Alexis Frédéric Drach describes another example on a more global scale—the construction, in 1974, of an international standard-setting institution, the Basel Committee on Banking Supervision (BCSB). On the one hand, this allowed the creation of new and better methods to control more complex internationalized banking practices. On the other hand, most of the BCSB's members were reluctant to impose strict rules on financial elites, because they were themselves part of the community.

There are many good reasons to recommend this book. It is a strong contribution to a renewed vision of financial elites' structure, power, strategies, and values. Nevertheless, from time to time the reader would have appreciated more detailed descriptions of official and unofficial—gray—practices and tools financial elites invented and implemented to comply with or avoid market rules and public regulation. The powerful conclusion of the book is that since the very beginning of financial markets in capitalism, the shaping of financial systems has been the result of a dialectical relation between state regulation of financial activities and the attempts of market actors to escape or circumvent it.

Eric Godelier is professor at the École Polytechnique in charge of developing business history and corporate culture courses. From 2006 till 2017, he was dean of the department of humanities and social sciences, and in 2012 he coordinated publication of the first website on French Management Tools and Models (Eighteenth to Twentieth Centuries), http://mtpf.mlab-innovation.net/fr/.

. . .

Dark Matter Credit: The Development of Peer-to-Peer Lending and Banking in France. *By Philip T. Hoffman, Gilles Postel-Vinay, and Jean-Laurent Rosenthal*. Princeton: Princeton University Press, 2019. 303 pp. Maps, tables, figures, appendices, bibliography, notes, index. Cloth, $39.95. ISBN: 978-0-691-18217-9.
doi:10.1017/S0007680519000990

Reviewed by Guillaume Bazot

This book provides a comprehensive view of notarized—that is, peer-to-peer—credit in France from the mid-eighteenth to the early twentieth century. In it, the authors provide historical insight into current economic debates such as the link between banking and credit development and the role of interest rates in the clearing of the mortgage credit market.

The main message of the book is that mortgage credit in France did not depend on banks until World War I. The related loans were provided by notaries—brokers who arranged credit contracts between lenders and borrowers. Because notaries had privileged information on borrowers' collateral, their function was mainly to solve information asymmetries—all the more salient since an operational lien registry was not set up before the last third of the nineteenth century. In addition, the use of a referral system among notaries helped to establish a network of knowledge that facilitated the matching of lenders and borrowers at a large scale, far beyond local markets. This system was so efficient that banks were not able to enter the market, at least until the creation of a government-based mortgage bank: the Crédit Foncier.

The book's inquiry relies on a fantastic data set on peer-to-peer credit for six reference years (1740, 1780, 1807, 1840, 1865, and 1899) based on a sample of ninety-nine markets, which allowed the authors to compare credit market conditions across cities and over time and to test the set of hypotheses used to explain the notarized credit functioning, its development, and the information problem it solved.

The book contains eight chapters, and all are worth reading. Chapter 1 develops the principles of the peer-to-peer credit system and describes the functioning of this market in 1740. The authors show that the allocation of credit depended on quality instead of price—what proves to be a key feature of this market until the last third of the nineteenth century. Chapter 2 jumps to 1780 and discusses the lack of centralization of the market. We learn that notarized credit in small places, though not as big as in the largest French cities, was very vivacious. In fact, insofar as the evaluation of borrowers' collateral was the raison d'être of notarized intermediation, borrowers' illiteracy was an important source of the demand for notaries' services. This led to the development of small-size loans in the countryside, where illiteracy was high. Chapter 3 deals with the effects of the French Revolution. Along with the incidental drop in total credit, the design of new legal institutions favoring the development of obligation contracts at the expense of perpetual annuities was one of the main consequences of the Revolution. Chapter 4 provides theory and evidence of a notaries' information network. The persistence of this network is explained by a game theory model in which "each notary had a limited number of correspondents who trusted him to send good referrals. He could not abuse their trust, for they could stop doing business with him in the future should he misbehave" (p. 120). Chapter 5 discusses the flexibility of French civil law through the development of an institutional innovation occurring in the South of France in the first half of the nineteenth century: the notarized letter of exchange. Chapters 6 and 7 explain how notarized credit

https://doi.org/10.1017/S0007680519000990 Published online by Cambridge University Press

