

---

# History Meets Social Science

---

---

---

THOMAS FETZER

James Mahoney and Kathleen Thelen, eds, *Explaining Institutional Change: Ambiguity, Agency, and Power* (Cambridge: Cambridge University Press, 2010), 254 pp. (pb), £18.99, ISBN 978-0-521-13432-3.

Wolfgang Streeck, *Re-Forming Capitalism: Institutional Change in the German Political Economy* (Oxford: Oxford University Press, 2009), 297 pp. (hb), £68, ISBN 978-0-19-955677-9.

Klaus Nathaus and David Gilgen, eds, *Change of Markets and Market Societies: Concepts and Case Studies* (Cologne: Center for Historical Social Research, 2011), £10.29, [= special issue of *Historical Social Research* 36, 3 (2011)].

Christiane Eisenberg, *Englands Weg in die Marktgesellschaft* (Göttingen: Vandenhoeck and Ruprecht, 2009), 166 pp. (pb), £23.14, ISBN 978-3-525-37008-7.

While interdisciplinary research collaboration between historians and social scientists has a long pedigree, the ambitious agendas of their protagonists in the 1960s and 1970s have in many ways been disappointed, as they became squeezed between the centrifugal forces of the ‘cultural turn’ on the one hand and the rise of abstract theoretical modelling on the other.<sup>1</sup> However, recent years have witnessed a modest revival of bridge-building between history and the social sciences. It is beyond the scope of this article to trace this process in detail<sup>2</sup> but what can be said in broad terms is that a reorientation towards socio-economic themes among historians – expressed, for example, in the burgeoning literature on consumption<sup>3</sup> – coincided

Central European University, Nador utca 9, 1051 Budapest, Hungary; fetzert@ceu.hu

<sup>1</sup> Jürgen Kocka, ‘History, the Social Sciences and Potentials for Cooperation: With Particular Attention to Economic History’, *Interdisciplines*, 1 (2010), 43–63.

<sup>2</sup> See *ibid.*; Hartmut Berghoff and Jakob Vogel, ‘Wirtschaftsgeschichte als Kulturgeschichte: Ansätze zur Bergung transdisziplinärer Synergiepotentiale’, in Hartmut Berghoff and Jakob Vogel, eds, *Wirtschaftsgeschichte als Kulturgeschichte: Dimensionen eines Perspektivenwechsels* (Frankfurt am Main: Campus, 2004), 9–41.

<sup>3</sup> By way of introduction see for example: Frank Trentmann, ‘Beyond Consumerism: New Historical Perspectives on Consumption’, *Journal of Contemporary History*, 39, 3 (2004), 373–401.

with a growing dissatisfaction among social scientists about systemic models of ‘path dependence’ that relegated change to moments of extreme upheaval.

All four books reviewed in this article are representative examples of this new bridge-building and the review will thus focus on the ways in which social scientists approach the issue of historical change: Mahoney and Thelen, and Streeck in the first section, and, vice versa, on the use of social science concepts by historians, Nathaus and Gilgen, and Eisenberg, in the second.

## I.

Historical arguments and perspectives have long since been part of social science debates: for several decades, ‘historical institutionalists’<sup>4</sup> have attacked rational choice approaches by emphasising ‘path dependencies’ that shape and constrain the interests of present-day actors. Scholars working in this tradition have developed sophisticated models of ‘punctuated equilibrium’, which draw a sharp line between brief periods of innovation when a new ‘path’ is created due to ‘external shocks’ or other contingent events, and subsequent long periods of stability when established paths are reproduced through a variety of self-reinforcing mechanisms.<sup>5</sup>

However, recent years have witnessed a growing dissatisfaction with path dependence models, as they came to be perceived to display an undue bias towards continuity and stability. Scholars started to argue that the analysis of historical change could not be confined to the rare moments of extreme rupture envisaged by path dependence approaches and urged social scientists to study ‘gradual institutional change’.<sup>6</sup> The volume *Explaining Institutional Change*, edited by James Mahoney and Kathleen Thelen, squarely falls into this recent trend. Building on earlier work by Thelen and other historical institutionalists,<sup>7</sup> the volume sets out to provide a theory of gradual institutional change (in the editors’ introduction), which is then taken up in five case studies drawn from the contexts of diverse institutions (from healthcare to parliaments) and countries (from the United States of America to Brazil and Indonesia). A final essay by Peter A. Hall explores the ways in which the analysis of institutional change could help to intensify the dialogue between the various strands of social science institutionalism.

