

ECONOMIC SOCIETY IN THE MIDDLE AGES

Our overview of economic organization has thus far scanned only the great civilizations of antiquity. Now we must turn in somewhat closer focus to the society far nearer in time and, what is more important, immediately precedent to ours in terms of social evolution. This is the vast expanse of history we call the Middle Ages, an expanse that stretches over and describes the Western world, from Sweden to the Mediterranean, "beginning" with the fall of Rome in the fifth century and "ending" with the Renaissance a thousand years later.

Modern scholarship emphasizes more and more the diversity that characterizes that enormous span of time and space, a diversity not alone of social appearance from century to century but also of contrast from locality to locality within any given period. It is one thing to speak of "life" in the Middle Ages when one has in mind a tenth-century peasant community in Normandy where, it is estimated, the average inhabitant probably never saw more than two or three hundred persons in his lifetime or commanded a vocabulary of more than six hundred words¹¹; it is another when we mean the worldly city of Florence in the fourteenth century, about which Boccaccio wrote so engagingly.

Even more relevant for our purposes is the need to think of the Middle Ages in terms of economic variety and change. The early years of feudal economic life are very different from the middle or later years, particularly insofar as general well-being is concerned. The commencement of feudalism coincided with a period of terrible retrenchment, deprivation, and depopulation. During the fifth century, the population of Rome actually fell from 1,500,000 to 300,000. But by the twelfth century, towns had again expanded (after 600 years!) to the limits of their old Roman walls and even spilled out beyond; and by the beginning of the fourteenth century, a very considerable prosperity reigned in many parts of Europe.¹² Then came a series of catastrophes: a ghastly two-year famine in 1315; thereafter, in 1348, the Black Death, which carried off between one-third and two-thirds of the urban population; a century-long devastating struggle between England and France and among the petty principalities of Germany and Italy. All these misfortunes pulled down the level of economic existence to dreadful depths. Neither stasis nor smooth linear progress, but enormous and irregular secular tides mark the long history of feudalism, and they caution us against a simplistic conception of its development.

Our purpose, however, is not to trace these tides, but rather to form a generalized picture of the *economic structure* that, beneath the swings of fortune, marks the

¹¹George G. Coulton, *Medieval Village, Manor and Monastery* (New York: Harper, Torchbooks, 1960), p. 15.

¹²There is some evidence that in England around the year 1500 real wages for common laborers achieved a level that they would not surpass for at least three centuries (*Economica*, November 1956, pp. 296-314.)

feudal era as a unique way station of Western economic history. And here we can begin by noting the all-important development that underlay the genesis of that economic structure: *This was the breakdown of large-scale political organization.*

The Fall of Rome

For as Rome “fell” and as successive raids and invasions from north, east, and south tore apart the European countryside, the great administrative framework of law and order was replaced by a patchwork quilt of small-scale political entities. Even in the ninth-century, when Charlemagne’s Holy Roman Empire assumed such impressive dimensions on the map, beneath the veneer of a unified “state” there was, in fact, political chaos: Neither a single language, nor a coordinated central government, nor a unified system of law, coinage, or currency, nor, most important, any consciousness of “national” allegiance bound the statelets of Charlemagne’s day into more than temporary cohesion.

We note this striking difference between antiquity and the Middle Ages to stress the tremendous economic consequences that came with political dissolution. As safety and security gave way to local autarky and anarchy, long voyages of commodities became extremely hazardous, and the once-vigorous life of the great cities impossible. As a common coin and a common law disappeared, merchants in Gaul could no longer do business with merchants in Italy, and the accustomed network of economic connections was severed or fell into disuse. As disease and invasion depopulated the countryside, people turned of necessity to the most defensive forms of economic organization, to forms aimed at sheer survival through self-sufficiency. A new need arose, a need to compress the viable organization of society into the smallest possible compass. For centuries, this insularity of economic life, this extreme self-reliance, would be the economic hallmark of the Middle Ages, and its overall mode of social and political order would be called *feudalism*.

Manorial Organization of Society

Feudalism brought with it a new basic unit of economic organization: the *manorial estate*.

