In *Sick Economies*, Jonathan Gil Harris undertakes a study of the mutually constitutive relationship between the early modern discourses of trade and disease. He argues that “economic developments helped writers imagine disease as a foreign body,” while “the new vocabularies of contagious or exogenous disease provided writers with the imaginative resources for an emergent discourse of national and global economy” (p. 18). He leaves the reader in no doubt that tracts on trade employ complex medical analogies. Perhaps his clearest and most extended example is drawn from Malynes, who argues in *The Center and Circle of Trade* that “the obstruction of the Liuer, (Money, and the conduit Pipes of Spanish Royals and Germaine Dollers) must be opened by the meanes of the Braine, (Exchange) to minister good Bloud and Spirits to the Heart of our natiue Commodities, to make a liuely Trade” (quoted p. 144). But he also provides ample evidence of dramatists punning on the vocabulary of medicine and trade. For instance, in *Michaelmas Term*, Thomas Middleton underlines the pathological associations of consumption: “Oh, worse than consumption of the liver! / Consumption of the patrimony!” (quoted p. 163). Indeed, Harris contends that early modern drama is a particularly rich point of contact between the discourses of trade and pathology because Elizabethan theaters were focal points both of market forces and disease, as Jean-Christophe Agnew (*Worlds Apart: The Market and the Theater in Anglo-American Thought, 1550–1750*. Cambridge: Cambridge University Press, 1986), Douglas Bruster (*Drama and the Market in the Age of Shakespeare*. Cambridge: Cambridge University Press, 1992), and Leeds Barroll (*Politics, Plague, and Shakespeare's Theater: The Stuart Years*. Ithaca, NY: Cornell University Press, 1991) have argued separately.

Harris organizes his chapters by considering the way particular texts pair a disease with an economic problem. Thus he explores the themes of syphilis and trade in the works of Thomas Starkey, Thomas Smith, and *The Comedy of Errors*; taint and usury in the works of Gerard Malynes and *The Merchant of Venice*; and so forth. He devotes most of his attention to the tracts on trade produced by Malynes, Edward Misselden, and Thomas Mun, and to plays written by Shakespeare (*The Comedy of Errors, The Merchant of Venice, and Troilus and Cressida*), Ben Jonson (*Volpone*), Thomas Heywood (*The Fair Maid of the West*), Philip Massinger (*The Renegado*), and Thomas Middleton (*The Roaring Girl*). A controlling opposition that reappears in several of the chapters distinguishes between a model of organization (whether bodily or economic) that assumes that health can be recovered by restoring humoral homeostasis and one that believes that health may be imperiled by foreign pathogens—whether plague or imported luxuries.

I do have some reservations about the book. The first is its use of the words “mercantilism” and “mercantilist.” Harris acknowledges that “mercantilism” was the brain-child of Adam Smith and that many subsequent historians have denied its existence altogether or redescribed it as a loose collection of ideas rather than a systematic theory or system of legislation. He says that he wants to analyze mercantilism “as primarily a discursive rather than an ideological or economic system,” one that is characterized by certain “strategies of signification, by means of which it produces both power and
knowledge” (p. 6). This is an approach that he borrows from Michel Foucault’s *The Order of Things: An Archeology of Human Sciences* (London: Tavistock, 1970) and Mary Poovey’s *A History of the Modern Fact: Problems of Knowledge in the Sciences of Wealth and Society* (Chicago: University of Chicago Press, 1998), but he says that he is interested in mercantilism as a discourse not of “factual” or “precise” representation (as they are) but of “transnational typology.” If Harris means anything more by this phrase than that mercantilists wrote about goods crossing national borders, he does not really explain what he does mean. Moreover, he refers to “mercantilists” in what appears to be an inconsistent manner—sometimes using the term with all of Adam Smith’s force, at other times using it as a synonym for “writers on trade.” Occasionally he makes claims—for instance, that “labor” is a “category notably absent from mercantilist writing” (p. 14)—that seem impossible to accept no matter what construction is place on the word *mercantilist*. I was also unpersuaded by some of Harris’s associations. For instance, in chapter 5 he suggests that an episode about the transmigration of souls in *Volpone* “provides Jonson with a satirical template for the representation of overlapping economic and pathological phenomena: that is, the movement of people, commodities, and diseases across the borders of national body politics” (p. 117); and in chapter 6, a passing reference to hepatitis in a tract on trade is yoked to the themes of castration and treasure in plays about pirates.

Yet there are excellent passages in the book. I found myself coming away from it with a sharper understanding of the imagery of disease in many early modern plays. I also found intriguing Harris’s observation that plays that are set in shops before about 1600 tend to be set in workshops, whereas those that are set in shops after 1600 often feature luxury goods that may have been provided by guilds such as the Goldsmiths as a means of promoting their products (p. 177ff.). For suggestions such as this, and for its attempt to grapple with the methodological problems posed by the creative interpenetration of seemingly discrete discourses, the book deserves to find a readership among early modern intellectual historians and economic historians.

**BLAIR HOXBY, Yale University**

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*The Peasants of Ottobeuren, 1487–1726: A Rural Society in Early Modern Europe.*


As a historical period, as well as a subfield of European history, early modernity has a serious problem. No one quite knows when it begins, when it ends, or what its defining characteristics might be. (See, for instance, Jack Goldstone, “The Problem of the ‘Early Modern’ World.” *Journal of the Economic and Social History of the Orient* 41, no. 3 [1998]: 249–84; and Randolph Starn, “The Early Modern Muddle.” *Journal of Early Modern History* 6, no. 3 [2002]: 296–307.) Economic and social historians working in the postwar period perhaps created the problem because they found that the old categories of Medieval, Renaissance/Reformation, and Modern, did not sit well with the new chronologies emerging out of their analyses of long swings in price and population movements. For them, the defining episode of the newly discovered early modern period became the so-called crisis of the seventeenth century, understood initially as the log-jam in the transition from feudalism to capitalism, and only belatedly found to have ramifications in the cultural, intellectual, and political realms as well. Yet, as a growing chorus of scholarship suggests, this book most certainly included, the real crisis may just turn out to be that of a historical period in search of an identity.
There has been no shortage of monographs over the past three decades probing for evidence of the crisis in a multiplicity of specific locales, often with an eye towards adding coherence to the larger story of a European transition to the modern growth economies of the nineteenth and twentieth centuries. Yet that larger story remains elusive at best. Even though some peasants starved, others did not; growth rates varied across both time and space simultaneously and could easily reverse; and the decline of one region, or branch of production, might well redound to the benefit of others. In the midst of this plurality of experience it is hard to sustain compelling narratives about larger processes of social change, be they Marxist, Malthusian, Weberian, or world-systemic. That such change occurred seems obvious, at least in hindsight. Nonetheless, an unbridgeable gap persists between the local monographs and the treatises driven by theories of broad social, demographic, or economic change.

Govind Sreenivasan begins his decidedly monographic study of peasant economy and society in the south-German Swabian region of Ottobeuren with a provocative and wide-ranging discussion of the historiographical problems. Despite its intrinsic interest, the survey nonetheless feels like the introduction to another book, perhaps one the author already has in mind. For once past it, the book overwhelmingly focuses on the particular. It is archivally dense, only surfacing periodically from the minutest details of individual experience to the intermediate plane of local demographic, price, agricultural yield, or land sales statistics. Even less often are the broad themes of the introduction revisited. Not surprisingly then, it is hard for the reader to follow the traces of any high-level argument across the long, and sometimes meandering, substantive chapters. Those whose intellectual training is social scientific in nature, rather than historical per se, are likely to find this frustrating.

Not that the book is without merit, far from it. The richness of the material consulted, the intimate details of family life, farm maintenance, and land transfer revealed, and the impressive length of time (two and a half centuries) subjected to coherent analysis, all make this a remarkable achievement of historical scholarship. Sreenivasan successfully demonstrates that social change (even demographic change) can be forthcoming in an environment ruled by relatively stable Malthusian constraints (p. 6). In particular, he demonstrates that the population of Ottobeuren ceased to grow again until far into the industrial age after its halt in the last third of the sixteenth century, even after agricultural surpluses began to grow again at the conclusion of the Thirty Years War (p. 123). Some new “structural constraint” had come into play, but it was hardly the “traditional production crisis” of the normative story told about this period (p. 145). His rejection of the crisis mode of analysis, so central to both neo-Malthusian and Marxist scholarship of early modern Europe, is well supported by both the richness of detail and the duration of data about actual peasant experience with food production, demographic reproduction, and entitlement to resources (pp. 132-33). Finally, his claim that the fragility of individual lives “was more than made up for by the robustness of the institutions [of] marriage, inheritance, and property holding” is persuasive (p. 314), even if it left this reader with the nagging feeling that in our own lives that would not be an acceptable trade-off.

Nonetheless, it is not sure that the book brings us any closer to solving the problem of the true nature and scope of early modernity. Indeed, monographs such as this one are most successful precisely in highlighting those problems. What can we really know about the larger forces at work in Europe, or in the world for that matter, based on the experience of peasants in the lower alpine fastnesses of the Allgau? Can we find parallels to the incredible control of property Sreenivasan finds at work in this community in others? And if so, should we expect similar social, demographic, and economic outcomes to proceed from it? How did the property relations of this com-
munity contribute to, or hinder, the transition of Europe more generally to a situation of modern economic growth? Most importantly, what was the impact on other regions, or even other continents, of all the displaced individuals (noninheriting young people mostly) forced out of this community by the very robustness of its institutions? Displaced people are precisely the ones we most expect to take the lead in sweeping changes in economy and society, a point which brings us back full circle to where we began. It may well be that this and other regions’ steady-state export of human surplus helped sustain more dynamic processes elsewhere. Even locally compelling stories do not materialize in a vacuum.

ANNE E. C. MCCANTS, Massachusetts Institute of Technology

MODERN EUROPE


Whenever a major figure authors an encompassing monograph, one that re-evaluates his more than half century of scholarship with new evidence, the profession should take due note. Moshe Lewin, an eminent social and economic historian, has written a major new work that covers Soviet social, economic, and political history from the Bolshevik revolution through the end of the USSR. Lewin’s immersion in previously secret Soviet state and party archives became, as he writes, “my main activity for a number of years. The more I read, the richer the reality began to look to me” (p. viii). The Soviet Century tells us what Lewin has learned from these archives.