If compared to the average standard of edited volumes, *Explaining Institutional Change* is outstanding in its clarity and coherence. The introduction by the two editors places the volume succinctly into the existing scholarly debate and advances

<sup>4</sup> This is not the place for a systematic discussion of the various ‘institutionalisms’ in the social sciences – by way of introduction see Peter A. Hall and Rosemary C. R. Taylor, ‘Political Science and the Three “New Institutionalisms”’, *Political Studies*, 44, 5 (1996), 936–57.

<sup>5</sup> See Paul Pierson, *Politics in Time: History, Institutions and Social Analysis* (Princeton, NJ: Princeton University Press, 2004).

<sup>6</sup> See, for example, Wolfgang Streeck and Kathleen Thelen, ‘Introduction: Institutional Change in Advanced Political Economies’, in *ibid.*, eds, *Beyond Continuity: Institutional Change in Advanced Political Economies* (Oxford: Oxford University Press, 2005), 1–39.

<sup>7</sup> *Ibid.*, in particular the contributions by Streeck and Thelen, and Hacker.

a series of clear propositions about how to study gradual institutional change. Many historians will no doubt be put off by the at times very technical ‘jargon’, yet this is more than offset by the clarity of the model. Moreover, and most importantly, there is a close fit between the introduction and all of the volume’s empirical case studies. Hall’s concluding article provides suggestions for further research and, in particular, urges moving towards comparative analyses of change across countries and institutional contexts (intriguingly, despite the comparativist tradition of historical institutionalism, all the case studies focus on just one country).

From a historian’s point of view, the crucial questions are, of course, how the book conceptualises change and whether this model can provide insights to guide historians’ own work. Mahoney and Thelen start out by distinguishing between four ‘modes’ of institutional change (pp. 15–18), namely ‘displacement’ (replacement of existing by new rules), ‘layering’ (introduction of new rules alongside existing ones), ‘drift’ (changed impact of existing rules due to shifts in the environment) and ‘conversion’ (changed enactment of existing rules due to their strategic redeployment). In a second step, they link these four modes to two properties of political systems, namely the extent to which institutional rules allow for discretion in interpretation and enforcement, and the extent to which change can be blocked by powerful veto players. This yields a two-by-two matrix (p. 19). For example, a combination of strong veto players and a low level of discretion in rule interpretation is associated with ‘layering’, while the opposite combination (weak veto players, high discretion) is associated with processes of ‘conversion’. Finally, this matrix is enriched by the addition of four ideal types of ‘change agents’ (for example, ‘subversives’ in the case of layering or ‘opportunists’ in the case of conversion – p. 28).

This is an impressively parsimonious yet rather abstract model. How does it ‘fare’ in practice if applied to concrete case studies? As highlighted earlier, all empirical contributions of *Explaining Institutional Change* engage with the editors’ model and some of them explicitly ‘pick’ one of the four quadrants of the matrix. The chapter by Tulia G. Faletti, for example, adopts ‘layering’ as her core theme to explore the evolution of health care in Brazil between 1964 and 1988. She argues that the transition to universal and decentralised health care provision in the late 1980s did not result from sudden economic or political changes, but rather reflected a complex process of infiltration by left-leaning reformers into the health care system set up by the military government of the 1970s. Similarly, Ato Kwaemena Onoma uses the concept of ‘drift’ to explain the decline of land documentation in Kenya during the 1970s and 1980s, as fraud and office-seeking corruption undermined the legitimacy of the system.

