
REVIEWS OF BOOKS

F. BALTZAREK, *Die Geschichte der Wiener Börse*, Vienna, Verlag der Osterreichischen Academie der Wissenschaften 1973, pp. 173.

Notwithstanding the subsequent publication of this volume by F. Baltzarek on the Viennese Exchange, the remarks which we made in an earlier review in this journal (*Economic History in Austria over the last twenty-five years . . .*, « JEEH » 1972, n. 3, pp. 782-783) about the relative neglect of financial institutions, in particular banking and insurance institutions and commodity exchanges, in Austrian economic historiography still remain valid. In fact, although there are many signs of activity in other areas of economic history, before the appearance of Baltzarek's study the history of the Viennese Bourse had been dealt with in only a handful of publications — a short article by the same author (1971), another short article by Robert Rinterbacher in 1968, and a first degree thesis (B. PRÉGGER, *Geschichte und Rechtsorganisation der Wiener Wertpapierbörse*).

This of course contrasts strikingly with the great interest in the history of the Bourse in the inter-war period in Austria, which, together with the study of financial institutions in general, has a long tradition running back to the end of the XIXth century, and which brings to mind in particular the works of scholars such as T. BUM (*Zur Reform der Wiener Börse*, Wien 1896), A. HILBERG (*Das Erste Jahrhundert der Wiener Börse*, Wien 1871), J. POLLAK (*Die Börse in Ihren Beziehungen zur Industrie, zum Handel und zur Landwirtschaft*, Wien 1897), P. WELZL (*Die Speculation an der Wiener Börse*, Wien 1880). The contrast can partly be explained by Vienna's changed position in international financial operations, which has caused interest in the history of financial institutions to decline. It is also significant

that at about the time of the publication of Baltzarek's study the Austrian Academy of Sciences changed the title of the traditional « Economic and Social History Section » to « Economic, Social and Urban History Section », and the prime objective of the latter was to stimulate research in urban economic history — and that of Vienna in particular.

Baltzarek's study is divided into three parts, dealing respectively with the "State" Bourse (1771-1854), the *Börsekammer* (1855-1874), and finally the independent Bourse (1875 to the present). In comparison with other Central and Western European cities, like Bruges, Amsterdam, London, or Paris, a Bourse appeared in the Hapsburg capital at a relatively late date. It was established in 1771 by Maria Teresa, and formed part of the broader programme of economic reorganization and revival carried out in the Austrian *Länder* by her government. This initiated the first phase in the life of the new financial institution, which was to greatly enrich the city and which lasted until 1854. The author examines this lengthy but not very spectacular period, and shows that while the Bourse remained a State institution dealing only in bonds with fixed yields, in particular public debt bonds, it differed little from the public banks which had appeared in the early XVIIIth century and which had been mainly concerned to amass funds for their exchequers. But the public's confidence in the Bourse gradually increased, and the 16 different bonds in which it had traded in 1771 had by 1854 grown to 42.

The reorganization of the Bourse in 1854 was of fundamental importance in the institution's development, for it was partly emancipated from State control and also experienced a major expansion of its own market, and hence of its function, with the concession of the right to trade in variable interest bearing bonds. The scale of growth between 1854 and 1873 is indicated by the heavy increase in the number of shares quoted on the Bourse, both those bearing fixed interest (an increase from 42 to 154 in public bonds and from 1 to 47 in Government debentures) and in those with changing yields (which increased from 11 to 378). The period coincided with that of industrialization in the Empire and in the German *Länder*, and the author is careful to explain the ways in which this was linked with the expansion of the Bourse. The crisis of 1873 was not limited to the Habsburg Empire alone, but it struck heavily at the Viennese Bourse, causing a collapse in share prices and creating the need for a major revision of its organization. The new regulation of 1873 made the Vienna Bourse the most modern in Europe. It laid down the principles of total autonomy, more efficient procedures, regulations for controlling shares and safeguarding the savings which were attracted to the Exchange. It has been on the same basis that the Viennese Bourse has continued to operate, with only minor changes, up to the present, and which also helped it survive not only the inflation which followed the First War, but also the period of German rule (1938-45) and of Soviet occupation (1945-55). Because of its increased

role in the Austrian economy after 1873, the Bourse was deeply involved in the principal developments of the period, from the speculative boom which coincided with the period of intensive industrialization in Austria and Bohemia between 1874 and 1882, to the quieter period of consolidation between 1883 and 1914 during which the Bourse provided a major source of investment for industry in the two areas mentioned. Dealings on the Bourse reached a peak in 1895 (10,329,328,000 Austrian crowns as opposed to 3,518,430,000 in 1873), and even when the level fell in the years before the First War, the number of securities quoted did not diminish (public debt bonds increased in number from 154 in 1873 to 361 in 1914, and debentures from 47 to 197) although ordinary shares did drop.

Although inflation greatly distorted the statistics, the Bourse even experienced certain moments of activity in the years after the War. Fixed income shares fell, but others increased as did the numbers of brokers and investors. The 1930s proved the most difficult period, especially after the imposition of German law which in effect made Vienna a marginal financial market. Recovery after the Second World War was slow but steady, especially after 1950 due to the clarification of the political situation and also to the stability of Austrian economy which continues to represent one of the central features of the economic life of Central-Western Europe.

The author also describes the commodity Exchange which was founded in the late XVIIIth century, but which never reached a scale of activity comparable with the stock exchange. Baltzarek has succeeded in providing us with a detailed study of the development of the Viennese Bourse which avoids the danger of concentrating only on successes, and throughout he attempts to link its fortunes with the economic and industrial development of the Habsburg Empire, of which Vienna was not only the centre but also the motor. His analysis indicates, however, that the Bourse was equipped to follow rather than lead economic developments, but it also shows incisively the importance of such institutions which are in general too often neglected even in the study of parallel financial institutions.

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B. BIRNBERG, ST. RESNICK, *Colonial Development: An Econometric Study*,
New Haven and London: Yale University Press, 1975, pp. xiii + 347.

Central to this intriguing econometric study of colonial development are the hypotheses that (1) the critical internal force promoting development is « government expenditures directed toward the promotion of export

¹ BIRNBERG and RESNICK, page 1.

supply »,¹ and (2) external forces, emanating from the countries to which these colonies were linked, constituted the basis for export demand. By defining "development" in terms of export growth, the authors are able to develop a compact model that involves two equations for the above two hypotheses (export supply and demand, determining the export price in equilibrium), and one each for import-demand, government expenditure and revenues. The model is tested for ten colonies that directed government expenditures toward export growth in the late XIXth and early XXth centuries.

The external sector of the model, apart from these features, is quite similar to the typical import and export demand and supply model used for developed countries.² Export demand is a function of foreign income, export and foreign prices, and the lagged dependent variable, and export supply depends on export and import prices, on the lagged cumulated stock of government real expenditures and on the lagged dependent variable. Import demand — apparently based on the idea that foreign exchange earnings of colonies, as well as the bilateral nature of their trade relationship with the developed country, serve as a constraint on import demand — is related to exports and import and export prices. This is similar to the Rhomberg³ model for LDC's, in which their imports are a function of their reserves. The demand equations do not have homogeneity imposed; separate prices rather than a relative price term are included.⁴

The "internal" aspects of the model-government revenue and expenditures—are closely linked with the external sector, since expenditures depend on revenues, and revenues are (taxation) functions of exports and imports. Nowhere does the structure of the domestic economy play a rôle. And, as the authors emphasize, this model is not appropriate for economies in which government expenditures are directed towards import substitution or domestic economic activity. The economies under study are "footloose" in the sense that the export sector is not closely linked to the rest of the economy.

In terms of testing the main hypotheses of this study, it must be judged a success, to the extent that any econometric hypothesis testing exercise can be judged a success. The authors tell a convincing story, both through their historical narrative and through their estimation and simulation results and the conclusions they draw from those results. The simulations they run accurately reflect the questions they want to answer. Too, some

² See MOHSIN KHAN and MORRIS GOLDSTEIN, *The Demand and Supply of Exports*, paper presented at the Third World Congress of the Econometric Society, Toronto, August, 1975.