Lewin’s Soviet Century joins a growing number of studies based principally on the Soviet state and party archives. Much of this literature has emanated from the group of scholars associated with R. W. Davies at Birmingham University, which includes the eminent Russian historian, Oleg Khlevnyuk, writing on economic and political institutions and sectoral studies, as most recently represented by R. W. Davies and Steven Wheatcroft’s The Years of Hunger: Soviet Agriculture, 1931–1933 (Houndmills: Palgrave, 2004). A second group of archival researchers, that includes myself, Mark Harrison, Valery Lazarev, Eugenia Belova, Leonid Borodkin, Andrei Markевич, and Andrei Sokolov, has focused on the political economy of the administrative command economy and of the Stalin dictatorship. Much of this research is summarized in Paul Gregory’s, The Political Economy of Stalinism (Cambridge: Cambridge University Press, 2004). The fruits of such archival research are summarized in Paul Gregory and Mark Harrison’s, “Planning and Policy Under Dictatorship: The Stalin Archives,” Journal of Economic Literature, forthcoming, September 2006.

Lewin’s book is the most ambitious in scope of archival-based studies to date. It addresses economic, social, and political history, and it is not confined to the Stalin years, despite the weaker archival base for later periods, as evidenced by Lewin’s “renewed frustration with the lack of access to materials dealing with later stages of the Soviet era” (p. viii).

Lewin’s work serves as a key test for other archival research, given that it was carried out independently and simultaneously with the other research initiatives. Archival researchers can only draw selective samples from the millions of documents at their disposal; hence points of agreement or disagreement among them serve as important checks.

Let me turn to Lewin’s approach and findings: Part 1 is about the Stalin years, with a great deal of attention to Stalin himself and, as befits the interests of a social histo-
rian, to the social consequences of the Stalinist great leap. Part 2 deals with the 1960s—as the post-Stalin leadership searched for a new political and economic model to replace rigid Stalinism. Part 3 encompasses the “Soviet Century” from Lenin to the stagnation and corruption of the final decades of the Soviet system. Some chapters address social phenomena, such as social flux (chapter 5), the impact of collectivization on social structure (chapter 6), urbanization (chapters 16 and 23), and labor force and demography (chapter 24). Other chapters address the political history of Stalinism and Leninism (chapters 1, 2, 8, 9, 10), and institutional arrangements of the Stalinist and post-Stalinist systems (such as chapters 4 and 25). Lewin also examines the areas of Soviet life most hidden behind veils of secrecy—the Gulag and the NKVD-MVD-KGB—with a unique discussion of repression in the post-Stalin years in which the KGB lost the power both to judge and to punish (p. 183). Lewin presents and discusses rare data on political repression from the late 1950s through the mid 1970s (p. 191 and appendix), which allows researchers to extend the official repression data that end in 1955 or 1956 (N. Vert and S. N. Mironenko, eds., Istoriia Stalinskogo Gulaga, Massovye repressii v SSSR, Vol. 1, Moscow: Rossopen, 2004, statistical appendix).

Some chapters are directly based on archival evidence, in particular the chapters on the early years of Soviet power and the years of Stalin dictatorship; chapters covering later periods are based on more scattered archival sources, and on studies by Russian and Soviet economists, many previously unpublished.

Lewin’s most important contributions are to provide: a logical account of the development of Stalinism and its consequences, a political-economy model of the collapse of the Soviet system, and a counter-factual of a “Leninist” Soviet Union. I suspect that Lewin’s assessment of “the last revision of Leninism” will prove the most controversial point in this book.

Lewin’s description of Stalin’s accession to power begins with Stalin’s dispute with Lenin about nationality policy, more specifically about the conditions placed upon other republics as they joined the Soviet Union. Lenin favored “a formal unification with the Russian Federation” (p. 22), versus Stalin’s formulation of “joining under the Russian Federation.” The struggle between Lenin’s federalism and Stalin’s centralism proceeded through competing drafts and included Stalin’s cronies in Georgia arranging votes against autonomy, events that contributed to Lenin’s estrangement from Stalin and his growing perception that Stalin should be excluded from the leadership. With Lenin physically out of the way by 1922, Stalin was free to become Lenin’s “disciple” and to impose his vision of government on hapless opponents who “woke up one after the other” to the danger posed by Stalin.

Lewin poses his “model of the irresponsible dictatorship” (p. 33) to capture the essence of Stalinism. In effect, “the leader is free to set tasks, but cannot be held responsible for poor decisions or results.” (p. 33). Rather “cadres decide everything.” Hence, any mistake or mishap must be attributable to human failure. “When something went wrong, Stalin demanded that the culprit be found and severely punished,” leading to an “insane logic”: “if there is no culprit for failures that occurred at lower levels, they might be attributed to those at the top. And that was out of the question” (p. 34).

Stalin cemented his hold on power by creating “systemic paranoia”—a system of competing authorities. As noted by one of Stalin’s associates: “You will not find one uncontested authority in this system” (p. 80). Insofar as all officials were subject to the “condition of precarious power,” they were all dependent on the one source of absolute power—Stalin. Moreover, Stalin moved deliberately to disperse the influence of his closest associates to dilute their power. Although Stalin was both attracted and repulsed by great genius (such as military strategist Marshall Tukhachevsky), few independent thinkers survived Stalin’s reign.
Unlike Lenin who allowed and perhaps even encouraged open discussion and was himself open to strenuous attack from fellow party members, Stalin constructed a system whereby any deviation from his "unified party line" constituted the "sin" of "deviation." Lenin operated in the framework of party procedures. Stalin felt free to ignore procedures when it suited him (pp. 302–03). Lewin attributes Stalin’s use of "heresy hunting" to his seminary training, and it was the sin of deviation and factionalism that Stalin cited in liquidating his most formidable enemies.

Stalin’s creation was a system in which cadres worked in a permanent apparatus in which each had a responsibility and a precise post and in which there was no provision for change in leadership through elections. Moreover, these apparatuses inevitably became bureaucratized with a proliferation of agencies, ministries, and commissions, and characterized by inequality and privilege, though with a growing tedium of work, which drove 1.5 million party members to leave the party between 1922 and 1935 (p. 45). To quote Lewin: “An egalitarian apparatus is as realistic as a square circle” (p. 84).

Stalin’s ultimate experiment with “cadres” was his decision to liquidate the old in order to bring in a new fresh elite, much akin to Mao’s motivation for his Cultural Revolution. Stalin used his Great Purges to implicate his closest associates in his crimes, forcing them to “vote” on the fates of their former comrades, such as in the case of Nikolai Bukharin (p. 99). Stalin also insured the loyalty of his NKVD by adding financial resources and salary increases on the eve of the Great Terror.

Lewin’s model of stagnation follows from Stalin’s bureaucratization of the party and the state apparatus. As the state and party bureaucracy fused and mighty bureaucracies grew (a bureaucracy of over four million in the 1970s, p. 344), state ownership ceased to exist, to be replaced by ownership by the bureaucracy. At this juncture, according to Lewin, the USSR ceased to exist as a socialist state. Instead, it was an “ailing economy run by a flourishing bureaucracy,” and “stagnation was marked by the impossibility of extracting anything from the bureaucracy and a lack of will and ideas at the top about how to stop the rot” (p. 371). “The diagnosis was simple: the system was sick while the bureaucracy was in fine fettle. Reforming the system entailed reforming the bureaucracy: no one was in a position to impose this and why should it undertake the task itself? This meant that the writing was on the wall—of the Kremlin this time” (p. 371). And further: “Can a bureaucracy be controlled by another bureaucracy or even by itself? Our answer is a categorical ‘No’” (p. 374).

Could the emergence of a “lesser” Stalin have reversed the rot? Lewin does not rule out that a decisive but nonbrutal leader, such as Yury Andropov, could have reconstituted the Soviet system, but he passed from the scene before his reforms could be felt (pp. 374–75).

Lewin correctly notes that Lenin’s short rule from 1917 to his incapacitation in 1922 has not been the subject of scholarly inquiry despite the importance of the issue of the “Leninist” vision of the future Soviet society. Contrary to a number of archival works emphasizing Lenin’s own dictatorial and repressive tendencies (Richard Pipes, ed., The Unknown Lenin: From the Secret Archive, New Haven, CT: Yale University Press, 1996), Lewin depicts a more democratic and enlightened Lenin “willing to rethink our ideas about socialism” and “to learn from anyone who knows more about something than us” (p. 298). Lewin’s Lenin wanted party democracy—the ultimate primacy of the party congress over its elected bodies (p. 300), a government run by accepted rules and procedures in which the most important issues were voted upon, and a general framework of civility among party leaders. Accordingly, a Soviet Union under a healthy Lenin, Lewin appears to argue, would have been much different from that created by Stalin.
Lewin’s blame of the de facto “capture” of property rights by a privileged and ossified bureaucracy for the decline of the Soviet Union is a modern reflection of early criticisms of party dictatorship, such as by Milovan Djilas, The New Class (New York: Praeger, 1957). Whereas Djilas used his personal impressions as a former communist party leader to reach his conclusions, Lewin uses party records to form and illustrate his ideas. Although this is not clearly spelled out, Lewin can be interpreted as arguing that a single-party, state-ownership, administrative allocation system could have evolved into a quasi-democratic decentralized system under a “jockey” other than Stalin. F. A. Hayek (The Road to Serfdom. Chicago: University of Chicago Press, 1944) argued to the contrary that such a system will inevitably create a Stalinist system—a position which I support in my Political Economy of Stalinism (chapter 3). One rationale for Lewin’s thinking is his interpretation of an enlightened Lenin, whom he supposes to be expressing core beliefs in his writings dating to the liberal NEP period. Some scholars, such as Peter Boetke (Calculation and Coordination: Essays on Socialism and Transitional Political Economy. London: Routledge, 2001) have shown that Lenin’s support of NEP was dictated by political expediency and represented a tactical deviation from core values. I would argue that it is unwise to extrapolate Lenin’s future actions from anything written in justification of his famous “one step backwards in order to later take two steps forwards” decision in March of 1921. On a final note, I find myself in complete agreement with Lewin’s concise description of the “insane logic” of the Stalinist system.

Lewin’s book is a masterful condensation of Soviet economic and political history into powerful models and analysis. He captures the flavor of Stalinism and its difficult aftermath with deep scholarship and wisdom.

Paul Gregory, University of Houston

LATIN AMERICA


Dutra’s World is an engaging socioeconomic history of wealth in nineteenth-century Brazil. Its central argument, that slaveholding was the principal means of wealth accumulation, is centered on the striking personal case of Antonio Dutra. Dutra was an African slave turned freedman who accumulated a substantial estate by the time of his death in 1849, thanks to his acquisition of 13 slaves to work in his barbering and musician businesses and to serve him at home. Zephyr Frank argues that upward social mobility like Dutra’s was possible and even widespread in Rio de Janeiro in the first decades of the nineteenth century because of a dramatic increase in slave imports, especially in the 1830s and 1840s. This hoarding in the face of increased British pressure to end the slave trade made slaves cheap and therefore affordable to Rio de Janeiro’s “middling sorts,” a vast group that extended from professionals and government employees at the top to widows and day laborers at the bottom. Frank’s analysis of death inventories across the nineteenth century confirms that urban middle groups experienced rising levels of wealth up to 1850 generated by these returns from investing in slaves.