On closer inspection, however, the case studies reveal that categories of change processes and agents are much more fluid than in the theoretical model. Faletti not only highlights layering dynamics but also points to reform actors’ capacities to redirect existing rules towards new goals (p. 57), which would correspond to the ‘conversion’ logic. Likewise, Onoma argues that ‘marginal actors . . . took the lead in introducing an alternative logic into the structure of land documentation’ (p. 76). In the contribution by Dan Slater on the transformation of Indonesian authoritarianism,

Suharto himself is at once an agent of layering and conversion (p. 140), while Adam Sheingate's piece on institutional change in the US House of Representatives acknowledges upfront that he does 'not offer a one-to-one correspondence between particular strategies and specific models of change or kinds of change agents' (p. 182). In short, the empirical case studies appear to reveal the over-ambitious nature of the model by Mahoney and Thelen and hence to confirm the long-standing scepticism of historians towards social scientists' frequent penchant for variable isolation.<sup>8</sup>

Still more importantly, the analytical focus of *Explaining Institutional Change* seems too broad to enthuse many historians. Unlike middle-range theories of 'modernisation', 'democratisation' etc. during the 1960s and 1970s, 'layering', 'drift' or 'conversion' are much more general process 'labels', which scholars of political institutions in nearly any world region and time period are likely to encounter at one point or another. In practice, most historians are likely to shrug and accept such general process labels as formal templates that remain rather banal without additional and more specific characteristics. Still, beyond such points of scepticism, *Explaining Institutional Change* does send an important methodological message to historians: long-term continuities may be deceptive, as the accumulation of subtle changes may alter development 'paths' in ultimately radical ways.

Along with Thelen, Mahoney and a few others, Wolfgang Streeck has been among the most active scholars in the recent social science debate on 'gradual institutional change',<sup>9</sup> and it is thus no surprise that he builds on that debate in his latest book *Re-Forming Capitalism: Institutional Change in the German Political Economy*. As the title suggests, however, Streeck, co-director of the Max Planck Institute for the Study of Societies in Cologne, sets himself a much more restricted task than Mahoney and Thelen, as he confines his study to just one country and one set of political institutions (political economy).

Like Mahoney and Thelen, Streeck sharply criticises the 'stability bias' of 'punctuated equilibrium' models in political economy research, which in recent years has found prominent expression in the so-called 'varieties of capitalism' (VoC) approach.<sup>10</sup> VoC posits a fundamental difference between 'liberal' and 'co-ordinated' market economies, which is continuously reproduced by contrasting ways of organising firms' relationships with employees, suppliers, competitors and regulators; Germany is usually opposed to the USA as the 'poster child' of a co-ordinated market economy.<sup>11</sup>

Streeck argues that such static models of cross-country differences are unable to account for gradual change over time, which is particularly problematic when, as in the case of the German political economy since the 1980s, accumulated gradual change has entailed a significant transformation of the entire system. Adopting an

<sup>8</sup> See Kocka, 'History'.

<sup>9</sup> See Streeck and Thelen, *Beyond Continuity*.

<sup>10</sup> For a good recent overview of the debate see Dorothee Bohle and Bela Greskovits, 'Varieties of Capitalism and Capitalism "Tou court"', *European Journal of Sociology*, 50, 3 (2009), 355–86.