³ R.R. RHOMBERG, *Transmission of Business Fluctuations from Developing Countries*, IMF "Staff Papers", March 1968, 1-29.

⁴ Cf. I.A. GLAZIER, V.N. BANDERA and R.B. BERNER, *Terms of Trade Between Italy and the United Kingdom, 1815-1913*, in this "Journal", Spring 1975, for both import demand models in the context of the Italian, "colonial" period.

unexpected results emerge — such as the fact that it takes several years before an increase in mother country income boosts the colonial economy.

Careful reading reveals some faults, however. First, the theoretical basis for the model is asserted rather than deduced logically from assumptions. It would be incongruous, not to say ludicrous, to require that a model of colonial development be built up from the neoclassical assumptions of utility maximization or cost minimization. But why was a double logarithmic specification chosen for all equations? The choice of functional form in most econometric studies and models is dictated by convenience rather than by a well-defined hypothesis — and this one is no exception. To the authors' credit, a linear form is tested and found to be inferior — but there are other forms possible.

Second, and also to the authors' credit, a consistent, simultaneous equations estimation technique is used to handle the compound problem of lagged endogenous variables and serially correlated errors. They apparently assume, however, that $E(Y_{t-1}, u_t) \neq 0$ for reason (note stated) *other* than $E(u_t, u_{t-1}) \neq 0$. Since this is an assumption never made in econometrics, it deserves some explanation. If it is due to the serially correlated errors, then $E(Y_{t-1}, u_t) = 0$, the use of instruments for Y_{t-1} is unnecessary, and B-R's claims about the estimators of Dhrymes and Fair are false — those are consistent estimators.

Third, B-R's use of the Durbin-Watson statistic is inappropriate with lagged dependent variables as shown by Nerlove and Wallis.⁵ A simultaneous equation analogue to the Durbin *h* statistic⁶ is the appropriate test statistic for the null hypothesis $\rho = 0$. Computed *h* statistics do not, however, contradict B-R's results.

It should be noted at this point, also to the authors' credit, that the results are reported (more or less) for their original specification, although not all coefficients are significantly different from zero. This is particularly true for the price terms in the export supply and import demand equations, suggesting that multicollinearity between price terms precluded precise estimation without prior restrictions. The authors would have done well to investigate such restrictions as homogeneity.

Fourth, dummy variables are used to investigate the response of the model to a change in taxes, tariffs and to take World War I into account. Dummies are fine for non-economic events, but in this case they shift only the intercepts of tax functions, not the slopes. One cannot infer from a dummy that a specific policy change has been captured; the dummy catches every-

⁵ MARCH NERLOVE and KENNETH WALLIS, *Use of the Durbin-Watson Statistic in Inappropriate Situations*, "Econometrica", 34 (1966), 235-8.

⁶ J. DURBIN, *Testing for Serial Correlation in Least-Squares Regression When Some of the Regressors are Lagged Dependent Variables*, "Econometrica", 38, No. 3 (May, 1970), 410-421.

thing not caught by the other explanatory variables. The B-R results are not qualitatively unreasonable, but their quantitative magnitudes are not to be believed. Similarly, the conclusions drawn about the impact of World War I are striking: war-induced demand for materials and food benefitted the U.S. and Japanese colonies, but transportation disruptions hurt the U.K. associated colonies. Nevertheless, many events were occurring in addition to the war, and the dummy catches them all.

In sum, this book is an excellent exercise in cliometrics. While the theory behind the model and the econometric techniques are not models of perfection, any applied econometrician must make compromises between theory and application in both economics and econometrics. The judicious choice of compromise is what distinguishes good work from the pedestrian, and this study qualifies as good. In addition, it is clearly written, and all the data are presented for those inclined to challenge the authors' rather novel findings. *Colonial Development* will surely stimulate much further work both in economic history and development economics.

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W. H. BRYSON, *The Equity Side of the Exchequer: Its Jurisdiction, Administration, Procedures, and Records*, Cambridge University Press, Cambridge, 1975, pp. v-xiii, 1-217.

Seldom does so small a book contain so much knowledge useful to other scholars. Bryson does this by placing «the equity side of the exchequer» into its historical, institutional, and legal perspective from c. 1500 to 1841. At the outset he asks whether "impersonal forces" or "some great men" were the causal factor in this court's growth; and he answers by naming Winchester, Mildmay, Cecil, and Fanshawe as "key men" in its Tudor development. Then he adds the economic factor, "the king's revenues and financial rights", taxes, debtors to the crown, and the fees that the court collected.

The character of this "essay" is analytical, its structure is segmental, and it has the utility of a work of reference about the equity side of the exchequer court. Here historians will find information about England's economy, English society, equity law, and Britain's judicial institutions; and there are also clues galore about where to go to find more data. Seven

hundred or more footnotes and a concise bibliographical essay constitute a veritable guidebook to many relevant manuscripts in England's national, regional, and academic archives — and also to printed books, old and new. Many of the court's records, especially depositions, provide « an incident or vignette of life in England »; and of death, too, for the earliest case mentioned came sometime « after the execution of Huse for high treason » (1509-29). Bryson's thoroughness, the months and years he spent dirtying his hands with the « dust and soot » on old parchments, the research in depth that only a tough and bright young *homme de système* can do, will inspire in the reflective reader confidence in his conclusions. Future scholars may expand some of Bryson's commentary, as he himself suggests, but his work will long remain classic.

Bryson traces the origins of this « alternative high court of equity in the exchequer » which promoted the growth of equity law and of the chancery itself. He cautiously concludes that its jurisdiction existed in Edward VI's reign, perhaps in Henry VIII's by 1543, that it grew rapidly after Elizabeth I's accession and thrived after 1587. The number of cases heard each year rose rapidly from 100 to over 300 and continued to do so, notably from 1660 to 1727 when they averaged 500 to 700 annually. A variety of reasons explains this constant increase in "equity business" and in the profits of the court as evidenced by its larger personnel and rising fees. The administration of the court, the functions of its officers — the treasurer, the chancellor of the exchequer, and the five barons — and the proliferation of offices and clerkships all confirm the working of Parkinson's law. Likewise, the costs of litigation increased as the records improved for the length of a document determined the clerk's fee. Bryson enlivens his account of the king's remembrancer (the chief clerical officer on the equity side of the exchequer) with the story of how that office, one granted for only a single lifetime, stayed in one family, the Fanshawes, from 1565 to 1716.

Here is administrative history at its best for Bryson points out how London's topography, the location of the court, of its records, and of its members' offices affected its development — and its suppression in 1841. A reformatory statute of 1817, intended to expedite the dispatch of business by improved procedures, Bryson explains neatly, backfired. It allowed the chief baron, or in his absence a baron of the exchequer, to sit alone and try a case; and then, still alone (the fatal flaw) to rule upon a request for a rehearing. This « upset the delicate balance of the court », and so for two decades it became unpopular with the men of law. Moreover, and perhaps foremost, « motives of professional convenience » led lazy lawyers to prefer not to run about the corridors of Westmister Hall from one courtroom to another in term time; but still worse, out of term they had to trot back and forth from Gray's Inn (where the exchequer sat) to the Inner Temple (the exchequer office) or to Lincoln's Inn to find the chancellor. Human nature prevailed, the equity side of the exchequer came to sit only 60 or 70

days a year and thereby signaled its own obsolescence. Parliament recognized the fact and in 1841 passed the terminating act.

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S. CIRIACONO, *Olio ed Ebrei nella Repubblica veneta del Settecento*, Venice Deputazione di Storia Patria per le Venezie, 1975, pp. 193.

This study of the Venetian oil trade in the XVIIIth century by Salvatore Ciriaco illustrates well the crisis which reduced the Republic of Venice to a mere shadow of the great mercantile power which it had been in earlier centuries. The book is composed of four main chapters together with numerous graphs and tables in the text and a large statistical appendix. In a brief introduction the author outlines the structure of the olive oil trade and the nature of the crisis which struck the Venetian Republic in the late XVIIth century. Turning to the oil trade itself, he examines the damage resulting from the loss of the Morea, which was an important oil producer, and also from the institution of a free port at Trieste which as a result joined Ancona and Ferrara as the Republic's main and most feared rivals in the oil trade in the XVIIIth century.

