

Harnessing the Market in Premodern Europe

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Andrea Caracausi, Matthew Davies, and Luca Mocrelli, eds. (2018). *Between Regulation and Freedom: Work and Manufactures in European Cities, 14th-18th Centuries*. Newcastle Upon Tyne: Cambridge Scholars. vi + 146 pp., £58.99 (hardback).

Karel Davids and Bert De Munck, eds. (2016). *Innovation and Creativity in Late Medieval and Early Modern European Cities*. Abingdon and New York: Routledge. 2016, xvi + 460 pp., \$154.95 (hardback).

James Davis (2012). *Medieval Market Morality: Life, Law and Ethics in the English Marketplace, 1200-1500*. Cambridge: Cambridge University Press. xvi + 514 pp., \$144 (hardback), \$62.99 (paper).

Bert De Munck (2018). *Guilds, Labour and the Urban Body Politic: Fabricating Communities in the Southern Netherlands, 1300-1800*. Abingdon and New York: Routledge. xiv + 312 pp., \$155 (hardback).

Philippe Hamon and Catherine Laurent, eds. (2012). *Le pouvoir municipal de la fin du Moyen Âge à 1789* [Urban governance from the end of the Middle Ages to 1789]. Rennes: Presses Universitaires de Rennes. 360 pp., €20 (paper).

Sheilagh Ogilvie (2019). *The European Guilds: An Economic Analysis*. Princeton: Princeton University Press. xvi + 645 pp., \$39.95 (hardback).

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In our own neoliberal times, the study of the historical relationship between free trade and economic regulation seems as apposite as ever. Remarkably, the academic debate about this issue is still shaped to a large degree by ideas that were first developed a long time ago. Two formative ideas continue to dominate the historical study of market regulation, including economic institutions like guilds. The first was formulated by Adam Smith in his *Wealth of Nations* (1776): regulation interfered with markets and therefore acted as a brake on economic development and growth. This idea is still very popular among economists, business leaders, and politicians. The other has no single origin, but emerged in the nineteenth century among sociologists and other social theorists: guilds and welfare regulations were important building blocks of the social order, and their absence weakened markets. This idea was also embraced by the churches, by religious and social-liberal parties and their affiliated labor unions, as well as by fascists in the twentieth century.

For the premodern world, the guilds have been the focus of much of the study of market regulation. The revival of guild studies in the 1970s and 1980s was initiated by social historians, who wondered what could explain their survival for the best part of a millennium under changing economic, social, and political conditions. Their answer was “flexibility,” an answer that seemed

more like a different way of stating the question.¹ In 1998, economic historian S.R. Epstein published a paper in which he claimed that the answer was “apprenticeship.”² By regulating the training of the next generation of craftsmen, guilds helped European youngsters secure an education from nonfamily. This, according to Epstein, accelerated the development of technology and gave Europe an advantage over Asian economies, where skills were still transferred within the family. His views have been disputed by other social historians, who argued that, actually, guilds were not so crucial to apprenticeship, but also by economic historian Sheilagh Ogilvie, who claimed that guilds were vehicles for the redistribution of income. This “rent-seeking” behavior of guilds canceled out any economic benefits guilds might have. Their different views came to a head in a fierce exchange in the *Economic History Review* in 2008.³ By that time, Epstein had died an early death, leaving the field to Ogilvie. Their 2008 exchange about economic efficiency remains, to this day, the dominant perspective for the study of guilds. Several books that appeared in recent years engage with this debate—and raise doubts about its viability.

James Davis’s study of market morality in medieval England is not focused on guilds but is an important contribution to the debate because it systematically sets out the rules and regulations in force in England between 1200 and 1500, and also looks, in three long chapters, at the ideas underpinning these rules, and at their application. The moralist literature was dominated—no surprise here—by the teachings of the Catholic Church. This literature tried to strike a balance between the needs of the business community and the interests of the consumer. Initially, such writings were very negative about commercial interests, but gradually authors came to recognize that the economy could only work if those who took risks would also be rewarded. Inspired by the moralists, both the crown and local communities created a fine-grained system of rules, regulation, and institutions to oversee market activities. Such regulation applied to both the production and the selling of goods, and hence to both artisans and retailers, who happened to be the same people in many cases, of course. In Nottingham in 1395 and 1396 bakers and brewers, as well as weavers and fullers, were fined for overcharging, butchers for selling corrupt meat, fishermen for selling long-dead fish, tanners because their leather was poorly tanned, dyers and tanners for pollution they caused, and so on. Regulation, in other words, covered a wide range of issues.