What was such an estate like? Typically, it was a large tract of land, often including many thousands of acres, which was “owned” by a feudal lord, spiritual or temporal.¹³ The word “owned” is properly in quotation marks, for the manor was not first and foremost a piece of economic property. Rather, it was a social and political entity in which the lord of the manor was not only landlord, but protector, judge, police chief, and administrator as well. Although himself bound into a great hierarchy in which each lord was some other lord’s servant (even the pope was the servant of God), the feudal noble was, within the confines of his own manor, quite literally “lord of the land.” He was also undisputed owner and master of many of the people who lived on the land, for the serfs of a manor, although not slaves, were in many respects as much the property of the lord as were his (or their) houses, flocks, or crops.

¹³That is, the lord might be the abbot or the bishop of the locality, or he might be a secular personage, a baron who came into his possessions by inheritance or by being made a knight and given lands for exceptional service in battle or for other reasons.

At the focal point of the estate was the lord's homestead, a great manor house, usually armed against attack from marauders, walled off from the surrounding countryside, and sometimes attaining the stature of a genuine castle. In the enclosed courtyard of the manor were workshops in which cloth might be spun or woven, grapes pressed, food stored, simple ironwork or blacksmithing work performed, coarse grain ground. Extending out around the manor was a patchwork of fields, typically subdivided into acre or half-acre "strips," each with its own cycle of crops and rest. Half or more of all these belonged directly to the lord; the remainder "belonged," in various senses of that legal term, to the hierarchy of free, half-free, and unfree families who made up an estate.

The exact meaning of the word *belonged* hinged on the obligations and rights accruing to a serf, a freeman, or whatever other category one might be born into. Note, however, that even a freeman who "owned" his land could not sell it to another feudal lord. At best, his ownership meant that he could not himself be displaced from his land short of extraordinary circumstances. A lesser personage than a freeman did not even have this security. A typical serf was literally tied to "his" plot of land. He could not, without specific permission, and, usually, without specific payment, leave his homestead for another, either within the domain of the manor or within that of another. With his status came, as well, a series of obligations that lay at the very core of the manorial economic organization. These consisted of the necessity to perform labor for the lord—to till his fields, to work in his shops, to provide him with a portion of one's own crop. From manor to manor, and from age to age, the labor dues varied: In some localities, they amounted to as much as four or even five days of labor a week, which meant that only by the labor of a serf's wife or children could his own fields be maintained. And finally, the serfs owed small money payments: head taxes, like the *chevage*; death duties, like the *heriot*; *merchet*, a marriage fee; or dues to use the lord's mill or his ovens.

Providing Security

There was, however, an extremely important *quid pro quo* for all this. If the serf gave the lord his labor and much of the fruits of his toil, in exchange the lord provided some things that the serf by himself could not have obtained.

The most important of these was a degree of physical security. It is difficult for us to reconstruct the violent tenor of much of feudal life, but one investigator has provided a statistic that may serve to make the point: Among the sons of English dukes, 46 percent of those born between 1330 and 1479 died violent deaths. Their life expectancy when violent death was excluded was thirty-one years; when violent death was included, it was but twenty-four years.¹⁴ The peasant, although not a warrior and therefore not occupationally exposed to the dangers of continual combat, assassination, and so on, was preeminently fair prey for the marauding lord, defenseless against capture, unable to protect his poor possessions against destruction. Hence we can begin to understand why even freemen became serfs by "commending" themselves to a lord who, in exchange for their economic, social, and political subservience, offered them the invaluable cloak of his military protection.

¹⁴T. H. Hollingsworth, "A Demographic Study of the British Ducal Families," *Population Studies*, XI (1957-58).

In addition, the lord offered a certain element of *economic* security. In times of famine, it was the lord who fed his serfs from the reserves in his own manorial storehouses. And, although he had to pay for it, the serf was *entitled* to use the lord's beasts and equipment in cultivating his own strips as well as those of the lord. In an age when the average serf possessed almost no tools himself, this was an essential boon.¹⁵

These facts should not incline us to an idyllic picture of feudal life. The relation between lord and serf was often, even usually, exploitative in the extreme. Yet we must see that it was also mutually supportive. Each provided for the other services essential for existence in a world where overall political organization and stability had virtually disappeared.

Economics of Manorial Life

Despite the extreme self-efficiency of manorial life, there is much here that resembles the economic organization of antiquity.

To begin with, like those earlier societies, this was clearly a form of economic society organized by tradition. Indeed, the hand of custom—the famous “ancient customs” of the medieval manor court, which served frequently as the counsel for the otherwise undefended serf—was never stronger. Lacking strong, unified central government, even the exercise of command was relatively weak. As a result, the pace of economic change, of economic development, although by no means lacking, was extremely slow during the early years of the medieval period.

