

BOOK REVIEW

doi:10.1017/S0968565013000176

Alessandro Stanziani, **Rules of Exchange: French Capitalism in Comparative Perspective, Eighteenth to Early Twentieth Centuries** (Cambridge: Cambridge University Press, 2012, ix + 313 pp., £52.25, ISBN 978-1-107-00386-6)

Since markets do not pop up as quantum particles in a vacuum, the role of rules, institutions and social structures has come to the forefront when addressing the question of their emergence, development and functioning. This problem has been tackled by economic historians following three main lines of argument. The first approach, which owes much to the works of D. North, J. Williamson or B. Weingast, puts forward the role of institutions, i.e. formal covenants that create a grid of rules reducing uncertainty and incompleteness of contracts or information to manageable dimensions. The second approach, following the law and finance theory, states that the prevalence of case law over written law (or the reverse) explains much of the legal structure and has far-reaching consequences on markets, firms and business structures. The last approach, following R. Coase and P. David, plunges actors into radical uncertainty, which they reduce through strategic behaviours resulting in small adjustments and path-dependent patterns, especially in the realms of norms.

In this book, Alessandro Stanziani, fluent in most European languages and author of numerous works on product quality rules and the definition of marketability, tries to combine and overcome these three different approaches. In order to do so, he focuses on the history of French markets over a long time-span (from the seventeenth to the twentieth century) and then compares the conclusions he reaches to other Western countries (United Kingdom, Germany, Italy and the United States).

The first part of the book is thus dedicated to the relationship between norms and markets from a conceptual point of view. What have economists and lawyers been saying, for the last three centuries, about market laws and the principles governing them? The comparison makes apparent the loopholes in both approaches on what is, properly speaking, ‘unthinkable’. For example, to classical economists the ethical foundations of the market explain how they could not directly address the question of competition, i.e. how it applied to the real world. On the contrary, law-makers and judges had to reach decisions on the matter, either to implement competition, or to promote it above rent-seeking or public-interest issues. Stanziani makes remarkably clear the parallels in time and scope of these issues among the different Western countries, whatever their legal tradition or state structure.

This common trend in ideas and debates – even though they led to different outcomes in the countries under study – is then explored in three directions that all combine economic stakes with strong normative issues: different categories of actual markets (part II ‘Trade and marketplace’), marketability issues (part III ‘Market as transaction’), fairness in market competition (part IV ‘General rules of competition’). While the detailed analyses are well conducted, the question remains whether the conclusions can be generalized. The author stresses the need to reconnect the Ancien Régime to modern legal and economic history – a question which is central to French historiography – but then reintroduces general-purpose periodization in the form of first and second industrial revolutions. This latter technologically based concept seems rather at odds with his overall social interpretation, and would need to be chronologically adapted to the different economic sectors that did not meet external finance, wage labour or mass consumption criteria simultaneously.

Nevertheless, the chronological coincidences between the different countries, whether they concern covered markets, standardization of commodities or technical specifications of products, illustrate the common pattern that lies at the heart of the book. The problem of the ‘institutional framework’ within which markets, firms and contracts develop seems much larger than that of industrial innovation. It links together family structures, urbanization, market integration, judges’ powers and many other aspects in a way that will sound familiar to the reader when thinking about the shift in emphasis from industrial to industrious revolution promoted by J. de Vries.

Indeed, by scanning three centuries of Western economic history Stanziani aims at no less than rewriting it from a new perspective, that of the symbiotic relationship between rules and markets. While there is no question that this book combines in a more comprehensive and unified way many of the author’s previous works, the wide conceptual, chronological and geographical span creates a fuzzy logic effect that is somewhat detrimental to its effectiveness. Indeed, a major element in Stanziani’s approach is his ability to combine broad perspectives with minute interpretations of jurisprudence or legislative processes, illuminating the complex play between actors and interests. But, because he has so much to travel through, Stanziani asks us to take him at his word, since most precise cases and examples are referred to through mere archival or bibliographical indications. For sure, the reader who wants to know more about these examples may always refer to Stanziani’s previous publications. This leads to the other main gap in this book: the concerned reader will then have to dig through detailed footnotes, since there is no bibliography or source index – only an *index rerum*.

This said, Stanziani has achieved a real *tour de force* in questioning the history of the whole Western legal-economic structure in no more than 300 pages and convincingly stressing the need to replace broad-based ahistorical interpretations by a case-based evolutionary approach. Even more interesting, he does not plunge us into a chaos of examples and counter-examples, but shows the co-existence of common patterns within and between countries, creating a new analytical framework. This framework

basically combines the birth of the modern individual – both as a free contractor and a personally liable economic agent, progressively emerging from family and statutory positions; the technological innovations that threatened business as conventional and integrated markets; the new concepts of value and transactions (with the emergence of goodwill, patents and futures) that based credit upon profits to come instead of accumulated (landed) wealth; and transformed legal–political state structures. For all these items, individuals and societies face comparable issues, but as they are not addressed in the same way or do not change at the same pace, Stanziani can explain the development of minor and major divergences within and between countries, path-dependent but not easily attributable to a single factor.

A major contribution to our understanding of the Western move towards economic prominence, this book will no doubt be challenged, but this challenge should prove essentially beneficial in promoting an enriched approach to the mysteries of the bourgeois revolution and the Great Divergence.

Université Paris Ouest Nanterre

PATRICE BAUBEAU

First published online: 24 June 2013