managed to keep growing despite the development of banking activities from the second half of the 1800s. Peer-to-peer credit was barely affected by this development, because banks and notaries were more complements to each other than substitutes for each other. In fact, banks were not able to deal with information about real estate quality and thereby specialized in liquidity provision through the discount of short-term commercial papers. If one had to fear competition, it was banks more than notaries—and it was only through a change of law that notaries were crowded out of the deposit market. Chapter 8 examines the increasing role played by interest rates in the adjustment of the mortgage credit market in the last third of the nineteenth century. The development of a lien registry and the entering of a new government-based bank (the Crédit Foncier de France) reduced market segmentation and raised competition for mortgage credit provision. The priceless equilibrium vanished along with the notaries' information advantage.

Despite such a comprehensive analysis, the main limit of the book is perhaps its lack of international comparisons. With the exception of chapter 7, which compares French and English banking systems, the book is based primarily on the French experience. This prevents the reader from generalizing from the conclusions, especially those about priceless equilibrium, the notaries' network, and the limited role played by banks. Are the results specific to France? Are there historical contingencies or path dependencies? Of course, the book is very well documented and does not aim to address those questions directly; however, broader discussions on the role played by nonbank financial intermediaries outside France might have been highly valuable. This could be the object of another (perhaps collective) book.

Finally, what are the lessons of this book? First, economic theory is necessary to interpret historical facts. This does not mean that the economic analysis should be removed from the historical context; rather, the art of economic history is precisely to make both ends meet. Second, throughout the book we see how valuable the use of quantitative information is for historical analysis. Indeed, its quantitative investigation was essential to explain the raison d'être and functioning of the French mortgage credit market of the time. For that reason, producing quantitative data in order to enlighten the past should be one of the main tasks of the economist-historian. Third, history helps to enlighten economic theory. In fact, the development of peer-to-peer credit in France offers a reappraisal of the role of price in market clearing or the role of banks in credit development. For all of these reasons, this is a must-read for anyone interested in economic and business history, financial economics, economic development, and social science more broadly.

Guillaume Bazot is assistant professor in economic history at Université Paris VIII. He works on financial intermediation efficiency and monetary policy from historical perspectives.

. . .

In the Red and in the Black: Debt, Dishonor, and the Law in France between the Revolutions. *By Erika Vause*. Charlottesville: University of Virginia Press, 2018. ix + 324 pp. Illustrations, tables, bibliography, notes, index. Cloth, $45.00. ISBN: 978-0-8139-4141-7.
doi:10.1017/S0007680519001004

Reviewed by Francesca Trivellato

This book is a political, legal, and cultural history of insolvency laws in nineteenth-century France. More specifically, it focuses on the fate of an Old Regime institution called *contrainte par corps*—literally, the use of the creditor's body as collateral for commercial debt—which was only abolished in 1867. Erika Vause uses what appears to be a narrowly construed topic to address a central question concerning political and economic liberalism, namely, whether liberalism created a society in which, in Adam Smith's famous words, "every man . . . lives by exchanging, or becomes in some measure a merchant" (*The Wealth of Nations* [1776], book 1, chap. 4).

Although the 1789 revolution formally marked a transition from a society of status to one of contract, Vause argues that in order to understand nineteenth-century France one still needs to ask who merchants were, because *contrainte par corps* applied only to them and not to, for example, land laborers or professionals. The 1807 Napoleonic Commercial Code "defined *commerçants* as those who 'exercise acts of commerce and make it their habitual profession'" (p. 161). In fact, this had been the working definition of the term since the last quarter of the seventeenth century, when guild membership ceased to be a requirement for wholesale merchants. A particular credit instrument, the bill of exchange, epitomized the overlap between status and contract, for two reasons. First, it required *contrainte par corps* because it was not secured by anything other than its signatories' reputation. Second, whenever aristocrats, clergymen, and civil magistrates used bills of exchange, they lost their privileges and were equated with wholesale merchants before commoners' commercial courts. The reintroduction of *contrainte par corps* in 1797 (after a four-year hiatus) provides Vause with "an ideal and previously underexplored point of entry" into ongoing debates "about the nature of the Revolution and its relation to the rise of the modern market" (p. 6). Through most of the chapters, she traces the