<sup>11</sup> See Peter A. Hall and David Soskice, eds, *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage* (Oxford: Oxford University Press, 2001).

unusually inductive approach, the book first surveys processes of change in five major sectors of the German political economy since the 1980s (collective bargaining, intermediary organisations, public finance, social policy, corporate governance), which are portrayed as displaying a similar trend of regulatory fragmentation and ‘disorganisation’ (Part I). This is followed, in Part II, by the analysis of interrelationships between the five sectors. Contrary to VoC’s emphasis on self-reinforcing ‘complementarities’ between sub-systems, Streeck here points to ‘negative externalities’ between sectors that accelerated the decay of traditional patterns. There is quite some soul-searching here, too, as the author critically reviews his and others’ earlier writings on ‘model Germany’ and its long-term roots that were clearly steeped in a ‘path dependence’ approach (pp. 108–19). As he downplays ‘model Germany’ as a transient post-war phenomenon, Streeck is highly critical of those like Werner Abelshauser who continue to highlight alleged long-term continuities of the ‘German production system’.<sup>12</sup>

The last part of the book places the German case in a more general theory of the relationship between capitalism and its institutional regulation. Streeck first introduces a distinction between ‘Williamsonian’ and ‘Durkheimian’ institutions; while the former – named after Oliver Williamson’s transaction cost approach – are designed to facilitate transactions between market actors, the latter ‘constitute an obligatory public order’ that is imposed on economic agents (p. 154). Giving a temporal dimension to this distinction, the author then reinterprets the changes in Germany’s political economy since the 1980s as ‘a move from Durkheimian institutions to Williamsonian ones’ (p. 157). In other words, institutions such as industry-wide collective bargaining or co-determination did not vanish but have changed their character – from being societal norms imposed on market actors, they have now become instruments that help firms to enhance their competitiveness. Engaging with the VoC school, Streeck does not deny that countries continue to differ in these competitiveness-boosting arrangements yet he highlights that persistent cross-country diversity goes hand in hand with the market-driven shift away from ‘Durkheimian institutions’ that affected Germany as much as many other OECD countries (Chapter 12).

Finally, the last chapter develops the argument further by drawing on Karl Polanyi’s theory of the ‘double movement’ – the liberalisation trend of the last three decades is likened to Polanyi’s analysis of early nineteenth-century Britain when the ‘satanic mill’ of the market undermined societal cohesion until it was contained by political regulation. Accordingly, the book closes with speculations about the likelihood of a ‘new Polyanian countermovement’ in the future (pp. 266–8).

Streeck’s book is impressive in many ways. The multi-layered theoretical edifice is complex yet spare, and it is closely connected throughout to a thorough empirical analysis of the German political economy. From the point of view of interdisciplinary exchange between historians and social scientists, perhaps the most significant strength of the book is Streeck’s critique of comparative political economists’ fetishising of

<sup>12</sup> See Werner Abelshauser, *Kulturkampf: Der deutsche Weg in die neue Wirtschaft und die amerikanische Herausforderung* (Berlin: Kadmos, 2003).

cross-country variation at the expense of temporal change: 'Obsession with the diverse pathways of the transition to a more liberal phase of capitalist development . . . may hide the transition itself – which is all the more likely as long as the mainstream of institutional analysis remains fixated on cross-sectional comparison to the neglect of historical development over time.' As a historian, one can only wish these words to have a strong resonance among social scientists.

However, *Re-Forming Capitalism* also has a few puzzling aspects. To start with, the central argument of the shift from Durkheimian to Williamsonian institutions seems overstretched. Competitiveness in export markets has always been a core element of Germany's post-1945 political economy fabric, as, indeed, the author is at pains to highlight in his analysis of 'internationalisation' (Chapter 14). On the other hand, if the argument is 'softened' to a *relative* shift towards more market-driven regulation, one wonders about its novelty. From a historical point of view, the more interesting question is of course the precise periodisation of this shift. Yet, in this respect the book is rather disappointing, as it does not engage with the recent historiography in relation to the 1970s as the crucial 'turning point' of the German post-war economy and society.<sup>13</sup>

## II.

If social scientists have 're-discovered' history and historical change, how about historians' interest in appropriating new insights from the social sciences? One area in which such interest has increased in recent years is economic sociology. Based on a critique of neoclassic economics' view of markets as efficient arbiters between the interests of utility-maximising individuals, economic sociology explores the multiple ways in which markets are 'embedded' in political, social and cultural contexts, which at once enable and constrain their functioning. Over the last two decades, this research agenda has yielded an impressive array of studies concerned, for example, with the social construction of economic 'value', the regulation of competition or the importance of trust among market participants.<sup>14</sup>