The author single out the numerous obstacles to trade created by an excessively heavy and discriminatory tax system as the principal cause of the difficulties facing the Republic. It was this which enforced the highly regional structure of not only the olive oil trade but also of commerce in the port of Venice in more general terms. Although the Senate eased taxation between 1754-6 in order to expand trade and began commercial negotiations with Tunisia, Algeria, Tripoli and Marocco, oil imports continued to be provided by areas subject to the Republic and foreign imports were slight.

In the second chapter the author examines the attempts of various nobles to blame the crisis in the oil trade and the high price of oil on the Jewish merchants, who were accused of operating a monopoly over the sector. The exchange illustrates the presence of certain highly conservative and reactionary groups in Venice in the XVIIIth century, who were "jealous" of the position of prestige acquired by certain Jewish families, such as the Vivante, the Iacur, the Coen and the Rossi-Mulli. This is the background against which the anti-semitic laws which brought about an internal division between the physiocrats, on one hand (who opposed the illiberal decrees) and the mercantilists, on the other (who supported the traditional policy) must be set. The decrees of 1775 mark the victory of the reformers, but nevertheless the commercial revival which followed was still insufficient to enable Venice to compete with the new mercantile powers.

The two final chapters deal with the olive oil production on which the Venetian oil trade and consumption was almost entirely based. The author describes the techniques employed for harvesting and pressing the olives, the ways in which the oil was produced in Corfu, Zante, Cefalonia, S. Mauro, Istria, Dalmatia and on the mainland. He also examines the problem of contraband which flourished at Corfu and in Istria and Dalmatia in particular, and which makes it very difficult to reach any exact estimation of total production costs on the basis of imports into Venice and entries in the "Doganetta" (Customs House). The author also emphasizes the damaging effects of high taxation on consumption on the production costs of soap and wool, and in other processes in which oil was used. As a result we are provided with a comprehensive and searching picture of the Venetian oil trade in the period. This is particularly useful as the oil trade has been relatively neglected hitherto, but did make a major contribution to the commercial economy of Venice and the detailed examination of this contribution broadens our understanding of the Venetian economy as a whole. By studying this product which played so important a part in the commercial fortunes of the Venetians, Ciriaco illustrates the parallel between the decline of Venice and of its oil trade, and hence strengthens the claim made in F. Lane's latest book that maritime activities provided the basis of the prosperity of the Venetian economy (*Venice: A Maritime Republic* John Hopking Univ. Press, 1973).

The crisis in the oil trade reflected the deeper crisis in the economic and financial structures of Venice, which were weighed down by the organization of the State in closed compartments, which subordinated to the interests of the *Dominante* both the Terraferma and the subject overseas territories — Istria, Dalmatia and the Ionian islands. The tariff system was also designed to ensure first of all the supply of foodstuffs and provisions for the capital, and to prevent the export of eventual surpluses until the home market had been satisfied. A fiscal system of this sort, the purpose of which was to meet the financial demands arising from the wars in which the Republic had been involved since the end of the XVIIth century, necessarily constituted a major obstacle to the expansion of trade and manufacturing. In addition, of course, the fucrum of commercial and industrial expansion shifted in the XVIIIth century from the Mediterranean to the Atlantic. The importance of the Adriatic was reduced in terms of international trade, and at the same time Venice saw her predominance in that area threatened by new and powerful rivals like Trieste and Ancona.

The spread of mercantilist ideas which had encouraged the Austrian government to create free port at Trieste was not sufficiently strong to change the conservative mentality of the Venetian patriciate. They were not prepared to abolish the corporative and protectionist system which was

so damaging for their commerce, and the author provides a good illustration of this in the struggle over anti-semitic legislation. This is certainly a study of considerable clarity which increases our understanding of the Venetian oil trade and through it the Venetian economy as a whole in the XVIIIth century.

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J.P.D. DUNBABIN, *Rural Discontent in Nineteenth Century Britain*, (Holmes and Meier, New York: 1974), 320 pp.

In considering the social effects of the industrial revolution in Britain historians have for a long time been tempted to confine their attentions to the course of events in the towns. The increasingly important urban society seems to provide us with more dramatic rates of economic and social change, and more evidence with which to study this change. It is therefore of the greater importance that there remains a small number of historians like Mr Dunbabin who have not been dazzled by the opulence and miseries of urban society. Since the early 1960s the author of the volume under review has given us studies on such subjects as the Revolt of the Fields and agricultural trade unions in the later nineteenth century. In the present volume, he consolidates much of the material published in early journal articles together with results of newer research in the field.

The book opens by stating it is "about rural unrest", and it is this theme which occurs throughout, binding together individual case studies by the author, with guest contributions by A.J. Peacock and Pamela Horn. Mr Dunbabin's studies include a discussion of farm servants' combinations in Scotland and Northumberland in the 1870s, of tenant rights, and the crofters' "Land War", together with more general discussions of rural unrest and class relations in the nineteenth-century British countryside. A.J. Peacock writes on village radicalism in early nineteenth-century East Anglia, and Pamela Horn on agricultural trade unionism in Oxfordshire. Following the rather brief introduction, the individual case studies, based on sound research, review a number of key issues relating to the central problem of why there was so little unrest in rural Britain, compared with continental Europe. The author's conclusions are only partially helpful in this regard, concentrating, for instance, on the rural trade unions in the 1870s. Much more groundwork needs to be done on nineteenth century rural society, particularly into religion, attitudes, class structure and mobility, literacy etc. at the local level. Nevertheless this book is a very firm step in the right direction.

Some of the contributions in the volume are more useful than others in analyzing the dynamics of nineteenth-century rural class structure.

Peacock's study of East Anglia, and Dunbabin's of Northumberland deal with this theme, but one is still left at the end of the book with the question as to why was there so little unrest and revolutionary potential in the British countryside, particularly of the 1820s, 30s and 40s. This was a period when George Elliot, in *The Mill on the Floss*, could describe the solid English yeoman as a man who « dressed in good broadcloth, paid rates and taxes, went to church, and ate a particularly good dinner on Sunday, without dreaming that the British constitution in Church and State had a traceable origin any more than the solar system and the fixed stars ». But how was this? One suspects that in the long run only the twin thrust of comparative studies in the European context, and the greater utilisation of sociological theory will achieve any more meaningful results.

Mr Dunbabin's book will be useful to two kinds of historian: the undergraduate seeking information on nineteenth-century agrarian society, and the professional historian as a corrective to long held views about the nature of urban-rural class consciousness, and the relative importance of social change in town and country. The volume is well-presented and a number of maps and graphs illustrate regional wage variations. However, if nothing else, this book reminds us that much research remains to be done at all levels of the subject.

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C.C. FAIRCHILD, *Poverty and charity in Aix-en-provence, 1640-1789*, (Johns Hopkins University Studies in Historical and Political Science, 94th series, No. 1), Baltimore, 1976.

The revival of scholarly interest in the history of French poverty displays an increasing concern for its social causes. The thesis of J.P. Gutton on the destitute of the Lyonnais généralité between 1534-1789, and the brilliant study by Olwen Hufton of the poor of the later eighteenth century are outstanding examples. Dr. Fairchild has now published a good contribution to this literature with a study of poverty and charity in Aix-en-Provence. Her major contribution is to show what caused the decline in help available to the destitute in eighteenth century Provence. She writes well and with economy. Her points are sharply etched. Some illustrate themes already familiar to students of the subject, as when she discusses the migratory patterns of the poor, and others delineate newer ways to understand the pre-revolutionary organisation of charity. The most novel aspect of her study is a lucid discussion of the practices and personnel of the administration of poor relief in Aix. She reconstructs this from the surviving financial records rather than from the formal regulations of the institutions.