Second, even more than with antiquity, this was a form of society that was characterized by a striking absence of money transactions. Unlike the latifundium of Rome, which sold its output to the city, the manor supplied only itself, and perhaps a local town. No manorial estate was ever quite so self-sufficient that it could dispense with monetary links with the outside world; even serfs bought a few commodities and sold a few eggs; and the lord, on occasion, had to buy considerable supplies he could not produce for himself. But on the whole, very little money changed hands. As Henri Pirenne, an authority on medieval economic history, has put it:

... the tenants paid their obligations to their lord in kind. Every serf ... owed a fixed number of days of labour and a fixed quantity of natural products or of goods manufactured by himself, corn, eggs, geese, chickens, lambs, pigs, and hempen, linen or woollen cloth. It is true that a few pence had also to be paid, but they formed such a small proportion of the whole that they cannot prevent the conclusion that the econ-

¹⁵For a picture of life among the various classes in medieval Europe, one might turn to Eileen Power's *Medieval People* (Garden City, NY: Doubleday, Anchor Books, 1954), a scholarly but charming account of the reality of human existence that lies behind history. For a sense of the violent tenor of the times, see J. Huizinga, *The Waning of the Middle Ages* (Garden City, NY: Doubleday, Anchor Books, 1954), Chap. 1. Let us call attention also to two other books that convey a vivid sense of feudal economic life: One is by H. S. Bennett, *Life on the English Manor* (Cambridge, England: Cambridge University Press, 1965); the other, by Marc Bloch, *French Rural History* (Berkeley, CA: University of California Press, 1966). *French Rural History*, especially, is one of the real masterworks of economic history. Less concerned with economic life (one has to read between the lines to ferret it out), but marvelous as a microhistory of medieval life, is the account of a tiny, heresy-ridden town in fourteenth-century southern France, *Montaillou: The Land of Promised Error*, by Emmanuel Le Roy Ladurie (New York: George Braziller, 1978). Last, *The Three Orders: Feudal Society Imagined* by Georges Duby, (Chicago: University of Chicago, 1980), a modern classic.

omy of the domain was a natural economy . . . since it did not engage in commerce it had no need to make use of money. . . .¹⁶

Town and Fair

It would, however, be a misrepresentation of medieval life to conclude that cash and cash transactions and the bargaining of a market society were wholly foreign to it. Rather, as was the case with antiquity, we must think of medieval economic society as consisting of a huge, static, largely moneyless foundation of agricultural production atop which flourished a considerable variety of more dynamic activities.

For one thing, in addition to manors, there also existed the shrunken descendants of Roman towns (and as we shall later see, the nuclei of new towns), and these small cities obviously required a network of markets to serve them. Every town had its stalls to which peasants brought some portion of their crop for sale. More important, towns were clearly a different social unit from manors, and the laws and customs of the manors did not apply to their problems. Even when towns fell under manorial protection, townspeople little by little won for themselves freedom from feudal obligations of labor and, more important, from feudal obligations of law.¹⁷ In contrast to the “ancient customs” of the manor, a new, evolving “law of merchants” regulated much of the commercial activity within the town walls.

Another locus of active economic life was the fair. The fair was a kind of traveling market, established in fixed localities for fixed dates, in which merchants from all over Europe conducted a genuine international exchange. Held usually but once a year, the great fairs were tremendous occasions, a mixture of social holiday, religious festival, and intense economic activity. At some fairs, like those at Champagne in France or Stourbridge in England, a wide variety of merchandise was brought for sale: silks from the Levant, books and parchments, horses, drugs, spices. Anyone who has ever been to the Flea Market, the famous open-air bazaar outside Paris, or to a country fair in New England or the Middle West has savored something of the atmosphere of such a market. One can imagine the excitement that fairs must have engendered in the still air of medieval life.

Guilds

And finally, within the towns themselves, we find the tiny but highly important centers of medieval “industrial” production. For even at its grandest, the manor could not support every craft needed for its maintenance, much less its extension. The services or products of glaziers and masons, expert armorers and metalworkers, fine weavers and dyers had to be bought when they were needed, and typically they were

¹⁶*Economic and Social History of Medieval Europe* (New York: Harcourt, Harvst Books, 1956), p. 105.