In recent years, historians have become interested in economic sociology, while prominent economic sociologists have highlighted the need to strengthen the historical perspective of their discipline<sup>15</sup> – thus creating a favourable climate for interdisciplinary collaboration. One such interdisciplinary venture is *Change of Markets and Market Societies: Concepts and Case Studies*, a collection of papers by historians and sociologists originally presented at a conference in Bielefeld in October 2010, and now published as special issue of the journal *Historical Social Research*. The explicit

<sup>13</sup> See for example: Konrad H. Jarausch, ed., *Das Ende der Zuversicht? Die siebziger Jahre als Geschichte* (Göttingen: Vandenhoeck and Ruprecht, 2008).

<sup>14</sup> By way of introduction see Neil Smelser and Richard Swedberg, eds, *The Handbook of Economic Sociology*, 2nd edn (Princeton, NJ: Princeton University Press, 2005).

<sup>15</sup> Jens Beckert, 'Wirtschaftssoziologie als Gesellschaftstheorie', *Zeitschrift für Soziologie*, 38, 3 (2009), 182–97.

aim of the publication, according to the editors, Klaus Nathaus and David Gilgen, is to make use of economic sociology for historical research and, to that end, to 'look out for updated concepts to study markets that take the lessons of the theoretical debates of the last decades to heart' (p. 8).

Following the editorial introduction, the volume is divided into two parts, the first of which ('concepts') features a series of essays engaging with theoretical issues, while the second ('case studies') presents empirical applications ranging from nineteenth-century German patent law to the European energy market in the early twenty-first century.<sup>16</sup> A post-script by economic sociologist Jens Beckert completes the volume.

Judged by the editors' ambitions, the volume is only a partial success. To begin with, if the aim was to familiarise historians with economic sociology concepts, one would have wished for a more thorough introduction. The editors do highlight the core differences between economic sociology and neoclassical economics, and they discuss at some length one of the disciplines' foundational texts, Mark Granovetter's 1985 piece on The Problem of Embeddedness.<sup>17</sup> However, they neither provide a systematic analysis of the emergence and subsequent development of economic sociology as a discipline, nor a discussion of its relationship to various other neighbouring sub-fields, from institutional economics to political economy or 'socio-economics'.<sup>18</sup> For historians unfamiliar with this terrain, some more conceptual guidance would have been desirable.

Unfortunately, this drawback is not really offset by the three conceptual essays – indeed, confusion is aggravated by the fact that the 'concepts' section features a mainstream economic sociology approach to the market (Patrik Aspers) side by side with an institutional economics take (Rudolf Richter). This is not a criticism of the two authors, who provide very informative overviews of their respective approaches, yet the reader is left wondering about the relationship between them.

Moreover, both contributions conceptualise markets in a largely static way and it is thus left to Christiane Eisenberg alone to address the question of change conceptually. In fact, in line with her own research (see below), Eisenberg is primarily interested in a broader perspective that seeks to describe and explain the emergence and transformation of market societies at the macro level. In this respect, her assessment of the collaboration between historians and economic sociologists is as interesting as ambiguous. On the one hand, she applauds the conceptual advances in the study of markets by economic sociologists and urges historians to engage in the debate through much more systematic comparative analyses of the development of market societies in Europe and beyond. On the other hand, her amusing depiction of the recent Polanyi 'cult' among economic sociologists (pp. 63–6) serves as a warning that social science interest in historical scholarship is likely to be highly selective

<sup>16</sup> Strangely, the contributions by Moeran and Gilgen are listed in the 'concepts' section, although they in fact address very specific empirical cases.