The unusual window of economic opportunity and mobility closed abruptly with the abolition of the international slave trade in 1850. Prices doubled once no new stocks of slaves were available, putting slave purchases out of the reach of the middle groups.
Alternatives to investing in slaves were few and the most common of these, real estate, was expensive relative to slaveholding. This was true in the first half of the century and truer in the second, when immigrant inflows strained Rio’s housing supply. The rise in slave and real estate prices after 1850 left the middling groups with few income-generating assets, thereby curtailing their ability to accumulate wealth. As a result, the second half of the nineteenth century was characterized by increasing wealth concentration in the hands of the elite and an ever widening economic gap between elite and middle groups. The irony of this relationship is not hard to grasp: the impressment of hundreds of thousands of Africans may have offered Brazil its best chance at broad-based wealth accumulation and, therefore, balanced socioeconomic development. The abolition of an abhorrent trade put an end to socioeconomic mobility and generated a chasm between the elite and the rest that has persisted to this day.

Frank’s findings are the result of archival research into estate inventories throughout the nineteenth century, an ambitious undertaking of data compilation and analysis. Although Frank’s argument is both well-documented and compelling, the reader must bear in mind that it captures the experiences of a slim fraction of the Brazilian population. Urban dwellers comprised 6 to 8 percent of Brazil’s nineteenth-century population at most; slaves made up half of those urban dwellers. Social mobility via wealth accumulation, then, was limited to a relatively small group. Still, Frank’s findings for urban Rio are powerful. They capture an important group not often studied—middle groups in Brazilian economy and society—and therefore provide an important counterpoint to the predominant interpretations of nineteenth-century Brazil in which the hierarchical, patriarchal social structure shut down any possibilities for social mobility. Like recent explorations of Brazil’s rural economy that have revealed the prevalence of slaveholding among small producers, this book is a clear demonstration of how central slaveholding was to wealth accumulation for these modest middle groups.

Although this book is interesting on many fronts—occupation of urban space; consumption habits of urban dwellers; investment strategies of the rich and poor; economic position of women in family and society—its organization creates a degree of frustration for the reader. Frank makes Dutra’s experience the touchstone for the broader analysis of major shifts in Rio de Janeiro’s economy and society, referring to him throughout the book’s first chapters as if we have already become well acquainted with his life, but does not discuss Dutra’s inventory or analyze his family’s economy until late in the book. Frank wants to establish the arc of urban investment and wealth holding across the century before entering into the specifics of the Dutra inventory that captures just a portion of that arc, but this organization leaves the non-Brazilianist without a detailed description of sources and methodology or a grounding in inheritance law—the fundamental institution affecting wealth holding over time—until chapter 6. In this era of MP3 downloads, the reader might want to make his or her own “mix,” reading about Dutra first (chapter 6 “Death and Dying”) and then reading the chapters that demonstrate changes in the economy and society over time.

Dutra’s World is an accessible book that can be used in an undergraduate class but will also be of interest to scholars interested in wealth holding, urbanization, slavery, family, and gender in the nineteenth century. Frank is candid about both the potential and limitations of his sources, generally satisfying within a matter of sentences the doubts that occur to the critical mind regarding data, method, and interpretation. More systematic explanations of his data and methodology are contained in an appendix to the book, an arrangement that does not tax the general reader and addresses the interests of the specialist. This book will appeal to both.

ANNE G. HANLEY, Northern Illinois University

It is by now common-place for economic historians to speak of a “Golden Age” in the history of American capitalism, an epoch of virtually uninterrupted growth that spanned from the end of World War II to the end of the Vietnam War. Although debates persist regarding the distribution of the benefits of that prosperous era, there is nonetheless general agreement about the sources of the remarkable expansion that made the American economy, by the end of the sixth decade of the twentieth century, one of the richest and most dynamic on record. Less well understood, and far more contentious in discussion among investigators, are the causes of the demise of this Golden Age, the increasingly unstable nature of economic performance in the U.S. case during the 1970s and 1980s, and the consequences of the erratic boom that ultimately closed out the millennium. It is thus a most welcome task to note that a historian at Auburn University, Wyatt Wells, has produced a succinct narrative that seeks to contribute to our understanding of the complex economic history of the last 50 years.

American Capitalism is a clearly written and concise text, one that offers a fairly traditional and briefly annotated survey of the main determinants of the pace and pattern of U.S. economic growth in the post–World War II years. Wells approaches his subject by means of what have by now become well-known and oft-repeated themes. He begins with a survey of the characteristics of the immediate postwar boom, focusing on reconversion and international reconstruction as core stimulants of expansion. This sets the stage for Wells’s explanation of the “Go-Go Economy” of the sixties and seventies. Some reflection on the innate weaknesses and inherent contradictions of the “Go-Go” years then lead Wells to a close examination of the “Great Stagflation” that followed, the financial puzzles of the “twin deficits” that grew out of the public sector and changing international trade patterns, and the struggle to develop a new set of economic policies to confront such problematic economic circumstances. Wells then concludes the volume with a brief discussion of the “New Economy” of the turn-of-the-century and the challenges of globalization.

Although Wells’s narrative is strikingly conventional, and although he often straddles contending points of view rather than comparing and contrasting them with the goal of formulating new arguments, he nevertheless does succeed at times in offering interesting revisions of extant wisdom. For example, contemplating the designs of the Marshall Plan in postwar Europe, Wells criticizes the claim that European bankruptcy in the late 1940s and early 1950s would have jeopardized U.S. economic growth, seeing the domestic sources of prosperity to be so powerful as to have more than compensated for the potentially negative impacts of that counterfactual case. He rightly emphasizes the important role of public sector investment in providing both the technological know-how and the appropriate infrastructure to realize the growth potential of the postwar years. Yet Wells interestingly argues that such spending was less the result of inertial tendencies born out of the New Deal response to the Great Depression and wartime mobilization than they were the direct product of “reformers’ intellectual predilections [that] led them to . . . believe that the Soviet Union, which as a Communist state could mobilize huge resources for such activities, would outpace the United States unless Americans developed the same capability” (p. 55).
Finally, Wells situates a wave of conglomerate mergers in the 1960s at the center of the rapid economic growth and development of that decade—this, a most welcome and important intervention in an otherwise unsurprising narrative.

Wells is similarly effective and engaging in his discussion of the impacts of the fiscal debacle of the Vietnam era, the inflationary shocks of the 1970s, and the sectoral shift in key manufacturing sectors that these economic maladies accelerated. Indeed, his discussion of the ways in which these difficulties led to the “Reagan Revolution” and the increasing momentum among political leaders eager to “deregulate” the national economy is fair and accurate. Even so, his arguments avoid critical engagement with the core literature on these matters. Instead, it is in this portion of his book that Wells simply asserts that the shift from a focus on mass production to the development of what he calls an “information society” had profound destabilizing consequences. Noting unemployment and difficult investment bottlenecks created by the rise of service industries, particularly in telecommunications and information processing, Wells is nonetheless silent on the specific mechanisms by which these structural displacements in American capitalism emerged. He simply invokes a diminishing returns view of the decline of American manufacturing when he declares that “every technique has its limits, and by the 1970s the United States may well have extracted as much benefit from [mass production] as possible” (p. 121).

Similarly vague and unpersuasive discussions are offered regarding highly controversial subjects that continue to attract the attention of contemporary analysts. The impact of military spending on American economic performance is a case in point. Wells notes correctly that, if construed in narrow terms, military spending as a proportion of U.S. GDP was relatively small, even during the high tide of the Cold War itself. If examined in a broader format, in terms of its impact on the ability of the economy to react to foreign competition, Wells notes that the record regarding the “military-industrial complex” is more ambiguous. Did military spending make American industry lethargic, more and more dependent on the production of public goods rather than being flexibly poised to respond to changes in international trade flows? And did this enervation only intensify as a large proportion of the industrialized world re-emerged from the devastation and dislocations of both World War II and of global decolonization? On these significant and important questions Wells can only offer agnostic speculations along with the rather confusing suggestion that the “proper question” is not how military spending affected economic growth but rather “how much . . . the country need[ed] to spend on defense” given its security concerns (p. 35).

Wells also indulges in generalizations about fairly controversial subjects that are either inadequately justified or strangely limited in scope. He surveys the impact of deregulation in the economy with no assessment of its costs, ignoring the anti-competitive consequences of the renewed capital concentration (for example, in the case of the airlines) it sparked or the inefficiencies born of its dissolution of technological standards and systems access (for example, in the case of telecommunications). To be fair, he does note some of the distorting impacts of deregulation and privatization in the delivery of health care, but understands the collapse of reform efforts in the early 1990s to be the result of the fact that “Americans were reasonably happy with their health insurance as it was” (p. 169)—needless to say, a breathtaking claim. The anti-union focus of the Reagan Revolution is noted but explained in terms of an allegedly confrontational tradition in American labor relations—a strange assertion in a history of a nation that has never seen more than a third of its workers organized in collective bargaining units. The technologically driven boom of the 1990s is narrated well, but its collapse is briefly described with no systematic reference to the account-
Wyatt Wells’s *American Capitalism* is, in the final analysis, a fairly upbeat narration of some of the most significant, complicated, and transforming decades in the nation’s history. Wells sees, in American traditions of entrepreneurship, public sector–private sector cooperation, and technological dynamism, the crucial ingredients of economic success in the final decades of the last century—and he favorably compares that success with “any nation on earth” (p. 195). What he ignores, in this optimistic rendition of the story, is a systematic appreciation of the historical mechanisms that made this success altogether unique, nor does he engage in a meaningful and thorough evaluation of its weaknesses, costs, and consequences. Equally absent in Wells’s analysis is a frank and honest explanation of why the ingredients of another economic “Golden Age” cannot and will not come our way again.

MICHAEL A. BERNSTEIN, *University of California, San Diego*


“American exceptionalism”—the country’s lack of a strong socialist movement or labor party—has puzzled historians for decades. The fall in private-sector union density has preoccupied labor economists (not to mention union leaders) for the past 40 years. Labor-market issues such as the “living wage,” overseas working conditions, and outsourcing have served as recent rallying points for both antiglobalization demonstrations and presidential campaigns. For a topic that interests such a large and diverse group, it is surprising that no comprehensive history of the labor movement has been recently undertaken.