¹⁷Hence the saying, “City air makes men free”; for the serf who escaped to a city and remained there a year and a day was usually considered to have passed from the jurisdiction of his lord to that of the city burghers. Running away was one of the very few means open to serfs to protest against their condition. Runaway serfs, like runaway slaves, were ferociously punished. Yet serfs did continuously escape to the cities, in this tiny, desperate way exerting economic pressure against their masters. For a debate on the importance of this issue, see *The Transition from Feudalism to Capitalism*, ed. Rodney Hilton (London: NLB, 1978).

to be found in the medieval institutions as characteristic of town life as the manors were of life in the country.

These institutions were the *guilds*—trade, professional, and craft organizations of Roman origin. Such organizations were the “business units” of the Middle Ages; in fact, one could not usually set oneself up in “business” unless one belonged to a guild. Thus, the guilds were a kind of exclusive union, but not a union of workers so much as of masters. The dominant figures in the guild were the guildmasters— independent manufacturers, working in their own houses and banding together to elect their own guild government, which then laid down the rules concerning the internal conduct of affairs. Under the master guildsmen were their few journeymen (from the French *journée*, or “day”), who were paid by the day, and their half-dozen or so apprentices, ten to twelve years old, who were bound to them for periods of three to twelve years as their legal wards. In time, an apprentice could become a journeyman and then, at least in medieval romance, graduate to the status of a full-fledged guildmaster on completion of his “masterpiece.”

Any survey of medieval town life delights in the color of guild organizations: the broiders and glovers, the hatters and scribes, the shipwrights and upholsterers, each with its guild hall, its distinctive livery, and its elaborate set of rules. But if life in the guilds and at the fairs provides a sharp contrast with the stodgy life on the manor, we must not be misled by surface resemblances into thinking that it represented a foretaste of modern life in medieval dress. It is a long distance from the guild to the modern business firm, and it is well to fix in mind some of the differences.

Functions of the Guild

In the first place, the guild was much more than just an institution for organizing production. While most of its regulations concerned wages and conditions of work and specifications of output, they also dwelt at length on “noneconomic” matters: on the charitable contributions expected from each member, on his civic role, on his appropriate dress, and even on his daily deportment. Guilds were the regulators not only of production but also of social conduct: When one member of the mercer’s guild in London “broke the hed” of another in an argument over some merchandise, both were fined £10 and bonded for £200 not to repeat the disgrace. In another guild, members who engaged in a brawl were fined a barrel of beer, to be drunk by the rest of the guild.

But between guild and modern business firm there is a much more profound gulf than this pervasive paternalism: *Unlike a modern firm, the purpose of a guild was not first and foremost to make money.* Rather, it was to preserve a certain orderly way of life—a way that envisaged a decent income for its master craftsmen but that was certainly not intended to allow any of them to become a “big” businessman or a monopolist. On the contrary, guilds were specifically designed to ward off any such outcome of an uninhibited struggle among their members. The terms of service, the wages, the route of advancement of apprentices and journeymen were all fixed by custom. So, too, were the terms of sale: A guild member who cornered the supply of an item was guilty of *forestalling*, for which rigorous penalties were invoked, and one who bought wholesale to sell at retail was similarly punished for the faults of *engrossing* or *regrating*. Thus, competition was strictly limited and profits were held to prescribed

levels. Advertising was forbidden, and even technical progress in advance of one's fellow guildsmen was considered disloyal.

In the great cloth guilds of Florence in the fourteenth century, for instance, no merchant was permitted to tempt a buyer into his shop or to call out to a customer standing in another's doorway, nor even to process his cloth in a manner different from that of his brethren. Standards of cloth production and processing were subject to the minutest scrutiny. If a scarlet dye, for instance, was found to be adulterated, the perpetrator was condemned to a crushing fine and, failing payment, to loss of his right hand.¹⁸

Surely the guilds represent a more "modern" aspect of feudal life than the manor, but the whole temper of guild life was still far removed from the goals and ideals of modern business enterprise. There was no free play of price, no free competition, no restless probing for advantage. Existing on the margin of a relatively moneyless society, the guilds perforce sought to take the risks out of their slender enterprises. Their aim was not increase, but preservation, stability, orderliness. As such, they were as drenched in the medieval atmosphere as the manors.