<sup>17</sup> Mark Granovetter, 'Economic Action and Social Structure: The Problem of Embeddedness', *American Journal of Sociology*, 91, 3 (1985), 481–510.

<sup>18</sup> See, for example, Bernard Convert and Johan Heilbron, 'Where did the New Economic Sociology come from?', *Theory and Society*, 36, 1 (2007), 31–54.

in the future as well. Indeed, this point is echoed in the postscript by economic sociologist Jens Beckert who sees the classic distinction between social science interest in generalisation and historians' penchant for specific context as the most important obstacle for collaboration (p. 228).

The remainder of the volume is dedicated to case studies drawn from a wide variety of contexts. As is customary with edited volumes, the reader at times wonders about the fit between some contributions and the overarching theme (change of markets and market societies). The article by Brian Moeran, for example, while providing an interesting account of the role of trade fairs in facilitating market exchange, is by and large confined to the contemporary scene, as is Sebastian Giacobelli's contribution on European energy markets. On the other hand, David Gilgen's article on the construction of property rights in Imperial Germany shows little engagement with economic sociology concepts.

Judged on grounds of interdisciplinarity, the article by Klaus Nathaus on the post-war market for popular music in West Germany, the UK and the USA is exemplary. Building on and further developing Jens Beckert's interpretation of Bourdieu's field concept, Nathaus is able to demonstrate that differences in the embeddedness of markets (for example, popularity of charts in the USA vs. emphasis on artistic value in the UK), were of crucial importance for market outcomes. Incidentally, Nathaus's article is the only comparative case study in the volume.

Like Nathaus, Clayton Childress also draws on Bourdieu and Beckert to discuss the transformation of a market for cultural goods in the post-1945 period, namely book publishing. He highlights the shifts in network structures, institutions and cognitive beliefs that combined to weaken the traditional gate-keeping role of publishing houses long before the advent of e-books.

The contribution by Ruben Quaas, on the other hand, focuses on the emergence of a new market for 'fair trade' products in the 1970s in West Germany. As social movements of solidarity with the Third World grew, the sale of products in special 'World Shops' – and, among them, coffee in particular – came to be seen as a means to raise the awareness of problems of poverty and global injustice. Quaas not only shows the difficulties of valuation in such an 'ethical' market (price, quality) but also that educational purposes soon came into conflict with a more pragmatic vision that simply sought to expand sales to the economic benefit of farmers in developing countries. Given that this tension has heightened in recent decades due to the 'mainstreaming' of fair trade products, the case study would have gained something if it had looked beyond the 1970s.

While *Change of Markets and Market Societies* programmatically attempts to promote collaboration between historians and economic sociologists, Christiane Eisenberg's *Englands Weg in die Marktgesellschaft* has an altogether different purpose, namely to provide a long-term view of the historical development of a market society in England. Eisenberg, director of the Centre for British Studies at Humboldt University in Berlin, is, of course, well aware of the long pedigree of studies of 'English exceptionalism' – Britain's pioneering role in the breakthrough to modern economic growth has already inspired many of the 'classic' studies of historical

sociology (for example, Marx and Weber) and has recently been revived in the guise of the global ‘great divergence’ debate.<sup>19</sup> Based on a remarkable synthesis of recent English historiography, Eisenberg rejects the traditional – and among social scientists still dominating – emphasis on industrialisation and instead highlights the much more drawn-out rise of a market society (‘commercialisation’) as the decisive element of modernisation. The study covers a huge time frame that goes back to the Norman conquest in 1066 as the crucial initial event but ends prior to the onset of industrialisation in the nineteenth century. Indeed, the author even argues that the main effect of commercialisation was not so much to ‘set the stage’ for industrial capitalism (which she sees more related to technological breakthroughs and the effects of empire trade), as to lay the foundations for a modern service economy, which already in the late seventeenth century employed a large segment of the English working age population (pp. 111–13).