Philip Yale Nicholson’s *Labor’s Story in the United States* is a courageous attempt at carrying out this assignment. Undoubtedly comprehensive, the volume covers the U.S. labor movement from colonial times to the George W. Bush administration. Nicholson does not, however, merely give a detached account of the major events and personalities. He clearly states his thesis in the introduction: “[A]side from some important and notable exceptions, labor has been able to organize when it has been in the interest of capital for it to do so. The owners have, for the most part, been able to call the shots” (p. xiii). The book traces this theme of workers’ weakness throughout American history: indentured servitude during prerevolutionary times, slavery, dismal working conditions prior to Progressive-Era reforms, and, importantly, the plight of non-unionized workers during the postwar period of union ascendancy.

With colorful protagonists such as Eugene Debs, Samuel Gompers, and John Lewis, villains such as Henry Ford, the Pinkerton Detectives, and Wal-Mart, and clashes such as the Haymarket Riots, the Pullman Strike, and the Flint Sit-Down, Nicholson offers up some page-turning material. The story is at times riveting, and Nicholson deserves credit for bringing to life many forgotten chapters. He is especially effective at broadening the story of labor in the United States beyond Northern industrial workers, by integrating the struggle of slaves (and, later, free blacks) into the narrative. Although Nicholson makes the usual argument that capitalists used race to keep workers divided, his analysis of race and unions is remarkably nuanced. He neither absolves labor unions of their racist legacy nor dismisses them as backward institutions. He emphasizes the tolerant nature of the Knights of Labor, noting that women and blacks constituted 20 percent of its membership. Yet playing the race card seemed essential...
for political viability, and practical men such as the AFL’s Samuel Gompers, while originally advocating racial equality, were ultimately willing to compromise in order to secure white membership.

Nicholson also challenges the prevailing wisdom that the labor movement peaked in the 1950s, proposing instead the years before World War I. He invites readers to consider the counterfactual wage profile—in the postwar era of strong labor demand, it was easy to confuse rising wages and generous benefits with union influence. Unions owed much of their gains during this period to agreements forged with big business and government: “The prosperity and power of the unions was now going to be tied to their relationship with the government, not their ability to serve their members” (p. 239). Nicholson effectively traces the roots of labor’s decline to this period of complacency.

The book’s key flaw is in its presentation of evidence. To most economists, the most striking example of this deficiency would likely be its use of statistics. Not a single table nor graph appears in the book, which is not to say that Nicholson does not make use of statistics. Instead, numbers are sprinkled throughout the text without sufficient context. For example, readers learn that unions represented “at least 300,000 workers” during the height of Reconstruction and are told that this was a period of strength for the movement, but unless one happens to know what that number was ten years earlier or ten years later, the figure by itself reveals nothing about the growth of the movement. The book would have benefited tremendously from a simple graph of union density from 1880 to 2000, a time-series that can be found in the work of Claudia Goldin (“Labor Markets in the Twentieth Century.” National Bureau of Economic Research, Working Paper H0058 [1994]) or Richard Freeman (“Spurts in Union Growth.” National Bureau of Economic Research, Working Paper 6012 [1997]). Although there may be no universally accepted figures on nineteenth-century union density, Nicholson could have at least reproduced these figures and discussed their validity.

Similarly, in trying to demonstrate that labor regulations were often disregarded during World War II, he notes that 88,000 workers died on the job between 1941 and 1945. Although this seems like a high number, the purpose of statistical analysis is to move readers beyond gut-level responses and to ground such figures in meaningful context. What was the accident rate in wartime England? What was the rate in the United States immediately before and after the war?

Many of Nicholson’s statistical claims are unsubstantiated. In noting the historically high levels of inequality in today’s labor market, he claims that “the gap between those who created wealth and those who owned or controlled it was never greater (with the possible exception of the era of plantation slavery), nor was there any other large industrial nation on earth where that social gap was expanding in any comparable way” (p. xii). Nicholson does not cite any statistical source to support this argument, which should not surprise any economic historian—obtaining statistical sources on inequality before the Census began to record household income in 1940 has been a key challenge to the field. Moreover, the works of Emmanuel Saez and others have demonstrated that the growth of wealth and income inequality in the United Kingdom since 1970, although not as dramatic as that in the United States, has followed a similar pattern. The United Kingdom has historically had a strong, socialist labor movement; the growth in inequality there undercuts any hypothesis that emphasizes the link between the growth of inequality and the decline of unions.

Nicholson does better when he moves away from statistics. He shows sensitivity in describing the political compromises labor’s early leaders were forced to make and he occasionally cites primary sources to describe the experiences of workers themselves.
For the most part, however, his analysis is top-down. He cites aggregate trends, describes the campaigns of labor’s “great men,” and summarizes the details of relevant legislation. Despite these flaws, Nicholson’s passion for his subject rings true. He fights to prove his thesis with every weapon at his disposal, even if he is able to wield some with more agility than others. This is unfortunate because his more errant shots open him up to charges that his work is a diatribe against the ills of capitalism. Many readers would undoubtedly agree that there were—and continue to be—many such ills to decry, and one wishes that Nicholson had preserved the a priori credibility of his arguments by choosing his tactics more prudently.

**ILYANA KUZIMKO, Harvard University**


The essays in *Constructing Corporate America* seek to understand the social origins and consequences of the modern business corporation in the United States. Although diverse in nature, they share the underlying “premise that the corporate form is just one solution to problems of production and management,” and they seek to demonstrate the socially and historically contingent nature of corporate organization (pp. 17–18). Overall, the book is only partly successful due to the uneven nature of the essays. Nonetheless, it should be of interest to a wide range of scholars who focus on the emergence and ongoing importance of corporate organization in modern society.

The book is organized into three parts. The first and most successful focuses on the emergence and construction of the modern corporation. Particularly noteworthy are the opening essays by Naomi R. Lamoreaux and Colleen A. Dunlavy that examine the development of U.S. corporate law. Both challenge the claim that the corporate form emerged out of functional necessity and both contend that its institutionalization created lasting disadvantages for small and medium-sized businesses. Dunlavy focuses on the changing conception of shareholder voting rights that occurred between 1825 and 1870, when the one-share one-vote principle replaced the idea of equal representation for every shareholder, regardless of stock holdings. Dunlavy argues that this shift, not the emergence of the corporate form per se, was largely responsible for the separation of ownership and control characteristic of large U.S. corporations. Lamoreaux shows that these new principles were especially problematic for smaller businesses when they were disseminated via general incorporation statutes and coupled with the legal doctrine of corporate personhood. Far from attenuating transaction costs and increasing contractual freedom, this combination of factors reduced the ability of many businesses to protect against the opportunistic expropriation of small shareholders’ wealth. Together these chapters provide historically nuanced and insightful accounts of the legal development behind the emergence of the modern corporation, emphasizing the contingent, unanticipated, and inertial forces at work in the common law.

The remaining chapters in part 1 are more disparate in focus. Kenneth Lipartito’s essay draws parallels between antebellum utopian organizations and the modern corporation, arguing that both gave rise to extreme emphasis on rationalization and bureaucratization. Although Lipartito’s argument should be understood as an example of elective affinity rather than the causal relationship he sometimes suggests, it shows the extent to which the impulse to rationalize can itself be rooted in nonrational commitments and taken to irrational extremes. Gerald Berk provides a provocative re-
examination of Louis Brandeis’s proposed railroad regulation in the early 1900s. Working for the ICC, Brandeis championed scientific management and a complex form of sliding regulation as an alternative to rate-of-return regulation. The thrust of Berk’s thesis is to contend that Brandeis’s approach amounted to a form of pragmatism that utilized scientific management to standardize cost accounting and establish benchmarking, while relying on decentralized experimentation to discover and disseminate best practice. Although Berk makes a strong, novel case for the economic coherence of Brandeis’s approach, he says little about the legal and political impediments it faced.

Part 2 focuses on corporate-state relations in the United States and is more uneven. Louis Galambos argues that the Reagan administration’s antitrust reform in the 1980s set the stage for an economic resurgence in the United States. Unfortunately, while distinguishing correlation from causation is notoriously difficult in historical research, Galambos does not even make the attempt. Instead, he simply posits that the economic events of the 1990s and beyond were a direct outcome of 1980s regulatory policies. David M. Hart examines the different ways in which state intervention facilitates technological capabilities in diverse societies. His essay highlights a number of dimensions useful for cross-national comparison, but ultimately it is too general and preliminary in nature to shed much light on this huge and difficult issue. The most successful essay in part 2 is David B. Sicilia’s chapter that examines the “political, legal, and rhetorical attack” on U.S. corporations that occurred in the decades after World War II (p. 188). Focusing on the chemical, nuclear, and tobacco industries, Sicilia seeks to locate both the causes of these attacks on corporate legitimacy and the counter-strategies that they invoked. Although the essay is less successful in explaining why such attacks on legitimacy increased during this era, it provides a good overview of how these challenges unfolded and were met.

Part 3 on “The Business of Identity” is the least compelling part of the book. This is partly a matter of taste—this section is probably furthest afield from the concerns of most readers of this JOURNAL. Beyond that, however, the essays remain too preliminary in nature. Charles Dellheim and Juliet E. K. Walker contribute chapters on the positions of Jews and African-Americans, respectively, in corporate America. Both provide overviews and, in Walker’s case, statistics that provide a useful introduction to these areas, but neither goes beyond summary nor successfully links their data to corporate dynamics per se. Melissa Fisher and Eric Guthey contribute narratives on “Wall Street Women’s Herstories,” and “New Economy Romanticism,” respectively. They provide in-depth description of particular individuals and cases, but, arguably, relatively little generalizable analysis.

BOB FREELAND, University of Wisconsin


*Water, Race, and Disease* starts with a juxtaposition of components of African Americans’ quality of life in the early twentieth century. There were rapid improvements in health (especially in cities), but enormous and widening racial disparities in political, educational, and economic resources. How should economic historians square these facts in telling the story of American economic development?

Werner Troesken argues that the extension of the public health infrastructure, specifically sewers and clean water, led to significant disease reductions for both blacks
and whites. Moreover, he argues that blacks benefited at least as much as whites, and probably more, from the provision of clean water. This begs a second question: given that sewers and water purification were costly and that blacks had little political clout, why did whites not exclude blacks from the provision of clean water? Troesken argues that concerns about disease spillovers from blacks to whites were key in this regard, especially in the context of cities that were more racially integrated (in the geographic sense) than they were later in the century. To this, I will add one more question and discuss it below: What does this tell us about the nature of racial discrimination circa 1910?