She shows that the major local charities became increasingly involved in financial activities, selling *rentes* to a variety of local investors, especially the less wealthy, among whom women were the majority. This drift into banking by the charities and the need to pay off a mounting debt of annual interest on invested capital led to financial disaster. The major cause was the declining levels of charitable donations during the century, together with poor fiscal management of resources. This financial weakness became especially pronounced in the years after 1760 until the Revolution. Those years are identified by Fairchild as the time of crisis for traditional ways of aiding the poor. Other studies of different evidence, like Vovelle's work on wills, show a fall in traditional piety at the same time, exemplified in Aix by less generosity to the poor. A contributing factor was the involvement of prominent robe families in the administration of the larger charities — an administration that was often incompetent and sometimes dishonest. The seventeenth century effort to establish a municipal and lay charitable system failed as the intendancy was increasingly called upon to help the charities weather deficit financing.

Dr. Fairchild takes her study to the Revolution. She is impatient with historiographical variations of the point succinctly made by Nietzsche: « .. the fact of giving at all is the work of the Church, not of the modern spirit, which among its other good qualities has something of the miser in it, and is a bad hand at the excellent virtue of liberality ». In Aix at least, the author maintains, there were no grounds for any post-revolutionary nostalgia for traditional charity. The level of assistance had fallen sharply before 1789 and further studies seem likely to confirm that this was true elsewhere in France. This was not only a short-term result of the strain thrown on city institutions by increasing rates of rural immigration into the city in the 1780s. It resulted from structural weaknesses in the management and financial basis of local charitable institutions.

The conditions of the poor, of course, deteriorated further during the Revolution for an inadequate system was replaced by one which functioned even less efficiently. The Directory and Napoleon marked a return to some aspects of the former system when the communal administration of charity was partially returned to the hands of local notables. Napoleon again ordered the setting up of *Dépôts de Mendicité* which had most of the faults of the old ones. Governments of the Old Regime, Revolution and Empire all discovered the same single truth, that neither voluntary nor state relief systems were adequate, either singly or together, to cope with poverty in the lower strata of French rural society. The statistics advanced for the nineteenth century in *Les fortunes françaises au XIX^e siècle* (1973), edited by Adeline Daumard, shows that the distribution of wealth was not keeping up with the increasing population of rural and urban poor.

Dr. Fairchild is surely right in wishing to detach the issue from any simplistic contrast of a charitable, compassionate Old Regime with a philanthropic, yet unfeelingly bureaucratic, modern approach to poverty. However, she gives too much credit to the Revolution for improving the lot of the destitute. The growing fear of the poor and anxiety about brigandage, incendiarism, and vandalism of the 1780s continued, albeit with variations, until it reached a paroxysm in the 1830s and 1840s. This book, rich in precise information, is a valuable contribution to the study of French poverty during the Old Regime, and is a model of the type of analysis which is needed for the social history of the nineteenth century. The social study of poverty and of attitudes towards it over long periods of time are an important key to understanding regional variations in French economic development.

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E.R. FORSTER (eds.), *European Diet from Pre-Industrial to Modern Times*, Harper Torchbooks, New York: Harper & Row, 1975, pp. 112.

Inasmuch as the ultimate end of economics is to determine how man fares in the material world and inasmuch as how he fares depends in large part on what he eats, the subject of this book is of great importance. It is not, however, a new treatment of the question, but a compilation of selections from the existing literature, as are all Harper Torchbooks. The value of such collections depends, in part, upon what is available and, in part, upon the judgement of the editors. What is available upon the history of diets is limited, but Mr. and Mrs. Forster have done well to find this much, albeit that some of their selections are on small part of the whole question. The last piece in the book, that by H.J. Teuteberg, deals precisely, however, with what the title indicates the study is all about. I would have preferred that it were placed first, for then the more specialized parts would have had more meaning. I would also have preferred that the title were more precise as to time-span covered, for "pre-industrial" goes back a long way.

The ramifications of the subject of diets are very wide, they could lead to what health authorities thought was a good diet, to food-fads, to restaurant menus, to tableware, and to longevity. I am grateful for the *hors d'oeuvres* presented here, but I would like to suggest that the editors of this work consider the preparation of a new history of diet in the period of modern European history.

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P. FRASCANI, *Politica economica e finanza pubblica in Italia nel primo dopoguerra* (1918-1922), Napoli, Giannini editore, 1975, pp. 378.

P. Frascani's study is concerned with economic and financial policy in Italy in the period from the end of the Great War to the advent of Fascism, and offers a new interpretation of the social and economic difficulties of the period. The argument which he develops illustrates the degree to which social issues influenced this policy, and provides a basis for further research into the links between phenomena such as post-war inflation, and the industrial crisis of 1921-2, on one hand, and the choices of financial and economic policy on the other.

The study concentrates on the 1921-2 crisis, and develops a more comprehensive and complex exploration of the post-war crisis than has hitherto been attempted. The analysis shows that in addition to the influence of such factors as the expansion in public expenditure and the mistakes of the political classes, it was the changes in international relations and the pressure exerted by the economic potentates within Italy itself to prevent an equitable distribution of the costs of the war which had a determining influence on the crisis. The author also introduces a number of important arguments into the debate on the origins of Fascism, showing for example how the financial restabilization, of which the Fascists and those closest to them were the main champions, had in fact been achieved before the Fascists came to power.

In the first part of the book the author examines Italian public finances and the social changes which occurred in the final years of the war. This reveals the extent to which the war had expanded public spending. This was met through a policy which relied to some extent on foreign and domestic loans, but primarily on the issue of paper money, which in turn generated a vast inflationary spiral that was itself responsible for further speeding up social and economic change. In the immediate term the policy helped support industrial production until the end of the war, but it also brought about a continuous erosion of the purchasing power of major sections of the middle and lower-middle classes, so creating those elements of discontent and imbalance which the post-war crisis was to develop and intensify. The problem of financial stability became the principal issue in the post-war period, and the economists and political parties were all concerned to find some solution to it — for without stability it appeared that no economic policy was feasible. The debates are fully described in the second chapter in this book.

The following chapters are devoted to problems of public expenditure between 1918 and 1922. In the budget for the final year of the war, the index of expansion in public spending stood at 752 (1913-4 = 100) whereas that for the expansion of national revenue was only 146. The financial situation thus necessitated some reconsideration of the economic policies

hitherto adopted. It was during Nitti's government in June 1919 that such policies began to take shape.

Nitti's policy must be set against the changed international situation. In the final resort he relied on, and was in agreement with, the industrialists. The basis of his policy was to stimulate production and reduce consumption, thereby to contain the deficit on the trading budget and hence also to reduce the balance of payments deficit which Nitti believed to be the root cause of the inflation. What in fact occurred, however, was a further increase in public expenditure which Nitti in the final months of his ministry desperately attempted to reduce, cutting, for example, the subsidised price of bread.

Attempts to control public expenditure began with Nitti, and Giolitti, who took Nitti's place when the parliamentary situation forced the former to resign, essentially followed the same policy. Taxation increased and new controls on public spending were introduced, and Frascani shows that the results were highly beneficial for the economy. In fact, the « deficit proposed in the budget for 1920-1 at 6,500,000 Lire in August 1920, had by November already been reduced to 4,500,000 Lire » (p. 115). Unfortunately the recession, which hit Italy rather later than the other industrial countries of Western Europe, slowed down this reduction in public expenditure. The economic crisis created new demands for government to intervene to protect industry and employment. When Bonomi succeeded Giolitti his programme weighed down the budget much more than had been expected, so that some economists even talked of an assault on the Treasury. But the situation was not sufficiently serious to ruin the restabilization of the State's finances. Even during the summer of 1921 the first signs of recovery were already evident both in the increases in employment figures and in net investments in public companies. The most comforting factor was the disappearance of extraordinary public expenditure and the ending of the special controls under which many war industries had been managed. And, as the author points out, the deficit calculated in the budget for 1921-2 showed that things had nearly returned to normal.

The factors affecting public expenditure were also relevant to fiscal policy, and again it was Nitti who had introduced the major changes. It was his fiscal policy which, despite being based on indirect taxation, provided the major qualitative leap in the tax bill and increased fiscal revenue significantly in 1919 and 1920. But as in the case of public spending, Giolitti's fiscal programme, which was based on full deduction of "super-profits" and the registration of the names of share-holders, proved the more incisive and met more fully the hopes of those who had been disappointed by Nitti's policy. But the problem was that this occurred in a period of recession and aggravated problems of investment and unemployment, so providing a further example of the way in which Italian fiscal policy is often conducted independently from the national economic situation. When Bonomi replaced

Giolitti, he attempted to bring fiscal policy back into phase, in particular by aiding the industrial interests which had been hit by the depression.