The most important aspect of this book is in the third chapter, where Davis investigates the application of these moral principles and legal rules in three Suffolk markets: those of the small towns of Newmarket and Clare, and of the county’s main urban center, the borough town of Ipswich. He finds that markets were closely monitored and that moral ideas translated into routine practices. However, this did not lead to a stifling of market activity. Newmarket, for example, grew substantially in spite of the regulation of its economic activities. Rules were applied flexibly. They did seem to discriminate against aliens but some of this impression may have been the result of the construction of the sources: aliens might not have been able to come to court if their case was heard when they had already moved on. In a shorter final chapter, Davis asks whether the changing economic opportunity structures—call it “rise of capitalism,” a term avoided by the author—changed the ideas and legal framework during the early modern centuries. Overall, he sees much continuity.

Whereas Davis paints a generally positive picture of economic regulation in medieval and early modern England, Sheilagh Ogilvie’s latest book about craft guilds is much more critical. Running to almost six hundred pages, it is a landmark publication on the subject. This book is a sequel to a similar book about merchant guilds that she published in 2011.⁴ Its approach and rhetorical style are identical to the earlier book, but this one is underpinned by two big datasets that allow both qualitative and quantitative assessments of various aspects of the guilds. The book does not aspire to a general understanding of the guilds; as the subtitle proclaims, it is “an economic analysis.”

In eight chapters, the author discusses a great many aspects of the guilds, always from this economic perspective: their intimate relations with local and national governments, the high entry barriers they erected against outsiders, the many ways in which they manipulated markets, their systematic exclusion of women, their failure to provide the product quality they promised in return for their privileges, their failed attempts to monopolize the training of young workers, their many attempts to prevent innovations, and, finally, how their efforts usually acted as a brake on economic development, and diverted prosperity from the general population to their own membership. It is one of the remarkable aspects of this book that the author insists throughout that workers, women, migrants, and other vulnerable groups, for whom she has clear sympathies, will be better off with “free markets,” that is, in societies with little or no economic regulation. Regulation is, in Ogilvie’s interpretation, a conspiracy of the established against the outsiders.

Those familiar with Ogilvie’s earlier work will not be surprised by the polemical tone of this latest book.⁵ A typical example is chapter 5, about guilds and women, a topic she also discussed in a book from 2003.⁶ The chapter attacks scholars who “claimed that guilds did not actually harm women” (p. 234). This quote, and similar others throughout the chapter (pp. 237, 272, and 285), is supported by references to two prewar works, as well as recent publications by Clare Crowston and Ariadne Schmidt. However, they did not quite say this. In fact, Crowston wrote,

No one may contest that guilds were patriarchal, hierarchical, and elitist institutions that excluded most men and women from membership. Women were in a particularly disadvantaged position . . . Within this overall framework, however, there was tremendous potential for regional and municipal variation.⁷

Likewise, Schmidt said,

Guilds reinforced the gender division of labor . . . The recent focus of historians on the participation of guild work has revealed that, instead of processes of exclusion, the relationship between women and guilds was not one-dimensional but both multiform and dynamic.⁸

Not at all the same as “guilds did not actually harm women.” With the way she has foreshortened their views, Ogilvie can score an easy victory by claiming a position accepted by everybody, including Crowston and Schmidt, as supporting her own particular argument. Her chapter would have been more convincing if it had engaged with the trend in recent scholarship to look at the variations in guild behavior toward women. This also applies to the book as a whole. There is no dispute that guilds were often the defenders of narrow-minded interests. Other historians have been asking whether this applies everywhere and at all times—and what the implications of variations on these patterns could be for our understanding of the guilds, and regulation more generally.

