

The Wealth of Nations Rediscovered: Integration and Expansion in American Financial Markets, 1780–1850. By *Robert E. Wright*. New York: Cambridge University Press, 2003. 240 pp. Index, notes, references, tables. Cloth, \$55.00. ISBN 0-521-81237-2.

By Lance Davis

In his own words, the author of this brief, well-written history, has set out to prove that “the U.S. financial system created the conditions *necessary* for sustained domestic economic growth (increased real per capita output) that scholars know occurred in the nineteenth century.” In elaborating his thesis, Robert E. Wright also demonstrates that the nation’s early economy was “capitalistic to the core.”

It is clear from his style and focus that the author is addressing an audience of interested and intelligent readers, rather than professional historians. To accommodate this audience, he carefully delineates the ways in which financial institutions and security markets reduce asymmetric information and describes how the financial sector contains lending-related costs and risks. In addition, he explains capital–market integration, the expansion of the securities services sector, and the regulation of the financial sector. In presenting each topic, Wright captures the essence of current academic research, employing a clear and lively style that is appropriate for his target audience.

The author, however, does much more than educate the general reader. His series of microstudies, I am certain, will soon become part of the lectures of many professors of American economic and political history. Although he conducted his research largely in the archives of the city of Philadelphia, he also incorporates secondary sources in order to expand his geographic reach to cover both the North and the South. Equally important, in Chapters Four, Five, and Six, he provides a mass of microeconomic detail on the evolution of both the securities market and the national market, details that will flesh out the lectures of even the most widely published historians working in early-nineteenth-century American history. Moreover, he makes a telling case for moving the time of the national market’s emergence back to an earlier date than has generally been accepted.

Although the substantive portion of the volume is brief (215 pages), it nevertheless represents a significant contribution. Wright has thoroughly documented his

conclusions in a clear, accessible style. His bibliography alone is worth the price of the book. *The Wealth of Nations Rediscovered* should be required reading for every student of American financial history.

Lance E. Davis is Mary Stillman Harkness Professor of Social Science at the California Institute of Technology. His most recent publication was Evolving Financial Markets and International Capital Flows: Britain, The Americas, and Australia, 1865–1914, which he cowrote with Robert Gallman (2001). Currently he is writing a book, with coauthors Larry Neal and Eugene White, on the efficiency of stock exchanges in London, New York, and Paris, 1807–2000.