As an interdisciplinary undertaking, the book is a great success. Troesken draws on and contributes to extensive literatures in urban history, epidemiological history, and economic history; he compiles and analyzes a wide range of data sets; he develops several illuminating case studies; and, throughout, he brings a tremendous amount of evidence to bear on the questions at hand. I strongly recommend the book to economic historians, to public, urban, and health economists, and to historians who study race, cities, and health in the United States.

Chapter 2 introduces readers to the essential epidemiological and historical context—the prevalence and transmission of water-borne diseases in a world of highly impure water. Chapter 3 characterizes the extent of sewer and public water provision in U.S. cities, drawing heavily on the Census Bureau’s General Statistics of Cities volumes for 1909 and 1915. Some readers will find it surprising that, by that time, southern cities did not trail the rest of the country in sewer and water provision (on average). Data on racial differences within cities in the likelihood of having sewer and public water connections are more difficult to come by. For a smaller set of cities, Chapter 3 uses data from the Negro Mortality Project and the Children’s Bureau, whereas chapter 4 makes clever use of data from the Integrated Public Use Microdata Series (IPUMS) to flesh out case studies of Memphis and Savannah. Chapter 5 combines a case study of Shaw, Mississippi, where black residents successfully sued the city for providing inadequate public services (in 1971), with a nationwide comparison of black and white access to public water and sewer systems in 1960 (using the IPUMS data). Chapters 6 and 7 provide the most detailed econometric analyses in the book and establish that water filtration really did lower disease rates (specifically, typhoid death rates) for both blacks and whites. Chapters 8 and 9 extend the econometric analysis and state the book’s conclusions, respectively.

The book is packed with facts, figures, and estimates, and I have space to highlight only the most central contributions. First, public investments in sewers and water purification contributed to the great decline in mortality rates in the period under study, but they were not the only factors at work. Troesken makes a laudable statistical effort to separate the impact of water from the impact of other factors. Second, within cities, blacks were indeed less likely than whites to have access to sewers and public water, but in most cases the racial gaps were not very large. Perhaps more importantly, Troesken demonstrates repeatedly that blacks in urban areas gained at least as much as whites, in terms of disease reduction, from the introduction of better water treatment. Third, the geographical separation of blacks and whites within cities was not as pronounced in the late nineteenth and early twentieth centuries as it was later. This facilitated black access to clean water both at the time the infrastructure was built and (I would add) as blacks moved into formerly white-occupied areas.

Aside from lingering concerns with some aspects of the econometrics (for example, it is extremely difficult to estimate spillover effects and to find strong instrumental variables in this context), I found the book’s evidence and arguments to be convincing. Potential extensions of Troesken’s work are easy to identify, reflecting
the book’s rich intersection of topics. For example, based on the stories Troesken tells for urban areas, I would be eager to read a new investigation of urban disamenities, living standards, and wages in this period. It would be interesting to see whether the implicit “compensating wage differential” for urban residence (relative to rural residence) differed by race or changed greatly, though the data requirements for such an investigation are not easily met. A less far-flung suggestion would be to explore the economics of households’ decisions to connect to the public water system (a cost that appears to have been borne privately), conditional on having access to it. This distinction arises in chapter 4’s case studies, and it is an interesting economic problem unto itself. How did households at the time value and respond to the services being offered?

What does Troesken’s story tell us about discrimination in the early twentieth century? By pointing out specific concerns about disease spillovers from blacks to whites, Troesken emphasizes that self-interest can sometimes trump racial animus, even in the Jim Crow era. Related extensions of this general principle are important to consider. For example, a large proportion of blacks worked for white employers – even in a world without disease spillovers, self-interested white employers would prefer to have healthy black workers, as they are more productive, less frequently absent, et cetera. Another variation on this theme, one that is often cited in the literature on racial disparities in school provision, is that, to the extent blacks “voted with their feet” and sought out places with more amenable public services, self-interested white employers had an incentive to provide a certain level of such services.

WILLIAM J. COLLINS, Vanderbilt University


The U.S. Brewing Industry: Data and Analysis brings together more than 20 years worth of research by Victor and Carol Tremblay on the United States beer industry from 1950 to the present. As the title advertises, the book offers an incredible wealth of data on nearly all aspects of the beer industry in the latter half of the twentieth century. Any economic historian interested in industrial organization, firm strategy, or alcoholic beverages would benefit from reading this book because of the synthetic account it offers of the evolution and consolidation of the beer industry. Although most of the data cover the period after 1950, for those interested in the nineteenth and early twentieth centuries, the authors include graphs of production and consumption dating back to 1863 (in chapter 1) and brief descriptions of the founding of all of the companies that were prominent in the post–World War II period (in chapter 4).

The book is organized into ten chapters that cover various aspects of the industry including: demand for and cost of producing beer (chapter 2), industry concentration (chapter 3), the leading brewers (chapter 4), imports and specialty brewers (chapter 5), proliferation of products and brands (chapter 6), strategic issues (chapter 7), and performance and policy issues (chapters 8 and 9).

The introduction provides interesting and important background information on how beer is brewed, key segments of the industry today, trends in per capita beer consumption in the United States, and how the United States compares to other countries. The top beer drinking nation in the world in 2001 was the Czech Republic at 41.8 gallons of beer per capita. The Czechs also drank 4.4 gallons of wine and 1 gallon of spirits per capita. The United States ranks eleventh on beer consumption at 22 gallons per
capita. Americans also drank two gallons of wine, and 0.5 gallons of spirits. Even at our relatively modest consumption, beer in the United States is big business. “In 2002, the industry accounted for more than $64 billion in sales, employed 850,000 U.S. workers, and paid $8.7 billion in federal and state excise and sales taxes” (p.10). Three companies dominate domestic production—Anheuser-Busch, Miller, and Coors. In 2001 they produced 89 percent of beer brewed in the United States. In 1950 they produced less than 10 percent of the beer brewed in the United States. Thus, much of the book is organized around understanding the rise to dominance of these three companies.

Chapter 2 covers demand and cost. Not surprisingly, demand is relatively inelastic and is driven primarily by income and demographics. One interesting finding is that advertising has little effect on the market demand for beer, although it almost certainly does have an effect on firm-level demand for beer. Thus, most of the expenditures are of the business stealing rather than the market expanding type. This chapter also shows that the minimum efficient scale of production rose significantly from around 100,000 barrels in 1950 to at 4.5 million barrels by 1990. Indeed, in 1990, 79 percent of production occurred in breweries producing at least 18 million barrels and by 2000 the share had increased to 89 percent.

Chapter 3 documents increasing concentration in the industry and argues based on Sutton (1991) and Doraszelski and Markovich (2003) that this change can be attributed to two causes. The first was in the minimum efficient technological scale, which “rose relative to the size of the market” (p. 65). The second was the advent of television. Television advertising led to a preemption race and higher sunk costs in the industry. Initially, the Tremblays show that advertising by the first and second tier producers was similar, although slightly lower for second tier producers. By the mid 1970s, however, expenditures diverged for the two groups, and the first tier was able to use advertising as a tool to expand share at the expense of the second tier.

Chapter 4 offers an interesting and detailed qualitative analysis of the winning and losing producers. Many of the losers were regional producers that never made the leap to large-scale production demanded by minimum efficient scale in production and advertising. Others such as Schlitz, once the leading producer in the United States, stumbled because of quality issues. A similar shakeout occurred in the 1990s with the high entry into the specialty beer segment.

Chapter 5 describes the rise of the specialty beer segment and its evolution together with the increasing importance of imports. From a combined market share of around 5 percent in 1970, they have risen to a market share of more than 13 percent. This chapter, like many of the others, offers a great wealth of detail on these segments.

Chapters 6 and 7 cover strategic issues. Producers have used the standard arsenal of strategies to gain and maintain their market positions. Product proliferation has become increasingly common. Pricing has become increasingly sophisticated, with producers appearing at times to follow mixed pricing and trigger strategies. Advertising has followed a similar path. Mergers and acquisitions played a key role in the growth of Anheuser-Busch and Miller, whereas Coors has largely grown through internal expansion. Exclusive dealing contracts are common.

Chapters 8 and 9 address economic performance and public policy. I found these to be the weakest chapters because of the broad range of issues covered in relatively little depth. Topics include externalities and beer consumption, equity and socially responsible behavior in brewing, price discrimination, and public health issues.

In sum, this is an exceptionally detailed case study of the evolution of a single industry—the United States brewing industry—from 1950 to the present. This is a period of considerable change in which three firms came to dominate the industry. Read-
ers with an interest in industrial organization and firm strategy will find this book to be a useful addition to their libraries.

KAREN CLAY, Carnegie Mellon University


Steamboats on Louisiana’s Bayous: A History and Directory fills a gargantuan void in the economic and social history of Louisiana. As the authors state in the preface: “Yet the steamboats of the Bayou Country were not sumptuously appointed pleasure craft. Instead they were—like tugboats and barges that succeeded them—working vessels of utilitarian design and sturdy construction, employed in the mundane business of transporting bulk cargoes to market” (pp. ix–x). As a state heavily dependent upon its agricultural produce of cotton, sugar, and rice, Louisiana reached its markets through steamboat transportation. Equally dependent upon imports for the bayou country’s survival, the state’s residents used steamboats to provide the necessities of life. Isolated and distant from New Orleans and the Mississippi corridor, the bayou country utilized steamboats plying the dangerous and treacherous small bayous to bring civilization through mail, passengers, and floating entertainment. “The Atchafalaya River, for example, extends 145 miles from its source to the Gulf, achieving the ‘same distance that the Mississippi River takes 322 miles to span’” (p. 21). Agreeing with the authors, Charles Robert Goins and John Michael Caldwell state, “Of whatever variety, steamboats represented in their time the means of choice insofar as transportation was concerned” (Historical Atlas of Louisiana. Norman: University of Oklahoma Press, 1995, p. 72).

As Joe Gray Taylor in The Rivers and Bayous of Louisiana (Edwin Adam Davis ed. Baton Rouge: Louisiana Education Research Association, 1968, p. 7) has pointed out, “The rapid transportation provided by the steamboat contributed much to the prosperity of the villages and plantations of Louisiana.” In addition to their commercial value, steamboats were welcomed in the bayou country as an early form of nineteenth-century entertainment. The most exciting aspects of antebellum steamers were the trials and tribulations, excitement and dangers of travelers. Not as opulent as the Mississippi River steamboats, those on Louisiana’s bayous carried a cosmopolitan group of passengers who survived generally crowded accommodations with a “fare . . . that was at best forgettable” (p. 56). The ordinary food was more than made up by alcohol consumption. Drinking and gambling occupied the traveler’s time on what must have been a long and often boring voyage.