Medieval Economics

Beyond even these differences, we must note a still deeper chasm between medieval economic society and that of a market economy. This is the gulf between a society in which economic activity is still inextricably mixed with social and religious activity, and one in which economic life has, so to speak, emerged into a special category of its own. In our next chapter, we talk about the ways in which a market society creates a special sphere of economic existence. But as we complete our introduction to medieval economic society, the main point to which we should pay heed is that no such special sphere then existed. *In medieval society, economics was a subordinate and not a dominant aspect of life.*

And what was dominant? The answer is, of course, that in economic matters, as in so many other facets of medieval life, the guiding ideal was religious. It was the Church, the great pillar of stability in an age of disorder, that constituted the ultimate authority on economics, as on most other matters.

But the economics of medieval Catholicism was concerned not with the credits and debits of successful business operation so much as with the credits and debits of the souls of business operators. As R. H. Tawney, one of the great students of the problem, has written:

... the specific contributions of medieval writers to the technique of economic theory were less significant than their premises. Their fundamental assumptions, both of which were to leave a deep imprint on social thought of the sixteenth and seventeenth centuries, were two: that economic interests are subordinate to the real business of life, which is salvation; and that economic conduct is one aspect of personal conduct, upon which, as on the other parts of it, the rules of morality are binding. Material riches are necessary ... since without them men cannot support themselves and help one another. ... But economic motives are suspect. Because they are powerful appetites

¹⁸G. Renard, *Histoire du Travail à Florence* (Paris: 1913), pp. 190ff.

men fear them, but they are not mean enough to applaud them. Like other strong passions, what they need, it is thought, is not a clear field, but repression. . . .¹⁹

Thus, what we find throughout medieval religious thought is a pervasive uneasiness with the practices of economic society. Essentially, the Church's attitude toward trade was wary and nicely summed up in the saying, "*Homo mercator vix aut numquam Deo placere potest*"—"The merchant can scarcely or never be pleasing to God."

The Just Price

We find such a suspicion of business motives in the Church's concern with the idea of a "just price." What was a just price? It was selling a thing for what it was worth, and no more. "It is wholly sinful," wrote Thomas Aquinas, "to practise fraud for the express purpose of selling a thing for more than its just price, inasmuch as a man deceives his neighbor to his loss."²⁰

But what *was* a thing "worth"? Presumably, what it cost to acquire it or make it. Suppose, however, that a seller had himself paid too much for an article—then what was a "just price" at which he might resell it? Or suppose a man paid too little—was he then in danger of spiritual loss, offsetting his material gain?

These were the questions over which the medieval "economist-theologians" mulled, and they testify to the mixture of economics and ethics characteristic of the age. But they were not merely theoretical questions. We have records of the dismay that economic theology brought to actual participants in the economic process. One St. Gerald of Aurillac in the tenth century, having bought an ecclesiastical garment in Rome for an unusually low price, learned from some itinerant merchants that he had picked up a "bargain"; instead of rejoicing, he hastened to send to the seller an additional sum, lest he fall into the sin of avarice.²¹

St. Gerald's attitude was no doubt exceptional. Yet if the injunction to charge fair prices did not succeed in staying men's appetites for gain, it did bridle their enthusiasm. Men in ordinary business frequently stopped to assess the condition of their moral balance sheets. Whole towns would, on occasion, repent of usury and pay a heavy amend, or merchants like Gandoufle le Grand would, on their deathbeds, order restitution made to those from whom interest had been extracted. Men of affairs in the twelfth and thirteenth centuries occasionally inserted codicils in their wills urging their sons not to follow their footsteps into the snares of trade, or they would seek to make restitution for their commercial sins by charitable contributions. One medieval merchant of London founded a divinity scholarship with £14, "forasmuche as I fynde myn conscience aggrugged that I have deceived in this life divers persons to that amount."²²

¹⁹*Religion and the Rise of Capitalism* (New York: Harcourt, 1947), p. 31.

²⁰A. E. Monroe, ed., "Summa Theologica," in *Early Economic Thought* (Cambridge, MA: Harvard University Press, 1924), p. 54.

²¹Pirenne, *Economic and Social History of Medieval Europe*, p. 27.

²²S. L. Thrupp, *The Merchant Class in Medieval London* (Chicago: University of Chicago Press, 1948), p. 177. Also Renard, *Histoire du Travail à Florence*, pp. 220ff.