Eisenberg unfolds this argument chronologically. The first chapter outlines ‘medieval foundations of a market society’, primarily the destruction of the landed nobility and the strict centralisation of political rule, which ensured a unified market and provided a relatively stable legal framework for contractual relations. Moreover, the fiscal needs of the crown entailed a host of new instruments for revenue generation (for example, concessions for local markets) and thus helped to create a growing ‘commercial class’ of merchants and ‘middlemen’ of all sorts.

This analysis is followed by the description of ‘market compression’ in the early modern period (1500–1800), driven primarily by a massive population growth and the associated process of urbanisation, but also by accelerating infrastructure development (canals) and the emergence of ‘proto-industries’ (especially textile). Finally, the author pays special attention to the expansion of credit through state debt in the eighteenth century (pp. 68–75) and deals extensively with the various forms of ‘embeddedness’ of the now mature English market society: trust-building among market participants, the emergence of a commercial press and of a popular market culture expressed in games, sports and other competitive pastimes, which helped ‘market socialisation’ (Chapter 3). The final chapter draws conclusions and places them in a comparative European context.

Eisenberg’s book is outstanding in its historiographical and chronological breadth, and the author impressively demonstrates that she is one of the most eminent German experts of British social and economic history. The book is based on decades of extensive engagement with vast amounts of historical literature that straddle in a rarely found manner the ‘classic’ divides between medieval, early modern and modern history. All this is achieved in a jargon-free and often entertaining style – and in a mere 130 pages. To be sure, some aspects (for example, history of technology) could have been more extensively addressed, while the comparative references to other European countries also remain rather selective. However, these are inevitable shortcomings in

<sup>19</sup> Kenneth Pomeranz, *The Great Divergence: China, Europe, and the Making of the Modern World Economy* (Princeton, NJ: Princeton University Press, 2000).

an endeavour as ambitious as Eisenberg's and they in no way diminish the overall strength of the book.

From the point of view of interdisciplinarity, two aspects merit particular mention, the first of which is the author's emphasis on the cultural embeddedness of the English market society. Following Albert Hirschman,<sup>20</sup> Eisenberg highlights the numerous ways in which the English market society itself helped to generate new ligatures – from 'invented traditions' to commercial culture – that not only enabled markets to function but also embedded them in a broader societal web. While Eisenberg perhaps downplays the role of critique and protest, this is a truly refreshing perspective if compared to the reductionist Polanyian approach that currently dominates among social scientists.

Secondly, Eisenberg explicitly uses the 'path dependence' concept to underpin her argument of the long-term emergence of a market society, as she highlights the crucial importance of the Norman conquest as a path-creating initial event and the self-reinforcing elements of the process that 'locked in' earlier contingent developments (pp. 124–6). While this ignores the current critique of the path dependence concept (see above), Eisenberg is convincing in her emphasis on long-term continuities that developed undisturbed, not least due to England's geographical island position. Ultimately, however, the author runs into trouble, in particular in her discussion of the relationship between the long-term emergence of commercial society on the one hand and industrial capitalism on the other. In the introduction, she explicitly rejects the use of the term 'capitalism', but in the conclusion she maintains that 'essential elements of capitalism' were in place by 1800 (p. 108), while also suggesting that the more significant legacy of the long-term path was the emergence of a service economy clustered around the 'commercial classes' (pp. 112–16). All this raises a question that social scientists have been grappling with for a long time, namely how to determine the *end* of an existing path.<sup>21</sup> Eisenberg does not really provide a clear answer to this question, as she closes her inquiry with the onset of industrial capitalism. This is of course a luxury of historians that few social scientists will be able to afford.

<sup>20</sup> Albert O. Hirschman, *The Passions and the Interests: Political Arguments for Capitalism before its Triumph* (Princeton, NJ: Princeton University Press, 1977).

<sup>21</sup> See Richard Deeg, 'Change from Within: German and Italian Finance in the 1990s', in Streeck and Thelen, eds, *Beyond Continuity*, 169–202.