The linchpin of Ogilvie’s argument is that guilds were rent-seeking institutions, which created economic profits for their members behind walls of privilege. In chapter 2, about guilds and government, she presents a quantification of those rents in a discussion of the cost of guild privileges and lobbying expenses. These are presumed to be the equivalent of the rents that accrued to them through the protection from competition. The expenditures on lobbying could indeed be substantial, but until guilds collected more in “rents” than was spent on “privilege” it was an unprofitable exercise. Unfortunately, Ogilvie has no way of knowing. Instead, she tells her readers that in recent years the American pharmaceutical industry’s profits were 1,800 times higher than what they spent on lobbying (p. 76). This implies that the average street-corner bakery in eighteenth-century Paris can be meaningfully compared with Pfizer or Hoffmann-LaRoche. Most guild historians will agree with her that guilds were rent-seekers. They question how successful guilds could have been in this area, a point that Ogilvie fails to answer.

In support of her argument that rents were the result of entry manipulation, Ogilvie provides numerous examples of how guilds excluded women, migrants, and many other “outsiders,” in favor of relatives, locals, and other “insiders.” There can, again, be no denying that guilds were obsessed with these issues. However, her otherwise exhaustive discussion fails to look at the results of all this manipulation: was guild membership indeed dominated by such relatives and locals? There is evidence that it was true for some, but by no means all, which again underlines that it is impossible to pontificate about guilds in general, as this book insists on doing throughout.

On the back cover of Ogilvie’s book, Deirdre McCloskey proclaims that this is the end of the debate. I think I agree with her, not because Ogilvie has proved her opponents wrong, as McCloskey likes to think, but because this book has rehearsed all the arguments—and failed to deliver the data that should prove “beyond a reasonable doubt” that Ogilvie is right. (It has, incidentally, proved equally difficult to prove Epstein’s claim that guilds, through their contribution to human capital formation, were generally beneficial for innovation and economic growth.) The “economic analysis” cannot explain convincingly why millions of European men and sometimes even women bothered to sign up for guild apprenticeships and later membership, for over 500 years, and why their guilds behaved the way they did. Therefore, it seems time to move on. This is exactly what several other recent books on the same topic are trying to do.

Bert De Munck’s book about guilds in the Southern (Habsburg) Netherlands says this in so many words: in “the recent debate between Stephan R. Epstein and Sheilagh Ogilvie it is difficult to choose sides” (p. 123). He finds confirmation of both positions in his data. De Munck’s book surveys the extensive work on the guilds of what today is Belgium. The author himself has published a book and more than a dozen articles on the guilds of Antwerp during the sixteenth, seventeenth, and eighteenth centuries, but this book genuinely covers the whole region, even though it has much more to say about the Dutch-speaking parts, where most of the research has also been concentrated. His argument hinges on the idea that guilds were from their inception a political as much as an economic institution. They were therefore “fabricating community,” as the book’s subtitle underlines.

Guilds in the Southern Netherlands emerged from a series of political revolts, most spectacularly around 1302 when artisans managed to gain a foothold in the local administration of many Flemish and Brabantine towns and cities. From that moment, they were not merely preoccupied with work, but also with politics, and their political role required them to do things they might otherwise have ignored. Typical aspects of guild activities, related to work, quality control, or the requirement to have citizen status before joining the guild, were motivated by social and political status as much as by economic incentives. During the Middle Ages, Belgian guilds were community oriented, but after the Reformation they became increasingly tied up in macro-processes like the rise of capitalism and state formation. This led to a marked “decline of civic duty” (p. 242).

De Munck makes a strong argument for a new view of craft guilds. Rather than the economic analysis favored by Ogilvie, he would like to see them analyzed in their urban social and political contexts. This argument is, however, undermined by the author’s refusal to commit himself to a different narrative. It might have helped if he had framed his story against a European background and identified what was specific about the guilds in the Southern Netherlands—and what was not.

