 361)—figures far higher than in the United States. But they caught up fast. With the closure of France’s annual Salon of Household Appliances in 1983, it was evident that household commodities had become as familiar in Europe as in America (p. 426).

Despite my qualms about the imperial thesis, I consider Irresistible Empire a carefully researched, highly rewarding book. I recommend it to a wide audience, including everyone interested in economic and cultural relations between the United States and Europe, the history of consumption, business practices and norms, industrial development, trans-Atlantic institutions, or the role of women as consumers.

Nicola Tynan, Dickinson College