The policies adopted in the management of the Public Debt also indicate that the line chosen by the political class of the period was the classical strategy of gradual deflation through restoration of financial stability and the improvement of the overseas balance of payments.

As can be seen, this new study by P. Frascani is a major contribution to the hitherto patchy economic historiography of post-war Italy. The study is based on printed sources (parliamentary papers, ministerial papers etc.) and on a highly intelligent use of certain unedited papers of leading political protagonists of the time (Nitti, Giolitti, Schanzer, Paratore etc). Working from this basis the author succeeds in throwing new and original light on one of the most debated issues in Italian history, and greatly increases our understanding of the situation within which Mussolini was able to come to power. The comprehensive analysis of post-war financial policy both in terms of the general economic and political context and in terms of the development of Italian society in the period which is to be found in this volume now deserves to be extended to the years of Mussolini's first government (1922-4) and if possible also to those preceding the adoption of the "Quota 90" and the stabilization of the Lira.

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M.F. HAMM (ed.), *The City in Russian History*, ed. University Press of Kentucky, 1976, 350 pp.

It was an inspired idea to bring together sixteen scholars from a wide range of fields in order to explore the many dimensions of urban life in Russia from its beginnings to the present. In Part One, "The Early Russian Town" the contributors include Lawrence N. Langer, "The Medieval Russian Town", David H. Miller, "State and City in the Seventeenth Century", J. Michael Hittle, "The Service City in the Eighteenth Century", and Gilbert Rozman, "Comparative Approaches to Urbanization: Russia, 1750-1800". Part Two on "The Nineteenth Century" was written by Walter Hanchett, "Tsarist Statutory Regulation of Municipal Government in the Nineteenth Century", Richard H. Rowland, "Urban In-Migration in Late Nineteenth Century Russia", Roger L. Thiede "Industry and Urbanization in New Russia from 1860 to 1910", Frederick W. Skinner, "Trends in Planning Practices: The Building of Odessa, 1794-1917", Robert Gohstand, "The Shaping of Moscow by Nineteenth Century Trade", and Michael F. Hamm, "The Breakdown of Urban Modernization: A Prelude to the Revolutions of 1917". Beginning with two transitional essays the Soviet period is

covered in "The Twentieth Century: An Era of Growth and Planning" by Robert A. Lewis and Richard H. Rowland, "Urbanization in Russia and the USSR, 1897-1970", S. Frederick Starr, "The Revival and Schism of Urban Planning in Twentieth Century Russia", Milka Bliznakov, "Urban Planning in the USSR: Integrative Theories", David T. Cattell, "Soviet Cities and Consumer Welfare Planning", and B.M. Frolic "The New Moscow City Plan". William L. Blackwell concludes with "Modernization and Urbanization in Russia: A Comparative View". A tent-page select bibliography is appended.

The editor has taken great pains to integrate each section. Where disagreements arise, they are faced squarely and argued out, a refreshing departure from most collective works they are placed back to back, as it were, feigning ignorance of one another's existence. In one case, however, a controversy might have been moderated. Thiede argues for « a definite positive correlation between the increase in the number of industrial workers and the growth of economic cities from about 1860 to 1910... », (p. 137) while Rowland contends that there was « a low relationship between urbanization and industrialization in late nineteenth century Russia » (p. 122). The discrepancy reflects the fact that in this book, at least, Thiede's data relates to New Russia where there were significant differences in the pattern of industrialization from those in other economic regions.

What emerges for this reader as the underlying theme is the recurrent tension in Russian urban history between planning and sprawl. In his effort to provide a synthesis, Blackwell seeks to resolve this contradiction by resorting to modernization theory. But his model lacks a clear theoretical focus. The essays by Rozman and Gohstand, in contrast, show what can be done on a comparative basis when the problem is sharply defined and the data are carefully marshalled. To emphasize modernization in the more general sense is to slight the contrary trends. Administrative chaos and breakdown of services were not confined to the period 1914-1929. As Hamm and Hanchett show, the Imperial Russian government never managed to impose its administrative will on the cities, and urban revolution was the offspring of their failure. Indeed, despite their growth from the sixteenth to the eighteenth centuries, as Langer, Miller and Hittle demonstrate, Russian towns failed to develop into real communes in the Western sense. Moreover, Starr and Bliznakov suggest, without belabouring the point, that theoretical divisions among the planners, i.e. modernizers, weakened attempts to deal systematically with problems which, as Cattell points out, continue to plague Soviet city administrations. Clearly, modernization has its own internal laws of uneven development. Or to be more precise, rapid change toward greater economic integration of urban networks may not be accompanied by parallel changes in patterns of social behaviour or political participation. In any case the dynamics of urbanization cannot be plotted on a single graph line.

Despite its comprehensiveness, the book skirts the problem of social structure and its political implications. Much more needs to be done on the divisions along legal, status and even ethnic lines which prevented the formation of a civic consciousness even in the early twentieth century. During the civil war depopulation of the cities and especially the loss of trained service personnel and skilled workers had a profound effect upon the political party structure which emerged in the late 1920's. But *The City in Russian History* makes a modest claim to be only a beginning, and it is a very good one at that.

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O. HUFTON, *The Poor of Eighteenth-Century France, 1750-1789*, Oxford: The Clarendon Press, 1974, pp. xiii, 414.

The average supply of food energy increased in France in the early 1700's. In terms of the habits and outlook of the preceding period, a surplus appeared. It was translated into three major social results: increased government expenditure, particularly for warfare; enrichment of the well-to-do, especially although not only landowners; and enlargement of the sheer number of human beings. The subsequent conditions and reactions of the poor are the subject of Professor Hufton's fine book, which offers detailed information in disciplined profusion with many thoughtful interpretations. The quantitative evidence might have been analyzed more searchingly, perhaps, but Hufton is superb in elucidating patterns of action, ways of living, and states of mind.

Recurrent famine with many deaths from actual starvation had largely disappeared before 1750. Undernourishment and malnutrition, no longer so often eliminated by early death, were permanent conditions for more people than before. Crises of acute hunger, especially in 1741, 1771, 1789, and 1795, caused many others, who ordinarily survived well enough, to fear that they too would be forced into extreme impoverishment and dependence. These crises made the grain supply and the means of distribution explosive political questions, which have been analyzed by Georges Lefebvre, George Rudé, Richard Cobb, and others. Hufton concentrates instead on the day-to-day survival of those who were already more or less permanently impoverished, for whom every year was a crisis year and to whom an appeal to political institutions offered little or no hope.

Resources existed which could have been used to ameliorate their position. Government expenditures of nearly 106 million *livres* for a peacetime military establishment and nearly 206 million *livres* for interest

payments were forecast for 1788 in March of that year. But this point Hufton felt needed no emphasis. She studies poor relief and shows it to have been pitifully inadequate. Formal relief, administered by hospitals, *bureaux de charité*, parishes and other ecclesiastical institutions, may have amounted to about 27 million *livres* annually. Governmental assistance provided about 6 million *livres* for adults and 12 to 15 million *livres* for foundlings. The geographic distribution of aid was very uneven. After Paris, the places with relatively large charitable resources were Marseille and its neighborhood, Flanders, central Champagne (the Marne département), the Orléanais, and Rouen and its neighborhood. Of course these places were quickly overburdened by migrants from everywhere else.

Many adolescent boys and girls began their working lives with hope which was later strangled by debt or destroyed by ill-health. Vulnerability characterized their situation. A possible strategy was to seek a place in the increasingly monetized and extensive market system, and to participate in its capitalistic rationality. Here an impoverished person could specialize in an activity with very high risks, hoping to escape poverty by accumulating cash. Hufton tells relatively little of the workers who attempted this way out, though she says much about other high-risk occupations, notably prostitution and highway robbery.