Materials for such a comparison are offered in a volume that he edited together with Karel Davids and that covers Italy and the Low Countries, North and South, that is, the most urbanized regions of Europe. De Munck’s doubts about the Epstein-Ogilvie debate are clearly reflected in this volume that tries to open up the topic by looking at innovation and creativity in the premodern city. Almost inevitably, however, most of the fifteen essays collected in the book concentrate on the role of guilds. Several of the contributors lean toward Ogilvie’s criticisms of the guilds, mostly in Italy where the post-Renaissance economic stagnation can be related to institutional

sclerosis embodied by guilds. At the same time, the urban economies of Italy were much less incorporated than those of the Low Countries. With a much lower rate of guilds per 1,000 inhabitants, it seems far-fetched to blame Italy's economic problems on guilds, and not credit those same institutions with the economic successes of first the Southern and later the Northern Netherlands.⁹

Davids and De Munck themselves have contributed an essay that wonderfully illustrates the argument of the latter's book. It is about the role of entrance dues in guilds. These were especially high in towns like Brussels and Antwerp—and were increasing. In the Ogilvie argument, this would be a sure sign of rent-seeking exclusivism. Davids and De Munck have found that these dues were used to fund the guilds' prestigious and therefore expensive real estate, important to underpin their political prestige. Fund-raising for this purpose would, however, only be effective if substantial numbers of new members would join. So while raising their dues, guilds were also encouraging locals as well as immigrants to join their ranks.

The slim volume edited by Andrea Caracausi, Matthew Davies, and Luca Mocarelli confirms that skepticism is emerging beyond De Munck and his circle. In seven essays, covering London immigrants, Flemish textiles, Swiss migrants in Venice, Europe's glass industry, builders in Italy, Barcelona textiles, the Italian city of Vicenza, and the often overlooked Ottoman Balkan towns, one finds a range of constellations between free and regulated labor, between incorporated crafts and crafts left to their own devices. None of these case studies fits easily into the good-bad opposition of the Epstein-Ogilvie debate. Not only do the authors often find it difficult to pass a verdict on the guilds they study, but they often observe how the regulated and unregulated parts of the local economy were interdependent, or how the rules were bent to varying circumstances. Corine Maitte's chapter on the glass industry, a handsome summary of her wonderful book on the same subject that is only available in French, is a case in point.¹⁰ In Venice the industry was incorporated but increasingly dependent on nonguilded workers. In the other center of Italian glass-making, the village of Altare, the guild was organizing workers who migrated to other locations, rather than controlling local production. The European glass industry was, Maitte concludes, shaped by "multiple institutional forms."

If De Munck and several of his coauthors are correct in assuming that the municipal context determined the quality of economic outcomes, what indications does the urban history literature offer for the skeptics and the optimists? A recent volume on French medieval and early modern towns offers several clues, but unfortunately no conclusive answers. The essays in *Le pouvoir municipal* are not primarily interested in the economic efficiency of local government. Their main focus is the social composition of these local institutions and their changing relationship with the French crown. The book opens with a very helpful survey, by Guy Saupin, of the historiography of this topic from the last twenty years. Saupin himself has contributed significantly to this literature, through a string of local studies concentrating on the city of Nantes, but also other surveys of French urban history. He shows how the traditional picture of French towns being increasingly subjected to dictates from Paris has evolved to a more subtle interpretation, without replacing, however, the older frame. Other studies in the book confirm Bernard Chevalier's thesis, from 1982, that the Wars of Religion fundamentally altered the more or less harmonious medieval division of labor into a hierarchy of power.¹¹

At the same time, various contributors suggest that social preferences may have been important for appointments and tax purposes, but not necessarily in other areas with economic significance. Stéphane Durand discusses Mediterranean port towns undertaking extensive public works, for example, to ensure the quality of access to their harbors. Other essays underline how economic prosperity was one of the main objectives of local government. They may not have had specific economic policies, but like Durand's harbors, they created and maintained an infrastructure that business leaders appreciated. As James Collins shows in another survey article, municipal budgets rose significantly in the eighteenth century, to enable urban institutions to become

more professional and deliver better services. This trend was visible in large as well as small towns.

These policies were part of what was known as *bonne police*, a domain that encompassed a much broader range of activities than public security, although that too was included. As Elisabeth Tingle explains in her discussion of sixteenth-century Nantes, it was a priority for local governments to maintain stable political, economic, and social conditions. These three domains were seen as intimately linked, in areas such as food supply. Price controls were introduced in Nantes to protect consumers, stabilize the economy, and prevent political protest. With the help of such instruments, Tingle claims, the local government managed to steer the community through the troubled decades of the Wars of Religion.

