THE
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mechanisms? In a sense, one might be tempted to wonder whether the stereotyped distinction between 'historical' and 'rational' reconstructions has not led historians of economic ideas to downsize their ambitions too much: the great dispute between detractors of 'antiquarian' and 'teleological' approaches seems to have made them lose sight of why studying the evolution of economic analysis really is important in the end. Still, students of economic facts cannot help being deeply fascinated by the richness and profoundness of many early commentators' views on eternal economic issues such as the optimal design of monetary institutions, the regulation of exchange rates, or the distributional effects of domestic monetary policy. If appropriately (and not anachronistically) comprehended, the analyses performed by past observers can still be a precious source of inspiration today. As it provides us with a wealth of information on how early modern commentators saw and proposed to solve monetary problems that are fundamentally still around to date, the volume edited by Jérôme Blanc and Ludovic Desmedt certainly has all the potential to help us improve our current understanding of monetary phenomena at large.

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Wenkai He, *Paths toward the modern fiscal state: England, Japan, and China* (Cambridge, MA: Harvard University Press, 2013. Pp. x + 313. 64 figs. 4 maps. 42 tabs. ISBN 9780674072787 Hbk. £40.95)

Wenkai He's book examines the development of modern fiscal states in England, Japan, and China. He distinguishes between the domain state, in which the state earns income from its property, and the fiscal state, in which the state collects tax payments. He further distinguishes between traditional fiscal states, which rely on decentralized institutions to collect taxes and meet current spending needs, and modern fiscal states, which centralize fiscal institutions and gain access to long-term public debt. He argues that modern fiscal states emerge when credit crises interact with particular socioeconomic circumstances, including a vibrant commercial economy. The accumulation of effective institutions and competent bureaucrats puts nations on a path toward fiscal modernization. He dates the establishment of the modern fiscal state in England to the 1720s, following the credit crisis of the late 1660s and the debts of the Nine Years' War and the War of the Spanish Succession. He dates the modern fiscal state in Japan to the 1880s, after the Meiji Restoration in 1868 and the adoption of the gold standard. He argues that China did not achieve a fiscal state during the nineteenth century, because the requisite credit crisis never overlapped with the right socioeconomic conditions. The Taiping Rebellion from 1850 to 1864 destroyed the commercial economy. When the commercial economy recovered in the 1870s, no credit crisis took place.

He's topic is important. The study of China and Japan is welcome, because the study of the rise of fiscal states tends to be Eurocentric. He provides meticulous historical details and offers many nice insights. In the spirit of scholarly debate, I now offer several comments. I hope that they further the conversation that He has rightly begun.

He argues that geographical scale does not determine fiscal success. But can distance not play a significant role? Tuan-Hwee Sng and Chiaki Moriguchi ('Asia's little divergence', *Journal of Economic Growth* (2014)) compare early modern China and Japan. They find that China's large size made it difficult to manage its bureaucracy. The tax-to-GDP ratio in China was 2 per cent between 1650 and 1850, while it was greater than 15 per cent in Japan. Similarly, David Stasavage (*States of credit* (2011)) finds that city-states in Europe could issue public debt before territorial states and at better rates of interest. Stasavage attributes this advantage in part to the compact geography of city-states.

Wenkai He argues that political representation is not necessary for fiscal strength. But cannot a parliamentary bargain, whereby the executive trades policy concessions for tax payments by citizens, strengthen the fiscal contract? Timothy Besley and Torsten Persson ('Taxation and development,' *Handbook of public economics*, 2013) find that, holding GDP per capita constant, states with strong executive constraints gather higher tax revenues than states with weak executive constraints. Stasavage (as cited) finds a positive relationship between representative government and sovereign credit risk in European history.

Wenkai He argues that credit crises are exogenous to subsequent institutional change, because they are unintended outcomes of warfare. Gary Cox ('War, moral hazard, and ministerial responsibility', *Journal of Economic History* (2011)) and Philip Hoffman ('Why was it Europeans who conquered the world?', *Journal of Economic History* (2012)) argue that warfare was an endogenous outcome of the political process in early modern Europe. Executives saw benefits from military victory (such as glory), but did not lose their thrones from military defeat. Thus, executives had a strong incentive to start wars. If warfare was more likely under this political equilibrium, then credit crises were more likely too. In this regard, credit crises were endogenous outcomes of the political process. The evidence suggests that political representation was part of the solution to recurrent defaults. For example, Carmen Reinhart, Kenneth Rogoff, and Miguel Savastano ('Debt intolerance,' NBER working paper 9908 (2003)) find that France defaulted eight times from 1500 to the French Revolution in 1789, but zero times over the nineteenth century.

He's method of 'deep historical analysis' has several strengths. For example, it avoids the problem of applying an anachronistic model of the state backward in time (Stephan Epstein, *Freedom and growth* (2000)). In my opinion, a quantitative component would be a nice complement to He's method. For example, he could gather panel data and regress fiscal modernization on a term that interacts credit crises and socioeconomic conditions, separate terms for credit crises and socioeconomic conditions themselves, a vector of controls for observable factors, and fixed effects by country and year to control for unobserved factors. To test for reverse causation of the sort that I describe above, He could perform placebo tests that recode fiscal modernization for placebo years.

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Gregory O'Malley, *Final passages: the intercolonial slave trade of British America, 1619–1807* (Chapel Hill: University of North Carolina Press, 2014. Pp. 416. 11 figs. 7 illus. 7 maps. 26 tabs. ISBN 9781469615349 Hbk. $45)

The 'middle passage' is perhaps the most evocative and well-known element of the transatlantic slave trade. It refers to one phase of triangular trade, where ships left European ports laden with trade goods that were, in turn, exchanged for slaves; these were densely packed onto temporary decks and carried to the Americas, where (if they survived the journey) they were sold or exchanged for materials and commodities that were then returned to Europe. The title and premise of Gregory O'Malley's book seek to extend this story to consider what happened to slaves upon arrival, and in doing so it not only adds a vital dimension to our understanding of an already densely studied subject, but also sheds light on the nature of inter-imperial trade, the fluidity of imperial borders, frontiers, markets, and populations. The middle passage, he argues, was 'but one part of a long and multifaceted journey to American slavery' (p. 8).

Based on extensive research into the data-rich resources of the *Trans-Atlantic Slave Trade Database* compiled by David Eltis and others, the book presents five core arguments across eight well-structured chapters. The first concerns the intercolonial trade. Large numbers of slaves began a new journey as soon as they arrived in the Americas—many went to French