Another kind of strategy was traditional, to minimize risk, to rely on the ability to piece together different sorts of small resources and opportunities and the willingness to serve as a jack of all trades and minor illegalities typified by smuggling. Essentially defensive, this strategy is apparent in subsistence agriculture combined with textile work in winter. At the level of bare survival it became a matter of nomadic scavenging, eventually a desperate effort to threaten and coerce those in settled occupations in order to extract hand-outs. Predominantly, the economy of the poor was this quest for makeshifts and expedients which rewarded versatility and ingenuity but not specialized skill nor risk-taking.

It was also a family economy, reduced in the last resort to an economy of the adult couple or simply the woman with children able to contribute to their own support. Economic factors pressed the traditional family to produce few or no children. When it produced too many, it often broke under the pressure. In the 1780's, the rate of abandonment of infants had reached 40 to 50 in Bordeaux and Marseille, 160 to 170 in Lyon, and more than 650 in Paris, per *month*.

Survival came first, sexual bonds second. Were there also the elements of a culture of poverty? Hufton describes a social psychology compounded of limited ambition, fear of the future and lack of foresight, a propensity for gaiety and celebration, strong family and local loyalties, and an attitude of independence. This cluster of social traits does not appear unequivocally

or specifically related to poverty, nor likely to perpetuate it. The ambiguity of the nineteenth-century designation, « working classes, dangerous classes », seems appropriate for the poor whose life Hufton so vividly recaptures.

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M. L. KILSON - R. I. ROTBERG (eds.), *The African Diaspora: Interpretative Essays*, Harvard University Press, Cambridge, Massachusetts and London, England; 1976, pp. xiii + 510.

This volume of essays on Africans outside of Africa is one of the most ambitious of recent collections on African and black history. While it is apparently less complete than the editors had originally intended, the contents cover five continents and have a time span running from the ancient world to the year of publication. All of the essays are published for the first time, although in several cases the authors have written books covering the topics in greater detail. There is less homogeneity than is generally found in such collections. The topics and approaches vary quite widely, although all deal with aspects of the migration, usually forced, from Africa and the responses of the Africans, as slaves and as freemen, in various parts of the world.

The volume can be divided into six sections, plus an informative introduction by George Shepperson on the concept of the African diaspora (Greek for dispersion). The first part contains essays by Frank M. Snowden, Jr. on the uses of, and attitudes towards, black African slaves in the ancient world, and by Bernard Lewis covering the same topics for the Islamic world. The longest section, perhaps fittingly given the quantitative magnitude and overall effects, is devoted to the trans-Atlantic slave trade. Christopher Fyfe presents a concise summary of the mechanics of the slave trade and its impacts on Africa, with longer essays by Joseph C. Miller and Leslie B. Rout, Jr. on, respectively, an African area supplying about 40 percent of New World slaves (Congo and Angola) and the largest importer of African slaves (Brazil). Miller's essay is particularly useful, presenting some new material on the interaction of Europeans and Africans in the slave trade, and it provides an excellent discussion for those wishing to understand how the trade operated in this important region. The fourth essay in this section, by M. Robert Higgins, concerns mainly the African sources of slaves imported into the largest North American slave trading port, Charleston, and discusses its role as an entrepôt for the surrounding region.

The three essays on the experiences of Africans in Britain (1500-1800), Nova Scotia (1783-1840), and the French West Indies (1848-date) are quite diverse in interest and approach. Paul Edwards and James Walvin discuss the uses of slave labour in Britain, and British attitudes towards

blacks, as well as an analysis of the differing responses of two Africans to life in England as reflected in their writings. The « evolution of a unique black culture » by those slaves and free blacks moved from the U.S. to Nova Scotia after the Revolutionary War is described by James W. St. G. Walker. It appears that the treatment of these blacks by Canadian society was marked by « physical and institutional segregation », which had economic and political costs, but did not preclude a viable culture. The conflicting political and cultural interests of ex-slaves in the French West Indies are examined by Brian Weinstein whose able analysis points to the difficult choice between French and Antillean allegiance, and describes the problems this poses for both elites and masses.

The three essays on Caribbean religions are among the most interesting in this volume (although having the least directly to do with economic history). All deal with the African, Christian, and Caribbean influence on patterns of religious belief, and tie these into the broader context of economic and class interests. Raymond T. Smith discusses the nineteenth century attempts to use Christianity as a basis of social engineering in Guyana, and both he and George Eaton Simpson point to the relative lack of success this had in influencing the religious attitudes of the lower classes. Perhaps the most fascinating essay is Robert I. Rotberg's discussion of the historical background of Vodun and its role in Haitian politics. He describes the successful use François Duvalier made of this cult in his grasp of political power between 1957 and 1971, and the importance of this rural belief in perpetuating Haitian backwardness.

The studies of creole adaptation deal with two of the smallest societies which contain former Africans. Adele Simmons discusses the political disputes between blacks and Indians on the Indian Ocean island of Mauritius, while I. K. Sundiata describes the economy, society, and culture of Africans, mainly originally recaptured from the slave trade as a result of British slave trade suppression in the years 1827-1834, and landed on the island of Fernando Po, off the Cameroonian coast. The first is concerned with the political implications of the minority status of the creoles, while the latter deals with the difficulties raised by the creoles exposure to white norms and the way in which this has influenced their relationships with other Africans.

The final two essays deal with the social structure and political status of U.S. blacks. Marion D. de B. Kilson describes the social and occupational structure of blacks over the period from 1790 to 1970, as well as the important contributions of church and family in determining black patterns of adjustment within the U.S. She particularly emphasizes the role of the northern urban freeman in setting « a model for the black experience in modern industrial urban America », and the importance of the post-diaspora homeland in setting patterns of acculturation. The last essay, by Martin L. Kilson, combines a description of the evolution of black politics in the

urban north in the twentieth-century with proposals for methods to achieve an expanded political role for blacks.

As in all such collections the essays are of varying quality and interest, and many specific questions and reservations can be raised on each. Because of the quite diverse range of topics covered, a factor which may serve to reduce the number of purchasers of this volume, it is difficult to draw these essays together for any overall summary. It does seem that in all cases the diaspora meant painful adjustments, which, despite some important and successful struggles, have even today left blacks in relatively poor circumstances in most parts of the world. While the volume does not satisfactorily serve as « a convenient guide to many of the major aspects of the African diaspora », it does contain some useful essays which should be of interest to those political scientists, sociologists, and anthropologists, as well as historians, who are interested in Africa and in the specific areas of immigration studied.

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W. N. PARKER - E. L. JONES (eds.), *European Peasants and Their Markets: Essays in Agrarian Economic History*, Princeton, N.J.: Princeton University Press, 1975, pp. 366.

In 1972, eight young economic historians presented essays on aspects of the history of peasant agriculture in northern Europe at a conference at Yale University. These scholars, equipped with economic theories and a command of statistical techniques, approach some age-old problems with new insights based upon these theories and techniques. Some of their conclusions, however, must be regarded as being more in the realm of economic theory than in the area of proven historical fact.

The volume opens with an introduction by William N. Parker, one of the two editors and advisor to some of the essayists, and closes with an "afterword" by Eric L. Jones, the other editor and advisor to some of the essayists. Neither Parker nor Jones are as definite in their conclusion as some of the eight essayists.

Parker points out that the essays making up the body of the volume are case studies which may be drawn upon in generalizations applicable to larger areas. He emphasizes the need for an agricultural history of Europe, or, at least, of northwestern Europe. As he puts it, « Modern economics and modern European politics then both call for an examination of European agrarian history as a single body of phenomena, which has helped in several dimensions to create the European economy and society to whose prospective development so many hopes and fears are attached today ».

The eight essays are grouped into four sections. The first is made up

of « Medieval Origins of the Common Fields », by Richard C. Hoffmann, and « The Persistence of English Common Fields », by Donald N. McCloskey. These essays are followed by a section on enclosures: « The Economics of Enclosure: A Market Analysis », by Donald N. McCloskey, and « Enclosures and Depopulation: A Marxian Analysis », by Jon S. Cohen and Martin L. Weitzman.