The Disrepute of Gain

Therefore, the theological cast of suspicion injected a wholly new note into the moneymaking process. For the first time, it associated the making of money with *guilt*. Unlike the acquirer of antiquity who unashamedly reveled in his treasures, the medieval profiteer counted his gains in the knowledge that he might be imperiling his soul.

Nowhere was this disapproval of moneymaking more evident than in the Church's horror of usury—lending money at interest. Money-lending had, since Aristotle's day, been regarded as an essentially parasitic activity, an attempt to make a "barren" commodity, money, yield a return. But what had always been a vaguely disreputable and unpopular activity became, under Church scrutiny, a deeply evil one. Usury was decreed to be a *mortal* sin. At the Councils of Lyons and Vienne in the thirteenth and fourteenth centuries, the usurer was declared a pariah of society, to whom no one, under pain of excommunication, might rent a house; whose confession might not be heard; whose body might not have Christian burial; whose very will was invalid. Anyone even defending usury was to be suspected of heresy.

These powerful churchly sentiments were not produced merely by theological scruples. On the contrary, many of the Church's injunctions against both usury and profiteering arose from the most secular of realities. Famine, the endemic scourge of the Middle Ages, brought with it the most heartless economic gouging; loans commanded 40 to 60 percent—for bread. Much of the dislike of profit seeking and interest taking rose from its identification with just such ruthless practices, with which medieval times abounded.

Finally, another perhaps even more fundamental, reason underlay the disrepute of gain and profit. This was the essentially static organization of economic life itself. Let us not forget that that life was basically agricultural and that agriculture, with its infinite complexity of peasant strips, was far from efficient. To quote once more from Henri Pirenne:

... the whole idea of profit, and indeed the possibility of profit, was incompatible with the position occupied by the great medieval landowner. Unable to produce for sale owing to the want of a market, he had no need to tax his ingenuity in order to wring from his men and his land a surplus which would merely be an encumbrance, and as he was forced to consume his own produce, he was content to limit it to his needs. His means of existence was assured by the traditional functioning of an organization which he did not try to improve.²³

What was true of the country was also true of the city. The idea of an *expanding* economy, a *growing* scale of production, an *increasing* productivity, was as foreign to the guildmaster or fair merchant as to the serf and lord. Medieval economic organization was conceived of as a means of reproducing, but not enhancing, the material well-being of the past. Its motto was perpetuation, not progress. There is little wonder that in such a static organization profits and profit seeking were viewed as essentially disturbing rather than welcome economic phenomena.

²³*Economic and Social History of Medieval Europe*, p. 63.

PREREQUISITES OF CHANGE

We have traced the broad outlines of the economic organization of the West roughly up to the tenth or twelfth century. Once again, it is wise to emphasize the diversity of currents concealed within a landscape we have too often been forced to treat as undifferentiated. At best, our journey into antiquity and the Middle Ages can give us a few glimpses of the prevailing flavor of the times, a sense of the ruling economic climate, of the main institutions and ideas by which people organized their economic efforts.

But one thing is certain. We are very far from the temper and tempo of modern economic life. The few stirrings we have witnessed in the slow world of the manor and the town are but the harbingers of a tremendous change, which, over the course of the next centuries, would dramatically alter the basic form of economic organization itself, replacing the old ties of tradition and command with new ties of market transactions.

We shall have to wait until our next chapter to witness the actual process of change itself. But perhaps it will help us put into focus both what we have already seen and what we are about to witness if we anticipate our line of advance. We now have an idea of a premarket society, a society in which markets exist but that does not yet depend on a market mechanism to solve the economic problem. What changes will be required to transform such a society into a true market economy?

1. A New Attitude Toward Economic Activity Will Be Needed

For such a society to function, men must be free to seek gain. The suspiciousness and unease that surrounded the ideas of profit, of change, and of social mobility must give way to new ideas that would encourage those very attitudes and activities. In turn, this meant, in the famous words of the mid-nineteenth-century legal historian Sir Henry Maine, that the *society of status* must give way to the *society of contract*, that the society in which men were born to their stations in life must give way to a society in which they were free to define those stations for themselves.

