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HAROLD JAMES, *Family Capitalism: Wendels, Haniels, Falcks, and the Continental European Model* (Cambridge, Mass.: Belknap Press of Harvard University Press, 2006), xii + 434 pp. ISBN 0 674 02181 9. $39.95 £25.95 EUR 34.00

Whenever the term 'family business' is used, it generally evokes images of small and middle-sized companies that have been in the same family for generations. It conjures up the idea of owners who, as a rule, head their own businesses, follow a paternalistic style of management, and stand out for their commitment to the traditions of their firm, to a particular branch of business, specific products, and their location. Decades ago, the Nestor of business history, the late Alfred D. Chandler, prophesied the inevitable decline of such family businesses, which he regarded as inflexible and hostile to innovation. He saw no place for family businesses in the modern national economies of the future, even if there were still a number of what he considered 'backward' national economies with many companies of this type, such as in Europe, for example. According to Chandler, the trend, led by the USA, was quite clearly towards public companies, that is, away from 'family capitalism' and towards 'a modern rational individualistic managerial capitalism' (p. 8).

The fact that Chandler's prediction, dating from the 1970s, has not come true, and that family businesses do not necessarily need to be associated with SMEs (small and medium-sized enterprises) is impressively demonstrated by Harold James in this book. Taking us right up to the present day, it looks at the history of three European family businesses in the iron and steel industry, namely, the German Haniels, the French de Wendels, and the Italian Falcks. All are long-lived family dynasties whose industrial origins go back to the end of the eighteenth or the beginning of the nineteenth century and lie in the industrial regions of the Rhineland. How extensive these dynasties had become by the beginning of the twenty-first century is illustrated by the number of their current partners and associates. In the case of the Haniels, James gives a figure of 550; for the de Wendels, 750. Yet the descendents of the founders of the firms outnumber their partners by far; in the case of the de Wendel dynasty, James suggests as many as 1,259 people. For the Italian Falck family, comparable figures do not seem to be available; in any case, James does not give any.

James's concern is not conventional family history but, as he writes in the introduction, the 'interplay of . . . families, states and markets' (p. 1). In order to highlight what the family contributes to the functioning of markets and states, he presents three case studies from heavy industry. The author justifies his choice of the steel industry by pointing to its military significance. This, he suggests, had an impact on the national view of self with the result that the steel industry was more susceptible to state influence than others.

James starts by briefly outlining the history of industrialization in France, Germany, and Italy, and asks four questions which will guide his account of the individual family enterprises. He is interested in national differences in entrepreneurial activity; the relationship between owners and managers; state influence on businesses against the background of political history marked by crises and upheavals; and the significance of the various waves of globalization for the development of individual family enterprises. In addressing these questions James presents three 'parallel family histories', each subdivided into chronological sections. They range from the *ancien régime* to the turn of the millennium, and thematically cover the ages of the individual, the corporation, oranizationalism, the post-war miracle, and, finally, globalization.

In his accounts of the individual families, the author sometimes seems to lose sight of his four guiding questions. In any case, even after attentively reading the three case studies, this reviewer finds it difficult to name national differences in the way the entrepreneurs behaved. There are simply too few comparative cases to be able to clarify a problem of such complexity if the aim is to do more than rehearse already well-known differences in stock corporation law, taxation law, and inheritance law in the context of family history. On the other hand, comparisons are drawn too quickly between the possible impact on these enterprises of political upheavals such as the French Revolution, the mid-nineteenth-century wars of national unification, and the First World War. Fundamental processes of industrial and entrepreneurial change took place between these events, so that it seems problematic to equate, so to speak, the impact of these political upheavals on the three companies. It also seems strange that there is no analysis of the impact of the end of the Second World War on the family enterprises, or of the earlier establishment of fascist, Nazi, or collaborationist regimes, which affected all three states under consideration at about the same time. And not least, the way in which the family enterprises experienced the wartime economy during the Second World War would have been worth comparing.

Other questions also suggest themselves for a true comparison of the three entrepreneurial dynasties, but they are either not asked or dealt with only in passing. Thus the role of the women who, at times, stepped in to cope with succession problems in all three dynasties and saved the family business deserves greater appreciation. The same applies to the raising of children and other economically relevant aspects of passing on a bourgeois lifestyle. It seems as if the sources available to the author restricted both the range of questions he could ask and the opportunities for a comparison.

With reference to the goal that James set himself, he arrives at a conclusion which is no longer entirely surprising today, namely, that family enterprises, and especially the examples he has chosen on the basis of their longevity, can be more successful in the marketplace than Chandler supposed, particularly when they manage to set themselves up independently of the state. All three of the family firms investigated successfully mastered the challenges of globalization by leaving behind their usual line of business, the steel industry, and diversifying. The Haniels brilliantly held their own, leaving steel as early as the 1960s and thus freeing themselves from their dependence on the state. Haniel managed to invest in new, forward-looking, and relatively crisis-proof lines of business, such as food and pharmaceuticals retailing, long before the new market beckoned in the 1990s. This enticed latecomers such as the Falcks, who were only able to separate themselves from their core business decades later, to make risky and loss-making investments. In terms of success in restructuring their business, the de Wendels lay between the other two. While they were still far more significant steel producers than the Haniels after the economic miracle, by the turn of the millennium their former German rival had left them far behind in terms of turnover and profit.

Given this power of survival, it is not surprising that at the beginning of the twenty-first century, after the collapse of numerous public companies in the dot-com speculative bubble, corruption scandals, and evidence of striking mismanagement in a number of large international enterprises, the positive aspects of family businesses are again being stressed in public. Family networks, it is argued, create trust and thus reduce transaction costs for the business. And, James concludes, the readiness to stand in for each other in difficult situations, which is characteristic of families, increases the chances of family businesses surviving, especially at times of change and crisis.

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