Steam vessels met dangerous, threatening conditions on Louisiana’s bayous including fluctuating water levels, sand bars, logjams, snags, and other navigational hazards. By the 1850s boats and cargos, which were usually uninsured, routinely sank, representing large losses to their owners. At the same time, the steamers were faced with a new transportation competitor—the railroad. As rail lines snaked into the bayou country, the carrying trade of steamboats declined. The New Orleans, Opelousas, and Great Western Railroad and its successors provided direct connections between New Orleans and Houston by 1881. Distressed steamboat captains turned to operations as showboats and tugboats, which temporarily halted the decline in numbers of steamers. Nothing, however, could stem the demise of the steamboat. Roads and trucking would further negatively impact the commercial importance of the steamboat.
Brasseaux and Fontenot’s use of primary documents, especially local newspapers, court records, federal government documents, and police jury proceedings, lends credence to their study. From these and other sources the authors glean the failures as well as successes of the steamboat era. They take a potentially dull topic and transform it into an exciting, fascinating story of steam navigation on Louisiana’s bayous. Not only is their monograph important for the economic history of steamboats, but also for geographic, genealogical, and historic studies of the bayou country. The directory of some 500 steamboats, keelboats, and barges operating in the bayou country is a tremendous source of information for a myriad of future scholars.

The only serious flaw in an otherwise outstanding contribution to the historiography of steamboating is the total lack of maps. Even to a native Louisiana, the intricate maze of bayous including Courtableau, Teche, Lafourche, and the Vermilion and Atchafalaya rivers is difficult to comprehend. To the general reader confusion would abound. Otherwise, Brasseaux and Fontenot have provided an important study of steam transportation on Louisiana bayous.

MARIETTA LEBRETON, Northwestern State University


Texas, Cotton, and the New Deal gives a thorough account of how Texans debated, sometimes opposed, and ultimately contributed to New Deal cotton programs, and of how these programs were linked to agricultural problems after World War I. The book commences with the 1920s and continues with a detailed account of the first major depression-era farm bill, the Agricultural Adjustment Act. The narrative is largely chronological, tracing attempts at cotton supply management after the U.S. Supreme Court declared the Agricultural Adjustment Act unconstitutional in 1936. Among the more fascinating accounts is that of the 1933 “plow-up,” as crops already planted were destroyed in the hopes of reducing supply and supporting prices. Political and logistical obstacles left the outcome in doubt until well into the 1933 crop season.

The twists and turns of policy proposals and debates are followed, as are the changing views of major political figures. How quickly, and under what conditions were public figures subject to changing opinions in the face of major economic emergencies? How malleable were views given initially stated ideals? What role did party loyalty play in politics? The account features Secretary of Agriculture (under FDR), Henry Wallace, other members of the USDA, and several members of Congress. Volanto shows why the resulting programs, somewhat effective in addressing cotton oversupply and rescuing Texas farmers, were as a whole “muddled” (p. 145).

The pressures of economic emergency, party politics, the desire for reelection, and the changing views of the electorate all contributed to the outcomes. For example, Marvin Jones (Amarillo, Texas), Congressman and Chair of the House committee on Agriculture began the 1930s opposed to production controls, citing increased exports as the solution to cotton overproduction. By 1933, as economic emergency deepened and out of “party loyalty,” he acquiesced to a farm program with reduced production—albeit voluntary reductions. Jones later became an outspoken advocate of the 1934 Bankhead bill, with its compulsory limits on production. He then went so far as to state that the compulsory features were not antithetical to the concept of freedom, claiming that order was essential to liberty (pp. 71–72). Even later Jones seemed to reverse his position again, supporting the Soil Conservation and Domestic Allotment Act, stating that its voluntary
features were entirely adequate (p. 72). Only one Texan in Congress, George B. Terrell, appeared steadfast in his opposition to production controls.

Were the vacillations of Jones and others due to the changing degrees of economic crisis, or the changing political climate as Roosevelt’s favor in Congress waxed and waned? Although the answers to these questions are not always clear cut, Volanto’s account clearly documents the changes in graphic detail. As such, the narrative provides interesting reading and shows how emergency and expediency can result in abandoning stated ideals, however sincerely they are held at the outset.

Two Texas newspapers appeared more consistent in their editorial opinions. Even in the late 1930s, the *Dallas Morning News* and *Houston Post*, repeatedly editorialized against the federal government controlling the decisions of farmers. Those in politics thus seemed much more ready to abandon their rhetoric of free enterprise than these papers’ editors. Although Volanto’s account is invaluable, we might ask what other newspapers were saying, given that both Dallas and Houston had more than one paper, and the state contained many towns and cities of various sizes. In addition, what were the underlying motives of these papers’ editors? Were they committed to the principles of individual rights, the independence of Texas, or the belief in the free press as critic? It is perhaps an index of the severity of the agricultural emergency, that even the *Morning News* grudgingly supported the Federal Commodity Credit Corporation by September 1933 (p. 52), although it later returned to its support of individual control (p. 106).

Among the questions one might ask of the book: Why Texas? The state contains virtually all the major cotton production regions within its vast borders as well as two major cities. While southern by most accounts, it was east Texas that was southern socially, whereas the High Plains had a greater proportion of owner-operator farms, and the far west was an embryonic cotton producer with large scale units. Volanto misses an opportunity to compare the regions within Texas. Intrastate comparisons would be most important with respect to the issue of “tenant displacement.” East Texas agrarian relations in the 1930s entailed deeply embedded paternalism and hierarchy based on race. There, the implications of farm programs implemented by the local elite were more ominous than elsewhere.

With respect to tenancy and sharecropping, the text is consistent with the conventional view that tenants and sharecroppers benefited little from New Deal programs whose raison d’être was supposedly to help the most distressed of the Great Depression’s victims. Instead of focusing on the direct results of their actions, Volanto examines the perceptions of tenants and sharecroppers, as well as the USDA’s defense of their own conduct. This provides a useful perspective.

The book is readable and skillfully put together, providing a detailed assessment of the New Deal farm programs in Texas in a relatively short work. Although it contains little direct economic analysis, it raises a wealth of economic issues, with a clear presentation of complicated farm programs and insights into why particular features were proposed. The results are important given that agricultural policy is still implicitly framed with reference to the New Deal. Volanto’s perspective on Texas and the New Deal thus can teach us much about hastily constructed policies, the reasons why those most in need received only limited benefits, and the many negative and lasting unintended consequences of New Deal Policy. Perhaps Volanto did not intend as negative a view of the New Deal agricultural policy as this reviewer came away with; still, there can be little doubt that there is much to fault in the policy formulations so thoroughly documented in this book.

CRAIG W. HEINICKE, Baldwin-Wallace College

The fledgling thrift industry in the United States was populated with a few dozen small, cooperative financial “clubs” in 1850, but over the next century it grew to be the dominant provider of residential mortgage finance in the country. Early “Buildings and Loans” were generally unregulated as late as the 1890s and virtually untouched by federal regulation before 1930. But by 1945 the thrift industry was dominated by federally chartered Savings and Loans and served by a federal discounting facility and a federal deposit insurance program. By the mid-1960s S&Ls had matured into what appeared to be a stable, well-protected network of intermediaries. But during the 1970s and 1980s the industry was buffeted by inflation, financial innovation, and deregulation and then became one of the costliest train wrecks in American regulatory history. The story of the thrift industry in the United States is complex, dynamic, fascinating, and important, and has, for too long, remained untold. But no longer. In From Buildings and Loans to Bailouts David Mason provides a treatment that the subject has long deserved—a balanced and meticulously documented history that will serve as first stop for interested scholars and students.

Several other substantial histories of the thrift industry are available, but Mason points out that these were all written by industry leaders and insiders. He uses industry-produced source materials, but blends them together skillfully with observations, commentary, and assessment drawn from less self-interested sources. Mason also makes reference to the large, more technical academic literature that has investigated a variety of issues regarding the impact and performance of S&Ls in the modern deposit and mortgage loan markets. The goal, however, is not to summarize or assess these issues and debates. Instead, Mason provides a well-structured and readable narrative about the industry’s origins and development that provides a rich context for more specialized research about the thrift industry.

Mason does so by investigating four broad historical themes: the evolution of the business practices of savings and loan, the development and accomplishments of the industry’s trade group, the evolution and impacts of government thrift regulation and, finally, the role of S&Ls in promoting and fulfilling the American dream of homeownership. These four themes are woven together in a chronological exposition. The first two chapters, for example, trace the first century of development of the Building and Loan and its trade group—the United States Building and Loan League (USBLL). Mason shows in these sections how the American thrift movement was connected to a diverse set of influences—the working class movement, progressivism, social reform, and consumerism. We also learn about the prominent role that ethnic populations and women played in the early development of the industry. Much of the discussion, however, focuses on the development of the group of professional building and loan men who by early in the twentieth century began to forge the industry’s identity and business practices under the auspices of the USBLL.

The focus of the book then shifts to the development of the relationship between the industry and regulators between 1890 and 1945. Most readers probably know that the institutional pillars of the modern S&L industry were created during the Great Depression—the Federal Home Loan Bank System (1932), federal charters for Saving and Loan Associations (1933), and the Federal Savings and Loan Insurance Corporation (1934). But Mason treats us here to a careful, detailed and eye-opening account of the central role that industry leaders played in the development of national thrift legislation in the 1930s. The payoff is a clearer understanding of the origins of the close and
sometimes dysfunctional relationships that arose among thrift regulators, legislators, the United States Savings and Loan League, and individual thrift leaders after World War II.

Mason reminds us of the great success S&Ls enjoyed in the 1950s and early 1960s when the industry grew and helped finance a historic boom in both housing and homeownership. But the S&L story is a tragedy, after all, and the final chapters focus on the drama of thrift regulation, deregulation, and re-regulation. Mason’s account of the S&L crisis will disappoint readers who hope that the historical perspective will yield new insights. The treatment is balanced, well-documented, and comprehensive, but hardly innovative. Mason concludes that some type of deregulation had become inevitable by the 1970s because the industry that had become too protected and too constrained by federal rule and mandate. The failures of thrifts and the FSLIC during the 1980s, on the other hand, were primarily caused by “lax regulatory oversight and well-intentioned but misguided business decisions” (p. 259). The book ends with a short restatement of Mason’s four central themes, and appendices that tell the story of one S&L that failed during the thrift crisis and a second that survived. These end pieces are interesting, but are not well integrated with the historical narrative.