These four essays present something of a chronological sequence in discussing one of the most intriguing and most studied developments in European agriculture — the development of the common field system and its displacement by enclosures. The varying methodological approaches add to the interest and value of the essays. Hoffmann draws upon anthropology, McCloskey upon market- and capitalism-oriented economic analysis, and Cohen and Weitzman upon theoretical Marxism, all of which lead to some provocative, if unrelated, conclusions.

The third section, centered on peasants and industrialization, is made up of « Agriculture and Peasant Industry in Eighteenth-Century Flanders », by Franklin F. Mendels, and « Peasant Demand Patterns and Economic Development: Friesland 1550-1750 », by Jan de Vries. Both of these essays are of unusual interest because they open new ground and pose questions and theories worthy of further study. Mendels shows that particular economic relationships between farming and industry have a long history. The movement of labour back and forth between the two is not a development of the twentieth century. The study by deVries, apparently based upon extensive research in records repositories, brings a novel approach to the problem of relationships between farming and economic development.

The last section contains « Organization and Change in Productivity in Eastern Prussia », by Robert A. Dickler, and « Scale and Organization in French Farming, 1840-1880 », by George W. Grantham. The first views change as an aspect of price history, while the second turns to the question as to how peasant farming could persist through the nineteenth century.

The "Afterword" by Eric L. Jones gives us reasons for studying agrarian history. The author then identifies several problems in the history of western Europe which are worthy of research. These include: Spatial divisions and differences, Enclosures, Rural domestic industry, Agricultural pests and diseases, Plant and animal breeding, and Human nutrition. Jones calls for open-mindedness in research and for a meeting between economics and history.

This book is difficult to review: within a limited space, only a few descriptive words can be given to each essay, yet each deserves analysis. I can only urge that everyone interested in the history of western Europe read these essays and formulate their own criticisms. Each of us doing so might acquire some new insight into some age-old problems.

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R. L. RUDOLPH, *Banking and Industrialization in Austria-Hungary: The Role of Banks in the Industrialization of the Czech Crownlands, 1873-1914*, Cambridge University Press, Cambridge, 1976, pp. xi, 291.

The central aim of the author was to show the extent to which banks facilitated industrial development in the Czech Lands, the industrial heartland of the Austrian Empire. As an ancillary objective he traced the nature, rate and timing of economic development within the Czech Lands as well as within the larger, Cisleithan area. This included the construction of an index of industrial production for the 1880-1913 period.

A detailed analysis of bank-industry relationship reveals that industry relied heavily on banks for their working capital requirements and that both bills and credit on current account were often extended on a long-run basis. Banks underwrote industrial issues, retaining unsold stocks in their portfolios for prolonged periods, and they even marketed the products of their clients, especially sugar. Nevertheless, according to Rudolph the notion of the banks as entrepreneurs must be largely discarded: bankers were relatively cautious and for many years entirely averse to industrial production. Thus, Austrian experience fails to confirm Gerschenkron's thesis of the leading role of banks in the industrialization of areas at the middle level of backwardness, as was Austria-Hungary.

This is not to deny the importance of banks in mobilizing large sums of potential loanable funds. Czech banks were especially successful in mobilising the savings of small agricultural producers and other savers, which contributed to a relatively high ratio of total bank resources to national income.

The role of the Czech national movement in the development of an extensive network of financial institutions is noted by the author. As for development of specifically Czech resources or those of other Slavic nations, Czech bankers did not necessarily put their money where their mouth was. The author cites contemporary complaints concerning the neglect of domestic needs, neglect which is explainable by higher returns abroad. A particularly lucrative ground for capital exports was Serbia, where Czech controlled banks participated in the small-loan market, charging usurious rates. Under such conditions Slavic *vzajemost* (mutuality) promulgated by the Czechs was met with open antagonism on the part of many Serbs. The same could not be said of the situation in Slovene Lands. Here, similarly as in the Czech Lands, by the turn of the century usurious lending had been practically eliminated through an extensive network of indigenous lending cooperatives. Thus, participation of Živnostenská Banka of Prague in the founding of Ljubljanska Kreditna Banka, in 1900, represented a genuine contribution to Slovene efforts at developing indigenous commercial and investment

banking as a form of countervailing power to the Vienna controlled branch banks. This point, incidentally, escaped Rudolph's notice in his treatment of Czech bank investment in Ljubljana and Trieste.

According to the author, understanding developments in the Czech Lands, the leading industrial area, is in some way crucial to understanding the process of industrialization within the Empire as a whole. In fact, the "imperial-colonial" opposition between the "Austrian-Czech complex", on the one hand, and the enclave economies of the Monarchy on the other, is a recurrent theme in the book. Unfortunately, the author leaves the reader at a loss as to a clear definition of regions falling under either label, so that the "imperial-colonial" schema remains largely a figure of speech devoid of analytical meaning, even though the author attempts to set the stage for regional comparisons by presenting the per capita income in 1911-1913 for five areas within Cisleithan half of the Empire. One of these areas combines Slovenia and Dalmatia and another South Tirol, Trieste, and Istria. In both instances lumping together highly incongruous parts defeats the purpose of a meaningful regional classification: thus, if the combined figure for Slovenia and Dalmatia of 300 crowns is contrasted with 480 crowns for Slovenia alone (estimate based on Brezigar's data, as presented in this reviewer's *The Structure of the Slovenian Economy, 1848-1963*, New York, 1965, p. 115), it becomes apparent that the gap between the Czech Lands — with per capita income of 630 crowns — and Slovenia was much less pronounced than the gap between Slovenia and Dalmatia. Another of the five areas in question is labeled as "Austria (Upper and Lower)", and since the remaining territory of present-day Austria is not accounted for at all, one is puzzled why total income for the five areas is shown under the designation "Cisleithania".

However, the author's lack of discrimination in evaluating non-Czech regions should not be overemphasized. After all, his main concern was to show the role banking played in the industrialization of the Czech Lands, a task he accomplished admirably well. By differentiating between Vienna-centred and local banks, as well as between local German and local Czech banks he has set an example to be followed in the study of other, even though industrially less important, parts of the Empire. Such study may provide valuable insights into incipient processes of "decolonization". Finally, Rudolph's success is due in no small measure to his ample use of Czech primary and secondary sources, a point which should be noted by those who feel that non-German sources can be safely bypassed when dealing with financial and industrial history of the Austrian Empire.

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- J. H. SCHAWACHT, *Schifffart und Guterverker zwischen den Hafén des deutschen Niederrheins (insbesondere Köln) und Rotterdam vom Ende des 18. bis zur mitte des 19. Jahrhunderts (1794-1850/1)*, Cologne, (Rheinisch-Westfalischen Wirtschaftsarchiv), 1975, pp. 247.

The present volume is an enlarged and elaborated version of the thesis which the author submitted some years ago in the Faculty of Economic and Social Sciences at Cologne University. This helps explain the subject of the study, which is by no means a new one in German historiography and on which a number of outstanding studies have been written since the beginning of the century (e.g. the work of H. Averdunk, P. Bouman, C. Eckert, E. Gothein, B. Kuske). But if originality of topic is not a distinguishing feature of this study, it can claim distinction for a number of other reasons. The first of these is the exhaustive scale of the research on which it is based, and which provides new and highly interesting information on the quantity and nature of the trade between the Lower Rhine and Rotterdam from the late XVIIIth to the mid-XIXth centuries. The author has worked in a wide range of public and private archives in the area under study, and has made some important discoveries. The careful methodology which is apparent throughout Schawacht book is something which is common to the collection of *Studies on the economic history of the Rhineland and Westphalia* published by the Faculty of Economic and Social History at Cologne University, of which this is the most recent volume to appear.

But the interest of Schawacht's book is not solely methodological. He is well aware of the need to trace the links between what was happening in this important but still small area and what was happening in Germany as a whole in a period which was crammed with political developments which were to be decisive for the future German state (the reduction in the number of traditional states, for example) and also with economic developments of equal importance. While the author's main concern is with the trade and shipping of the river ports of the Lower Rhine and their contacts with Rotterdam, he is always quick to see the connections between this and the surrounding areas. When one remembers that Henderson, Brenner and other scholars have located the origins of the German industrial "revolution" in the first decades of the XIXth century, these links become particularly interesting.