The role of guilds is portrayed in this book in opposite ways. In Caroline Fargeix's chapter about a conflict between the council and its opponents in early sixteenth-century Lyon, the local guilds are the manipulated supporters of a group of dissatisfied elite families. Agathe Leysens, on the contrary, shows how, for a long time, guilds and town councils coordinated policies through the local office of the *connétable*, or constable. In these contacts between council and guilds, the artisan elites were most prominently visible. She implies, but cannot show, that this was mostly to the benefit of those artisan elites.

These books about premodern economic regulation are a stark reminder of the cycle of historical interpretations: strong positions are undermined by new evidence, creating confusion and a return to the uniqueness of each individual case. I am hopeful that, sooner or later, new interpretations will emerge that can cover a broad range of local case studies.¹² For the time being, the books reviewed in this essay suggest to me that the economic interpretation of institutions like the guilds, but more broadly premodern economic regulation, requires more than a straightforward application of economic theory. The facts as we know them refuse to be budgeted into that particular intellectual framework. A strong dose of political and social history seems called for, as well as new models of interpretation that allow us to fit these various elements together. The working of institutions still looks like a promising avenue, but it needs to be liberated from the exclusive economic assumptions that Douglass North imposed on the debate.¹³

Notes

1. For example, in James R. Farr, *Artisans in Europe, 1300-1914* (Cambridge: Cambridge University Press, 2000), 88, 91.
2. S. R. Epstein, "Craft Guilds, Apprenticeship, and Technological Change in Preindustrial Europe," *Journal of Economic History* 58 (1998), 684-713.
3. S. R. Epstein, "Craft Guilds in the Premodern Economy: A Discussion," *Economic History Review* 61 (2008): 155-74; and Sheilagh Ogilvie, "Rehabilitating the Guilds: A Reply," *Economic History Review* 61 (2008): 175-82.
4. Sheilagh Ogilvie, *Institutions and European Trade: Merchant Guilds, 1000-1800* (Cambridge: Cambridge University Press, 2011).
5. I should state at this point that my own work also comes in for frequent criticisms in this book.
6. Sheilagh Ogilvie, *A Bitter Living: Women, Markets, and Social Capital in Early Modern Germany* (Oxford: Oxford University Press).
7. Clare Crowston, "Women, Gender, and Guilds in Early Modern Europe: An Overview of Recent Research," *International Review of Social History* 53 (2008), Supplement *The Return of the Guilds*, 43-44.
8. Ariadne Schmidt, "Women and Guilds: Corporations and Female Labour Market Participation in Early Modern Holland," *Gender and History* 21 (2009): 170-89.
9. A recent PhD thesis tried to test quantitatively the relation between guilds and economic growth for these two regions, and found that there was no connection either way between guild density and economic growth or stagnation: Miguel Laborda Peman, "Beyond Markets and Hierarchies in

- Pre-industrial Europe: The Evolution of Institutions for Collective Action in Historical Perspective” (PhD diss., Utrecht University, 2017), chap. 1.
10. Corine Maitte, *Les chemins de verre: Les migrations des verriers d'Altare en de Venise (XVIe-XIXe siècles)* [Roads of glass: The migrations of glass-makers from Altare and Venice (16th-19th centuries)] (Rennes: Presses Universitaires de Rennes, 2009).
 11. Bernard Chevalier, *Les bonnes villes de France du XIVe au XVIe siècle* [The “good” cities of France from the 14th to the 16th century] (Paris: Aubier, 1982).
 12. My own attempt is in Maarten Prak, *Citizens without Nations: Urban Citizenship in Europe and the World, c. 1000-1789* (Cambridge: Cambridge University Press, 2018); see also Regina Grafe and Maarten Prak, “Families, Firms, and Politics: Pre-modern Economic Growth and the Great Divergence,” in *Global Economic History*, ed. Tirthankar Roy and Giorgio Riello (London: Bloomsbury, 2018), 83-101.
 13. One could argue that North himself implicitly acknowledged this in his last major work: Douglass C. North, John Joseph Wallis, and Barry R. Weingast, *Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History* (New York: Cambridge University Press, 2009).

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