David Mason has created a readable, insightful, and comprehensive history of the thrift industry in the United States. He also provides an extensive bibliography and meticulous notes, which alone are worth the price of admission. The reader should note, however, that Mason’s narrative is impressive because it effectively connects the many pieces of a long, rich, and complicated story. More will be written about the history of thrifts, and From Buildings and Loans to Bailouts will provide context for it all.

KENNETH A. SNOWDEN, University of North Carolina, Greensboro

GENERAL AND MISCELLANEOUS


The appellation “city-state” is given to cities which are independent or possess a high degree of autonomy to transact their affairs. Although few of these exist in the modern world—Singapore is a notable example, Geoffrey Parker shows that they constituted important geopolitical units at various times in history, especially in the Middle East, Europe, and parts of Asia. He aims to explain the rise and fall of city-states, and their frequent conflicts with nation-states, empires, and imperial states. At times, city-states thrived under these political/territorial units, but most often they lost their independent status.

Parker organizes the book historically and focuses on the leading city-states at various periods. Their origins can be dated to the Philistines who occupied the eastern Mediterranean around the second millennium BC and founded cities such as Gaza and Ashkelon. Around the first millennium, the Phoenicians set the standard for most subsequent city-states when they became major long-distance traders. The remaining chapters examine the city-states of Greece, Rome, Venice; those of Renaissance Italy and later ones in Russia, the Hanse, Castile; also the city-states of the Netherlands and its predecessors, a return to the city-states of Russia, and the fall and rise of the Hanse cities. The book concludes with a brief examination of globalization and its implications for city-states.
City-states differed according to the degree that they incorporated nearby rural areas as an integral part of their political-economic unit. For the Greeks, the city and immediately surrounding territory were inseparable, and most of their cities were trading centers. In contrast, Rome was a city controlled by a landed elite, and their worldview became the basis for the rise of Rome as a territorial imperial power. Although Parker alludes to the near absence of a powerful merchant trading class, the consequences for Rome’s political-economic organization might have been developed more: a powerful rural elite does not necessarily preclude a strong merchant trading class. One might speculate that if such merchants had had a substantial role in the economy of Rome and in the organization of its empire, it might have built an even longer-lasting economic powerhouse to sustain the territorial empire.

Venice’s long-term status as a great commercial city-state, without a strong military force over the entire period, was exceptional. Instead, as Parker shows, even if city-states marshaled armies, they ultimately fell to more militaristic city-states or to predator territorial states; the latter generally could marshal greater military power to defeat city-states. Florence fell to that fate, and city-states in Russia fell before the military power of a Moscow-led territorial state. The Hanse city-states, such as Bremen and Lübeck, which focused on merchant trade, persisted for a long period partly because they stayed away from threatening territorial states, but chiefly because they emerged at a time when those states were weak.

According to Parker, location and environmental conditions were important to the development of many city-states. Thus, locations along major roads and rivers (Kiev), at key intersections of trade routes (Cologne), and at advantageous port locations (the Hanse ports) conferred benefits that propelled city-states to positions of influence and riches. The dilemma with such interpretations is that many locations were only one possible set among alternative, equally advantageous locations, and location factors sometimes are read backwards from contemporary beneficial features. Trade routes may predate a city-state’s rise, but, often, the merchant traders create the trade routes through their decision making about exchanging capital and commodities. The success of the commercial-financial city-state, for example Florence, probably had much to do with the capacity of a business-political elite to control long-distance economic exchange. Moreover, some of the most successful city-states, such as Venice, which rested amid sandbanks and swamps, or Amsterdam, which was virtually built on water, occupied poor physical environments.

The significance of long-distance merchant traders and their descendents, such as financiers, as the basis of city-states pervades the book. Yet Parker does not fully follow up that theme to make it central to his argument. Many of his explanations for the trajectories of city-states are political in tone. Superior territorial powers arise to take over the city-states. This military power cannot be dismissed; however, the merchant traders and financiers typically were the very basis of the rise and decline of city-states. Still, Parker’s major contribution is to demonstrate across time and place the significance of the geopolitical conditions within which city-states emerged, functioned, and declined. Most of them possessed limited military power relative to territorial states, especially after about the first millennium AD. City-states continually needed to negotiate their role with the powerful territorial states, and, if the cities were recognized as threats, their survival was in jeopardy. This book serves as a broad overview of city-states in history.

DAVID R. MEYER, Brown University
Book Reviews


This collection of essays, prepared for a 1998 conference held at the California Institute of Technology, is a fitting tribute to Lance E. Davis and his contributions to economic and financial history over the course of a prolific career that has spanned six decades so far. Though the body of Davis’s work lies primarily in financial history and in elucidating the role of intermediaries in promoting economic development, some of the essays in the volume are broader in scope, considering markets for technology, capital accumulation in planned economies, social capital, and monetary policy. The result is an engaging set of essays that, despite at times being near the periphery of Davis’s main themes, offer fresh perspectives on how intermediaries grease the wheels of economic life. In the interest of space I will emphasize here the contributions most closely related to Davis’s agenda.

The international flavor of the volume is particularly appealing. In the first essay, Larry Neal and Stephen Quinn describe the institutional features that distinguished Britain’s financial system in the early eighteenth century from its continental counterparts. In particular, the British system and its less formal system of clearing exchange bills through a network of brokers and bankers permitted the central bank to direct its energies and resources toward financing economic development rather than managing reserves held against potential liabilities arising in the course of commerce. Despite examples of how complex some of these private settlements could become as they reached across various financial centers in a series of intermediate steps, Neal and Quinn convincingly argue that the inefficiencies of the system were small compared to its macroeconomic benefits.

Eugene N. White follows with an essay on the history and microstructure of the Paris bourse from 1724 to 1814. Using prices from primary sources for the main securities traded therein, he finds that stocks were less volatile prior to the revolution and Reign of Terror, when entry to the brokerage profession was limited, than during the period immediately following it. An interesting discussion of Napoleon’s interest in the operation of the French financial markets follows, along with evidence that the resumption of restricted entry for brokers lowered volatility once again. Although it is not always clear whether market structure or political events are at the core of the differences observed across regimes, White describes their confluence in an engaging style that will surely motivate further work in the area.

Philip T. Hoffman, Gilles Postel-Vinay, and Jean-Laurent Rosenthal consider the role of bankers and notaries in Paris over the half-century following the revolution, focusing on the factors that allowed notaries, despite some clear disadvantages relative to bankers, to remain in the business of deposit banking for decades. It appears that differences in clienteles among notaries led to increased concentration of lending activity among notaries that would experience higher failure rates than would those engaged solely in the business of intermediation. The failed notaries sold out to entrants who would retain the clienteles that desired loans but lose those who sought intermediation services. This kept certain notaries in the lending business longer than they should have stayed, and forced the government at last to prohibit notaries from lending. The authors offer a game-theoretic model of this mechanism that, although quite simple, captures the historical record and its empirical implications remarkably well.

Angela Redish examines the mortgage market in Upper Canada from 1790 to 1850, finding that mortgage-backed loans in the Niagara region were transacted primarily among residents of the region. Only a modest proportion of such loans were actually
used to purchase a farm, with the majority used instead for financing other long-term projects. Without such a market, which turns out to be as large in the aggregate as that for standard bank loans, the emphasis of the formal banking community on short-term lending might have further hindered development in the region.

The contribution by John B. Legler and Richard Sylla sheds new light on the operation of the New Orleans equity market and how well it integrated with Northern markets before and after the Civil War. The main archival work involves building annual series for prices, dividend yields, and returns for stocks traded in New Orleans between 1871 and 1913 using quotations from the Daily Picayune newspaper. Similar to Howard Bodenhorn’s view of the banking sector, the authors show that the state of capital market integration may have retrogressed in the early postbellum era compared to that in the days of Biddle and Jackson. The findings suggest that the Civil War was disruptive enough even to put the “Federalist financial revolution” on hold, albeit perhaps only temporarily.

The extended yet thorough chapter by Kenneth Snowden emphatically dispels the notion that the modern U.S. Savings and Loan industry was simply a creature of depression-era federal intervention. In doing so it offers a unique view of how the pre-1930 Building and Loan industry developed a set of preferred principles and practices that guided the establishment of S&Ls—principles by which S&L officers largely abided for the next quarter-century and whose relaxation might well have been responsible for the industry’s fall from grace in the 1980s.

In the final chapter, Michael Bordo, Michael Edelstein, and Hugh Rockoff apply Bordo and Rockoff’s earlier framework for the pre-1914 period on adherence to the gold standard as a “good housekeeping seal” to the interwar era. Given the bad press usually associated with the interwar gold exchange standard, it is refreshing to see the period reconsidered in terms of the authors’ “good housekeeping” hypothesis. A series of cross-country regressions add econometric rigor to a fascinating description of international financial arrangements in the period, and indicate that countries staying on gold or returning to it during the interwar period received better terms of credit than those that abandoned gold.

Overall, the striking feature of the collection is the originality of the contributions. Like Davis himself, those close to him understand well the importance of using data to illuminate the formulation of economic theory and policy. There are no “throwaways” here—just a demonstration of empirical economics and economic history at its best.

Peter L. Rousseau, Vanderbilt University


The motivation behind this book is that hardy perennial among the questions of economic research: “What are the forces of economic growth and how can public policy enhance them?” (p. xiii). The authors adopt a time-series approach, investigating the growth experience of several developed countries (mainly the United States and Germany, with the occasional addition of France, Great Britain, and Japan) over the past half century. Then they compare the results with the theoretical predictions of the leading models of economic growth today.

Who is the winner? Which model offers the best fit? Generally speaking, the answer is “it depends” but the authors strive to go further than that. They defend their choice
of the time-series approach over cross-sectional analysis by pointing out that the latter inevitably presupposes some underlying similarity between countries—a “one-size-fits-all” assumption that may be too strong. Instead, at any point in time, different countries find themselves at different stages of development that are dominated by different forces of growth. In this light, the authors argue that different stages require different models to explain them.


With the exception of the first of these models, their performance is tested against the American and German experiences only. The authors stress that their aim is not to obtain fresh new estimates of structural parameters but rather to use such parameters (such as the share of labor in the aggregate production function) as indicators of whether the models are realistic and thus consistent with the data. The last chapter is devoted to the analysis of the interaction between growth and inequality. Throughout the book, the theoretical exposition is adequate to the task at hand. In describing the empirical strategy, the authors limit themselves to noting that they mostly rely on generalized method of moments and the nonlinear least squares, in combination with some numerical optimization algorithm.

