

Transferring Wealth and Power from the Old to the New: Monetary and Fiscal Institutions in the 17th through the 19th Centuries. *Edited by Michael D. Bordo and Roberto Cortés-Conde.* New York: Cambridge University Press, 2002. x + 442 pp. Index, figures, tables, references. Cloth, \$80.00. ISBN 0-521-77305-9.

Reviewed by Larry Neal

*The title of this collection of commissioned essays might lead one to expect discussions of how capital and other determinants of wealth and power moved from Europe to the Americas over the period from the European discoveries of the New World until at least World War I. Instead, one is treated to a systematic exposition of the way governments developed fiscal and monetary institutions on both sides of the Atlantic, as first the European powers exploited the possibilities they perceived to exist in their acquired territories and then as the governments of their colonies either made changes in the fiscal and monetary institutions they inherited or invented new ones during the transformation from colony to independent nation. The editors instructed the authors to “examine the factors that allowed efficient fiscal and monetary institutions to develop in some countries at certain moments in time, while in others such development turned out to be unsuccessful” (p. 1). Thanks to the efforts of the distinguished economic historians who responded, the owners of this volume will have at hand an outstanding reference tool, loaded with both quantitative series of government revenues and precise descriptions of tax regimes and monetary institutions for all the major countries in the Atlantic world. For the Old World, Britain, France, the Netherlands, Spain, and Portugal are examined with fresh insights; for the New World, the United States, Canada, Mexico, Brazil, Argentina, and Colombia are treated, in each case with novel, but authoritative, interpretations. The introductory chapter by the editors gives an effective summary of the lessons to be gleaned; readers are left to their own devices to make the comparisons they might wish. Concluding chapters by Herschel Grossman and Albert Fishlow give some guidance for organizing the material, from either a theoretical perspective of a self-interested state or a comparative policy perspective of enlightened policy makers.*

Business historians should make extensive use of the volume, if only to verify their prior opinions about the constraints that confronted business enterprises in these countries as a result of the various fiscal regimes and monetary standards established by their governments over time. In the process, they will come to appreciate the political challenges, both from domestic special-interest groups and from foreign military powers, that led governments to change institutions over time. Establishing an efficient tax system was the foremost challenge for each government. The challenge was met first, and most effectively, by Great Britain, as the opening chapter by Forrest Capie illustrates with copious statistical series and graphs. France needed a political revolution to obtain a similar tax system, which unfortunately led it into a series of losing wars, as Eugene White demonstrates. Due to political fragmentation, neither the Netherlands (according to Jan de Vries) nor Spain (Gabriel Tortella and Francisco Comín) were able to meet the challenge, each opting instead to extract resources from their diminishing overseas empires. Fortunately for the New World, the Dutch left their imprint only in Asia; unfortunately for the New World, the Spanish legacy persisted under less propitious circumstances for both Mexico (Carlos Marichal and Marcello Carmagnani) and Argentina (Roberto Cortés-Conde and George T. McCandless). Both countries struggled toward an effective combination of reliable tax revenues and sound monetary standards that each achieved only by the end of the nineteenth century. One supposes that neither had sufficient time to entrench these institutions sufficiently so they could withstand the turmoil caused by World War I. Portugal (Jorge Braga de Macedo, Álvaro Ferreira da Silva, and Rita Martins de Sousa) and Brazil (Marcelo de Paiva Abreu and Luis A. Corrêa do Lago) suffered in turn from imperial misrule, as the seat of empire switched back and forth over the course of the nineteenth century. Portugal ended in disarray after 1890 while Brazil enjoyed new-found prosperity and expansion when the seat of empire returned to Portugal. Canada (Michael Bordo and Angela Redish) and the United States (Richard Sylla) experimented from the start with different systems under colonial rule—Canada due to the mix of French institutions in eastern Canada and English institutions from Loyalist enclaves in western Canada; the United States due to contacts with British, French, and Spanish institutions and differences in the fiscal and monetary regimes of the individual colonies at the outset. Poor Colombia (Jaime U. Jaramillo, Adolfo R. Maisel,

and Miguel M. Urrutia) tried to establish a more workable tax and monetary regime at independence, finally finding a period of peace and a staple export commodity in coffee by mid-century.

While the individual chapters vary in their coverage of the issues, each treats first the fiscal regime and the underlying political pressures that resulted in either limited government expenditures or chronic deficits; then each chapter explains the monetary system, as only those governments with sound tax systems could maintain a sound monetary standard as well. With the wealth of detail covered, it would be churlish to complain that the markets for each government's debt are only dealt with spottily, with the chapters on Britain, France, and the United States receiving the fullest treatment.

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