The chapters of Schawacht's study perhaps follow the original thesis too closely, but the study as a whole falls into two parts, one dealing with trade and the other with shipping for the periods which are respectively the most relevant. The study concludes with an appendix containing details of trading agreements, regulations and statistics. The extreme destinations of

both the trade and traffic which Schawacht discusses are Rotterdam and Cologne, although Neuss, Dusseldorf, Uerdingen, Duisburg, Wesel and Emmerich were all important as well, and became more so as industrial development became established. But Cologne remains the most interesting vantage point for studying trade and shipping in the Lower Rhine region in the late XVIIIth and early XIXth centuries. Between 1814 and 1829 the value of goods imported from Dutch cities fell from 42% (of the total value) to 34%, while the share of goods imported from other Rhineland centres rose from 57% to 65%. At the same time the value of goods exported to Dutch cities rose slightly (from 56% to 58% of total exports), and exports to the Prussian Rhineland ports fell slightly (from 43% to 41%). The advent of steam shipping greatly increased the volume of traffic on the Rhine, and between 1837 and 1850 the number of vessels leaving Cologne for Rotterdam, and vice versa, rose by over $\frac{1}{2}$ (on average). During the same period Cologne's imports were four times greater, in terms of value, than her exports to both the Dutch and the Prussian Rhineland ports. This development is illustrated by the increasingly important role of Düsseldorf in the 1830s, when it began to assume a central function in the Rhineland economy and to act as a trading partner not only with Dortrecht and Rotterdam but even with Amsterdam as well.

The statistics which Schawacht has assembled allow us to follow the linkages between the increase in shipping on the Lower Rhine and the development of the region as a whole, and also those with surrounding regions because Cologne had from the Middle Ages onwards provided the principal link with the North Sea. After the introduction of the Zollverein in 1834 the flood of imports into Cologne from both the Prussian Rhineland ports and the Dutch cities increased greatly. This was to have a major effect on the German economy, and its consequences were immediately felt in Cologne. As the author shows, the result was that the city's economy leapt forward and took a leading position in the commercial life of the Rhineland, although Düsseldorf was always close at its heels. The central problem which Schawacht then tackles is the extent to which the expansion of trade in the Rhineland was the result of the economic changes which had been encouraged, and even directly introduced, by the Prussian Crown in the neighbouring provinces. This is a question of major importance in the historiography of the German industrial revolution, given the interest in identifying the part played by individual regions both before unification and after 1870 when Prussia officially assumed overall direction. Within this mosaic, Schawacht's study provides a clear picture of one of the regions.

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TH. SOWELL, *Classical Economics Reconsidered*, Princeton University Press, 1974.

Historians of economic thought allocate a goodly portion of their time to reconsidering the intellectual heritage of their discipline. From time to time their efforts yield a publishable article; more occasionally a publishable book. Professor Sowell has already accomplished what is only achieved occasionally with the publication of *Say's Law* (Princeton University Press, 1972). *Classical Economics Reconsidered* is chiefly an effort to expand the thesis that classical economics is most fruitfully explored within the framework of the classicists' preoccupation with economic growth. One of the themes pursued in *Say's Law* is that many of the macro aspects of classical economics are not well understood because the Keynesian influence has directed contemporary inquiry in this area largely to the short run. The generalization known as Say's Law is especially misunderstood. According to Sowell's reinterpretation, the dispute among classical theorists about Say's Law did not centre, as is generally believed, on the question of whether markets can always be cleared in the short run. Rather, the issue between Sismondi, Lauderdale and Malthus, who dissented from Say's Law against Ricardo and his intellectual followers, was whether successively larger levels of savings, and/or output, are sustainable over future periods. In its modern interpretation, which owes much to the Keynesian revolution, the implications of Say's Law are short run and unrelated to the phenomenon of growth.

In *Classical Economics Reconsidered* Sowell undertakes to pursue further the implications of the classical economists' orientation to the secular long run. The result is a slim volume of four chapters, which, unfortunately, yields fewer new insights than the work which preceded it. The first chapter, entitled "Social Philosophy", reminds us of the Marxian and Keynesian definitions of classical economics and observes that the criticisms levelled against classical economics are (1) criticisms of its philosophical underpinnings, and (2) criticisms of its substantive analysis, e.g., Say's Law. This is followed by the familiar observation that, considered in terms of the issues of their own day, the classical economists were not apologists who favoured maintaining the social and economic status quo. It would have been helpful if the preceding observation, and the argument which elaborates it, had been prefaced by some remarks concerning the audience to which it is addressed. Since the publisher is a university press it seems we are entitled to assume that Sowell is addressing his professional colleagues. Yet the argument that the classicists were not conservative protagonists of unfettered laissez is so familiar that it seems appropriate chiefly for readers whose perception of classicism is derived from a widely read paperback introduction to the history of economics, which Sowell identifies in a footnote. Only occasionally is the demand on the reader on a more sophisticated level.

Chapter II entitled "Macroeconomics" pursues the theme that it is necessary to reconsider classical theory and policy prescriptions in terms of the classical theme of economic growth. The first part of the chapter restates the analysis offered in *Say's Law*. Sowell's reinterpretation of Say's Law is original, interesting and important. But it is not improved by repetition, and, unlike the earlier inquiry into Say's Law, there are no new insights into the long-run aspects of macroeconomics when classical monetary theory and fiscal policy are examined in the second part of Chapter II. Indeed, the section on monetary theory is chiefly concerned with the short-run effects of the behaviour of money on real variables. Attention is particularly called to Mill's argument that during a commercial crisis the individual's demand is "specifically for money" and to Thornton's observation that there is "a disposition to hoard" during "times of alarm". With these references to what is today called "liquidity preference", the classical economists are (properly) credited for recognizing the store of value function of money while Keynes is criticized for interpreting the classical position as assuming that the velocity of money is constant. The implication is that neither Keynes nor the majority of contemporary scholars are properly appreciative of classical monetary theory.

There are many aspects of classical monetary theory which might have been reconsidered but which, inexplicably, are not. For example, students of the history of money have always had a particular interest in the classical theory of the mechanism connecting M to P which Thornton introduced (1802). Thornton's argument that there is a connection between money and commodity markets was later rediscovered by Wicksell in his theory of real and monetary rates of interest. This argument is closely associated with the phenomenon of forced saving, to which Sowell directs little attention. Its relationship to the bullion controversy is not even noted. Yet the possibility that extra capital formation can be "forced" from the recipients of fixed incomes through the rise in prices which accompanies excess note issue is certainly relevant to the problem of long-run growth. The possibility of forced saving was accepted in principle by most classical writers with the notable exception of Ricardo, who attacked the Bank for abusing its power to issue currency. The forced saving doctrine is such an important aspect of classical monetary theory and policy that one would have expected it to figure more prominently in Sowell's reconsideration. Sowell's primary concern is the classicists' recognition of the store of value function of money and the Keynesian disposition to depreciate their awareness. What does not follow is that the classicists' awareness of the store of value function of money led them to a monetary conception of the economic process as a whole. This is precisely what Keynes wanted to underscore when he gave prominence to the doctrine of liquidity preference. It is important to recognize that the classical economists appreciated the store of value function

of money, but if one wishes to draw any comparison between Keynes and the classicists, it is also important to emphasize that the concept of liquidity preference plays a fundamentally different role in the Keynesian system than it does in the classical analysis.

The triteness of the reconsideration accorded classical distribution and value theory is reflected in such observations as « classical allocation and distribution theory . . . is as much dominated by the law of diminishing returns as classical macroeconomics was by Say's law » and that the « classicists were substantially united on the [labor] theory of value » which was « tangential to classical value theory, and seldom was it even alleged that any substantive conclusion would be different without it ».

The most interesting and useful aspect of Sowell's exercise in reconsideration, in the eyes of this reviewer, is to be found in the thirty or so pages devoted to methodology. Sowell's discussion of the role of theory in explaining phenomena of change as distinct from states of being is provocative, particularly in relation to Marx's insight into this matter. There is more than a little merit in Sowell's reminder that economic methodology and political philosophy are not necessarily related, and that abstraction in economics is not necessarily a means of avoiding "real" issues.

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