The Fountain of Privilege: Political Foundations of Markets in Old Regime France and England. By Hilton L. Root. Berkeley and Los Angeles: University of California Press, 1994. Pp. xv + 280.

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Hilton Root has provided an insightful analysis of some determinants of economic efficiency and political stability in early modern England and France. His ability to combine general theory (mainly rational choice models of rent-seeking and credible commitments) and rich narrative history (using primary as well as secondary sources) should make this book useful not only to scholars working on early modern Europe but to anyone interested in political economy.

Root's book is part of a growing body of work in economic history, political science, and sociology that attempts to develop a more sociological version of rational choice theory by retaining the standard microlevel assumptions but constructing richer macrolevel models of the structural constraints shaping action. Markets are not an exogenous starting point in his analysis, and he does not assume that all markets clear (i.e., that all potentially beneficial trades are consummated). Instead, Root argues that markets must be *made* and that how they are made depends on the incentives facing political and economic actors. These incentives are determined mainly by institutions. Root's most general claim is that the form of political institutions determines the structure and efficiency of markets. This type of argument may be classified by sociologists as "state-centered" and by economists as "new institutionalist," but it is perhaps best viewed as classical political economy.

Root suggests that the most important difference between England and France after 1688 was that markets were constructed in the context of different political institutions—by Parliament in England and by absolute monarchs and a few royal ministers in France. This resulted in different types of rent-seeking in the two countries ("rents" are profits above the market level that result from politically provided monopolistic or quasi-monopolistic privileges). In France, market privileges were granted on the basis of private deals with people having personal ties to rulers or high ministers (Root calls this "cronyism," but it is similar in many respects to Weber's patrimonialism). There was rent-seeking in England too (this is not a standard economic argument about the virtues of free markets), but because it was controlled by a legislature instead of a monarch, personal ties mattered less than the ability to *buy* market positions and privileges. Parliament served as a "political market" in which rights could be allocated competitively to the highest bidder. Root argues that this form of "corruption," although far from perfectly efficient, did facilitate the transfer of rights to those who could best profit from them and thus produced a more efficient economy than French absolutist "cronyism."

Root's depiction of absolutist France versus parliamentary England is tempered by his realization that French rulers were never totally autocratic but were constrained by corporate bodies such as provincial estates, municipal corps, and village communities. Why did French monarchs not simply abolish these hindrances to their discretionary exercise of power? Root suggests that the answer lies in a problem faced by all autocrats—they will have to pay high interest for loans (if they can borrow at all) because lenders will not trust them to pay the money back as promised. The more autocratic the ruler, the more difficult it is to make credible commitments to subjects. In this situation, Root suggests that rulers will choose to cede some of their power (in this case to various corporate bodies) in order to decrease their ability to act opportunistically. This form of "tying the king's hands" makes their commitments to lenders more credible and thus makes more loans at lower rates of interest available to them. In short, French rulers chose to give up some of their autonomy in order to increase their wealth.

The second main consequence of these different forms of rent-seeking was greater political instability in France. Root argues that "the power of the unelected executive branch of the French government to redistribute the national income to private individuals made the old regime prone to revolutionary upheaval" (p. 231). Because cronyism is based on personal ties, it is much less flexible than the English system of competitive rent-seeking. The competitive market for privileges in England allowed privileges to be reallocated to those willing to pay for them, whereas the cronyistic system in France left those without access to privileges permanently locked out. French rulers were unable to reform the system, because they depended on the numerous corporate groups they had used to make their commitments credible enough to get the loans necessary to fund their expensive military policies. The result of their inability to change the system was revolution.

Of course, Root's book is not without problems. First, the two cases he chooses are not optimal for testing his general theory because they represent only a small amount of the total range of variation in his main causal factors across early modern states. Second, he pays insufficient attention to other explanations—the only alternatives addressed in detail are cultural arguments. Along these lines, some discussion of how his use of "cronyism" differs from Weber's patrimonialism would have been helpful. Third, he probably overstates the extent to which access to market privileges in France was limited to people with personal ties to ruler or ministers—competitive forms of rent-seeking were also employed. In spite of these problems, Root's book provides a compelling account of the different relationships between states and markets in early modern England and France.