Some interesting conclusions do emerge. In chapter 3, the externality in the Romer (1986)-type model is formulated so that growth in the technological knowledge becomes a by-product of investment in physical capital. Thus countries with a low stock of physical capital but with a high stock of existing knowledge have high marginal products of physical capital, high rates of accumulation, and therefore strong external effects. Hence their growth rates are high. As it turns out, such a specification fits well with the postwar data on growth in Germany, Japan, and France, which suffered much destruction during World War Two, but it does not fit well with the U.S. and U.K. experience, where damage was more limited.

As for the Uzawa-Lucas and Romer (1990) models, the authors argue that these are typical one-stage-of-growth models, and that they lead to the theoretical prediction that education (or R&D) has a scale effect on the growth rate. Empirically, this has not been true in the long term, and only when such a scale effect is eliminated do these two models fit the postwar experience of the two countries.

The chapter on public capital and growth (chapter 6) is perhaps the most interesting. It offers intriguing interactions between the positive effect of public capital, the negative effect of taxation (crowding out), and the dynamic aspect of debt sustainability. The authors specify several distinct budget regimes and evaluate them in terms of “strictness” and effect on growth (strictness consists in defining what may or may not be financed by debt). The general conclusion seems to be that stricter budget discipline improves growth. Further, in their analysis of the long-term sustainability of debt
financing (i.e., basically seeing whether the transversality condition holds in reality), the authors conclude that the U.S. debt is sustainable but that “the intertemporal budget constraint of the government has not been met for Germany” because of the debt incurred following German reunification (p. 125). This sounds puzzling: does that mean that the market in German bonds is about to unravel? The empirical conclusion implies that the German government owes more than it can ever repay. It must be said, though, that this model exhibits perhaps the worst fit of those estimated in the book.

Thus, although there are no clear, absolute winners, the analysis sheds some light on how far each model can go and what one can expect from it. One pitfall of the time-series strategy is that whereas it may provide a good clue as to what the forces of economic growth are, it is not very useful in shedding light on the growth-enhancing policies. If one accepts the notion that each country is a special case, taking its own specific path to development, then international advice and learning from other countries’ experience is likely to be of limited use. Moreover, if the authors press the argument that different stages of growth require different explanations, why test the models on a set of countries that are largely similar in terms of development? Data availability may be a constraint here, but I think it should be possible to find at least one, say, Latin American country, or one Asian country (other than Japan) to add more robustness to the book’s findings.

The book is easy to read and the exposition of main ideas is easy to follow. Ultimately, it comprises more theory and econometrics than it does economic history. Nonetheless, economic historians will appreciate the careful evaluation of several current theories of economic growth in a concise and rigorous manner.

TOMAS CVRCEK, Vanderbilt University


Michael Lindberg and Daniel Todd’s book offers considerably more than its title suggests. The World War II years of the title only begin with the fourth of the book’s five chapters. Half the book is prelude, occupied first with a survey of location and agglomeration theory and then with the shipbuilding activity of World War I and the interwar years. However, the subtitle phrase, “A Geographical Perspective,” is entirely accurate. The authors, both economic geographers, state that their “primary focus is examining the spatial distribution (and concentration) of shipbuilding activities in both countries . . . [and undertaking an] . . . in-depth analysis of how geography influenced this industry and its spatial distribution” (p. ix). To that end, the initial chapter surveys location theory and agglomeration effects and examines their application to shipbuilding. The authors admit that, “at one level there appears to be no mystery attending the formation of shipyards. They simply appeared in the coastal, riparian, and lakeshore communities that had conjured up sufficient shipping demand to justify their existence” (p. 13). Historically, access to the requisite shipbuilding material, first timber and later iron and steel, produced locational concentrations that were further reinforced by the positive externalities of agglomeration. In the United Kingdom, three such concentrations appeared by World War I: the Thames, the Clyde, and the Northeast Coast (Newcastle-on-Tyne). With the wartime expansion of the Second World War, merchant shipbuilding was occurring at eight locations and warship production at sixteen (tables 4.3 and 4.4). Initial agglomerations in the United States were sited
along the East Coast, from Maine to the Chesapeake Bay. By World War II, Lindberg and Todd identify 16 agglomerations—six on the East Coast, two on the Gulf Coast, four in the Great Lakes region, and four on the Pacific Coast. These clusters encompassed 43 yards producing merchant ships and 197 yards building naval craft (tables 4.12 and 4.13).

The development and demise of the agglomerations in both countries are traced in detail from World War I through the aftermath of World War II. The planning and implementation of ship construction projects are laid out by ship type, by yard, by firms involved, by workforce numbers, by repair or new construction, and by naval or merchant ship classes. The sheer volume of data, presented as it is in largely narrative, text form, makes for dense reading that frequently obscures rather than highlights the major changes, locational or other, occurring in the shipbuilding industries. Obscured too are any analyses of these changes. The industries’ World War II production experience has, in particular, provided classic illustrations of the productivity gains stemming from standardization of design, economies of scale, and learning curve effects, but few measures of these productivity gains or their sources are given despite the rich data the authors possess. The production process change from riveting to welding is observed and its door-opening to women’s shipyard work is noted, but no measure of either its productivity effect or the labor force composition change resulting from the shift to welding is offered. Even the prime focus of the book, the impact of agglomeration effects, receives light empirical treatment. Statistical tests of the locational association between marine engineering and merchant and naval shipbuilding are given in the final chapter, though details of the regressions are largely restricted to footnotes (p. 205, notes 13–16). The tests, done for the United Kingdom from 1912 through 1966, show an association in the cases of the Northeast and the Clyde, but ambiguous or nonexistent associations for the other agglomerations. A more straightforward test, the ratio of locally built engines to locally built ships, is also done for the years 1939, 1957, and 1980. These ratios, show some association at the start, but deteriorate badly by 1957 and reach zero by 1980 (p. 195). No analogous statistical tests in either ratio or regression form are attempted for the U.S. shipbuilding industry.

A geographical perspective may not promise significant returns in studying an industry subject to massive swings in production and where government direction largely (or wholly for naval vessels) supersedes market patterns. The intense demand for production during wartime and its near collapse in postwar periods meant industry locations were placed (or displaced) with little concern for the logic of minimum transport-cost points envisioned in standard location theory. Pre-existing experience, the strategic need for specific types of naval vessels, and labor supply availability dictated locations rather more than did any externality effects. Examples from World War II abound. The “Prairie Shipyards” of the American case testified to the role of intense demand and the resulting need to use any and all firms with even a modicum of steel fabrication experience, e.g., the Chicago Iron and Bridge Company and the Cargill Company in Minnesota (p. 157). The strategic need for landing craft led U.S. naval procurement officers to New Orleans where A. J. Higgins, experienced in designing shallow-draft boats for the Louisiana wetlands, possessed the design and, within months, the production capability to build shallow-draft landing craft.

Despite the limited focus provided by the adoption of location theory as an analytical grounding, the book is a useful reference, more successful as a compendium of data on ship production and location than as an analysis of the shipbuilding industries in the United Kingdom and the United States.

H. A. Gemery, Colby College

Over-promising in its title, this volume reprints six articles from a special issue of Business History (vol. 45, no. 1) along with an introductory essay. Although each individual paper is competently executed and informative, the collection is unlikely to satisfy many readers. Nor could one reasonably expect more, given that it ranges over a wide span of time (1800–1940) and over various countries (the United Kingdom, Germany, and the United States) and a diversity of firms, from the small entrepreneurial and once traveling Madame Tussaud’s Wax Museum, to the family controlled nineteenth-century firms such as Lever Bros., to the gigantic and once seemingly omnipotent General Motors. The editors’ introduction also points out that a full range of marketing decision dimensions is addressed: advertising, branding, pricing, promotion, market research, retail selling, product planning, and distribution systems. All of this within six articles, four of which report on U.K. firms.

Pamela Pilbeam’s work on “Madame Tussaud and the Business of Wax” follows this remarkable woman’s career in marketing to the newly emergent middle classes of the early nineteenth century. She built a small traveling wax show into the leading tourist attraction in London. The story will remind American scholars of P. T. Barnum.

Editor Roy Church’s piece with Christine Clark looks at the product development and diversification activity within three U.K. consumer goods firms between World War I and World War II: J. & J. Colman, Reckitt & Sons, and Lever Bros, now Unilever. The three provide contrasts in the degree of formality, the nature of the strategies employed, and the success enjoyed in product development efforts. It concludes that both purposive strategy and serendipity are necessary to explain the contingent directions that actual diversification took.

Sally Clarke’s “Closing the Deal” studies General Motors relations with a franchised dealer network from 1921 to 1941. Because it deals with the role conflicts inherent in their divided interests, this chapter provides a valuable complement to Alfred Sloan’s My Years with General Motors (Garden City, NY: Doubleday, 1963.) The perspective exposes the nature of corporate power, distrust in market exchanges, and the role of the state in governing transactions.

Editor Andrew Godley’s empirical look at foreign direct investment in British retailing finds it a relatively rare and mostly unsuccessful venture, the major exceptions being for small appliances needing control over sales and service, such as sewing machines (Singer) and vacuum cleaners (Hoover, Electrolux). Some others, for instance Woolworth’s variety stores, brought in new retailing styles, but these were readily imitated.

Gerben Bakker’s paper about market research in the U.S. and U.K. motion picture industry follows the movement of this activity from the distributors to the manufacturers (film companies). Because of the high stakes and short life cycle of cinema products, they were pioneering in adopting modern methods.

Last, and perhaps most intriguing, is Hartmut Berghoff’s study of the German advertising industry during the period 1933–1939. The trade institutions readily embraced the Nazi regime policies, seeking to bring order, respectability, and professionalism to the trade. At first the arrangement appeared natural, as the Nazis had themselves been master campaigners and molders of public opinion. But inevitably, the growth of bureaucratic mechanisms and “officialese,” plus often vague standards (e.g., prohibitions against “alien business practices” or “ostentatious” ads) stifled much of the industry, but not, as an aside, the indefatigable cigarette industry.
The editors present these pieces as rich and thick descriptions, hoping to counter “the ambivalence of economists in treating the subject of marketing” (p. 1). Moreover, they challenge the simplistic theories of some economists doing “backward projections,” noting that “without detailed historical and archival research of the kind presented here, a presumption of rationality and/or structural determination runs the risk of mistaking plausible explanations for the constructions of a more complicated—and richer—historical actuality” (pp. 4–5). Overall, the articles are individually excellent but collectively disappointing. Readers may well, however, pursue individual pieces, but most likely will do so from their original publication in the journal.

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