

Book Reviews

Dark Matter Credit undoubtedly presents a better understanding of French financial development during the eighteenth and nineteenth centuries. Nevertheless, readers unfamiliar with the other work of Hoffman, Postel-Vinay and Rosenthal on the complex institutional history of France may be tempted to draw hasty conclusions from the book to apply to developing countries today. The authors explicitly discourage such inferences in their conclusion (chapter nine), yet discussion in the book on the intricate institutions that influenced France during this time period is, perhaps unavoidably, underprovided.

Overall, I highly recommend *Dark Matter Credit* for business and economic historians of various backgrounds and disciplines. Hoffman, Postel-Vinay and Rosenthal expertly combine “the economist’s thirst for systematic data with the historian’s desire to tap a wide variety of quantitative and qualitative sources” (p. 231). The book is an excellent guide for conducting and presenting archival research in a manner that clearly explains the process without getting lost in the numbers.

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Wright, Robert, E. *Financial Exclusion: How Competition Can Fix a Broken System*. Great Barrington, MA: American Institute for Economic Research, 2019. 454 Pp.

In 2018, I had a conversation with economic historian Price Fishback who mentioned to me that Robert Wright had been having a hard time placing a recently completed manuscript on financial discrimination in American economic history. I was somewhat surprised at this revelation as Wright has written many authoritative works on American financial history with which I was familiar and to whose quality I could testify. Fishback also appeared surprised as he pointed out that the work was of great quality (as I expected). It was when the American Institute for Economic Research (where the current reviewer is a senior fellow)

published the book that I finally was able to see the product that Fishback had mentioned and I had to concur with his assessment: it is a fine contribution.

The thesis Wright advances is quite simple: the strange and complex apparatus of financial regulations observed throughout American economic history has limited market entry in ways that shored up discrimination against some groups. The book is incredible at providing a large amount of historical detail regarding discrimination (and its outcome). Chapter three is a good illustration of this wealth of detail. Readers are provided with a rich account of how numerous regulations limited—directly or indirectly—the access to banking services for African Americans. We are informed—echoing the work of Richard Rothstein in the *Color of Law*—that federal agencies explicitly discouraged mortgage lending to African Americans for the belief that black homeownership adversely affected the housing wealth of White Americans who would end up being their neighbors. Other chapters provide similar efforts for Native Americans and poor White Americans. For this wealth of details regarding the inner workings of financial exclusion, Wright's book is a valuable addition to the library of the respectable economic historian. There are, however, two elements to mention: one shortcoming and a depressing note.

The shortcoming relates to the fact (flaw) that the present reviewer is an economist. Stating that there was market power is an important condition for discrimination. However, this must be combined with non-market preferences. The satisfaction of any given set of preferences depends ultimately on marginal costs, marginal benefits and constraints. The problem is that, in situations of market power, the exercise of non-market preferences (i.e. being prejudiced against X or Y group of individuals) could be costly. Indeed, firms with market power (under certain conditions) can increase their profits substantially if they can price discriminate. Refusing to provide a service to a group at a price equalling its willingness to pay is a foregone profit. Moreover, if other consumers are prejudiced against X or Y, the firm-owners with market power can ignore their consumers' prejudices as they cannot defect to other firms. This is a simple set of axioms from economics. If they are relevant to the case at hand, they could invalidate Wright's argument that curtailments of

competition increased discrimination. Thus, it is a necessary logical step for Wright to document that the non-market preferences were far more rewarding to the discriminators than foregone profits or that price discrimination was too costly to exercise. At many points in the book, Wright seems to make those points (which is good) but he does not do so explicitly and this may fail to convince other economists and economic historians of the value of his contribution (even though I am convinced).

The depressing note relates to a claim made at the beginning at the book when Wright pitches his book as an illustration that Gary Becker was right to argue that removing barriers to competition will reduce discrimination based on race/gender related lines. I admit that I am quite amenable to the idea that barriers to entry are going to adversely affect marginal individuals which – by sheer correlation – will mean vulnerable minority groups. In fact, as someone who calls himself a “Radical Coasean”, I believe that there are no such things as “market failures”. There are only “failures of markets to exist” and entrepreneurs are tasked with creating markets to expand the realm of exchanges. Barriers to entry are bound to limit the ability or desire of entrepreneurs to expand the realm of exchanges to certain marginal groups. The problem is that the removal of barriers to entry only offers a series of steps in the right direction but I doubt that they can lead us all the way to greater forms of relational equality (see Vincent Geloso and Phillip Magness 2019). Wright himself seems to agree with that as he concludes in his last paragraph that greater competition is “no panacea” but that it is the only option given the fact that “government fiat” rarely works and generally worsens things. For those who are attached to the normative ideal of relational equality, the fact that there are no fully satisfying answers is incredibly depressing.

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Works Cited

Geloso, Vincent J., and Phillip W. Magness. 2019. “Social Justice, Public Goods, and Rent Seeking in Narratives.” *Independent Review* 24 (1): 37-48.

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Rothstein, Richard. 2017. *The Color of Law: A Forgotten History of How Our Government Segregated America*. Washington, DC: Economic Policy Institute.

Adelman, Joseph. *Revolutionary Networks: The Business and Politics of Printing the News, 1763-1789*. Baltimore: Johns Hopkins University Press, 2019. 280 Pp.

In *Revolutionary Networks*, colonial newspapers and the men and women behind the presses dominate the headlines. Joseph Adelman explores the oft overlooked business of printing in colonial America and how the industry influenced the American Revolution and the formation of the United States. He attempts to determine how colonial printers, most located in the major ports and towns of British North America, conducted the everyday business of printing and disseminating the news in the politically turbulent period of the late 1760s, 1770s, and 1780s. Colonial printers flowed between the working class and elite society, forming information and business networks that spanned the entire Atlantic Ocean. As a result, printers developed enormous influence by curating the news; they played a central role in the political turmoil of the American Revolution and development of the United State Constitution.

Adelman charts the role of printers in Britain's North American colonies in shaping the political economy of colonial America and the early United States in six chapters, an introduction, and a conclusion. Few authors attempt to place the American Revolution as a secondary focus, but Adelman does so successfully, placing printers and their business practices at the forefront of the political and social developments. He begins, in chapter one, with a description of the economic and business practices of printers in the colonies, including mundane details such as advertising and subscription rates. He argues that printers were at once artisans and social elites, moving between social classes as both purveyors and collectors of information. Their businesses depended on steady access to information from throughout the Atlantic World, and each newspaper reflected the curatorial choices of the printer and his/her readers.