Such an idea would have seemed to the medieval mind without any possible rationale. The idea that a general free-for-all should determine men's compensations, with neither a floor to prevent them from being ground down nor a ceiling to prevent them from rising beyond all reason, would have appeared senseless—even blasphemous. If we may turn again to R. H. Tawney:

To found a science of society upon the assumption that the appetite for economic gain is . . . to be accepted, like other natural forces . . . would have appeared to the medieval thinker as hardly less irrational or less immoral than to make the premise of social philosophy the unrestrained operation of such necessary human attributes as pugnacity or the sexual instinct.²⁴

²⁴*Religion and the Rise of Capitalism*, pp. 31–32.

Yet some such freeing of the quest for economic gain, some such aggressive competition in the new contractual relationship of person to person would be essential for the birth of a market society.

2. The Monetization of Economic Life Will Have to Proceed to Its Ultimate Conclusion

One prerequisite of a market economy should by now be clear: Such an economy must involve the process of exchange, of buying and selling, at every level of society. But for this to take place, men must have the wherewithal to enter a market; that is, they must have cash. And, in turn, if society is to be permeated with cash, men must earn money for their labors. In other words, *for a market society to exist, nearly every task must have a monetary reward.*

Even in our highly monetized society, we do not pay for every service: most conspicuously not for the housekeeping or childcare services performed in the household. But all through the premarket era, unpaid service—the amount of work performed by law without monetary compensation—was vastly larger than it is in our society. Slave labor was, of course, unpaid. So was most serf labor. Even the labor of apprentices was remunerated more in kind, in food and lodging, than in cash. Therefore, probably 70 to 80 percent of the actual working population of an ancient or medieval economy labored without anything resembling regular payment in money.

Clearly, in such a society, the possibilities for a highly involved exchange economy were limited. But a still more important consequence must be noted. The absence of a widespread monetization of tasks meant *the absence of a widespread market for producers.* Nothing like the flow of “purchasing power” that dominates and directs our own productive efforts could be forthcoming in a society in which money incomes were the exception rather than the rule.

3. The Pressure of a Free Play of Market “Demand” Will Have to Take Over the Regulation of the Economic Tasks of Society

All through antiquity and the Middle Ages, as we have seen, tradition or command solved the economic problem. These were the forces that regulated the distribution of social rewards. But in a market society, another means of control must rise to take their place: *An all-encompassing flow of money demand, itself stemming from the total monetization of all economic tasks, must become the great propulsive mechanism of society.* Men must go to their tasks not because they are ordered there, but because they will make money there; and producers must decide on the volume and the variety of their output not because the rules of the manor or the guild so determine, but because there is a market demand for particular things. From the top to the bottom of society, in other words, a new marketing orientation must take over the production and distribution tasks. The whole replenishment, the steady provisioning, the very progress of society must now be subject to the guiding hand of a universal demand for labor and goods.

What forces would ultimately drive the world of medieval economic organization into a world of money, of universal markets, of profit seeking? The stage is now set for us to attempt to answer this profoundly important and difficult question. Let us turn to a consideration of the causes capable of effecting so vast a change.

CHAPTER

3

THE EMERGENCE OF MARKET SOCIETY

Tradition, changelessness, order—these were the key concepts of economic society in the Middle Ages, and our preceding chapter introduces us to this unfamiliar and static way of economic life. But our purpose in this chapter is different. It is no longer to describe the factors that preserved the economic stability of medieval society, but to identify those forces that eventually burst it asunder.

Once again, we need to begin with a word of caution. Our chapter spans an immense variety of historical experience. We must beware of thinking that the forces of change that dominate this chapter were identical from region to region or from century to century, or that the transition they effected was uniform throughout the broad expanse of Europe. On the contrary, the great evolution that we will witness in these pages was not sharp and clear, but muddy and irregular. At the same time that the first evidences of a truly modern market society were beginning to manifest themselves in the medieval cities of Italy and Holland, archaic forms of feudal relationship still persisted in the agricultural sectors of these nations, and indeed in the city life of other nations. We must bear in mind that the historic processes of this chapter extended from the tenth to the seventeenth centuries (and even to the eighteenth and nineteenth centuries in some places), and manifested themselves in no two countries in precisely the same way.

With these cautions in mind, now let us turn to the great evolution itself. What agents were powerful enough to effect the major historic changes needed to bring about a market society?

FORCES OF CHANGE

The Itinerant Merchant

We meet the first of these forces of change in an unexpected guise. It is a small irregular procession of armed men, jogging along one of the rudimentary roads of medieval Europe: standard-bearer with colors in the lead, then a military chief, then a group of riders carrying bows and swords, and finally a caravan of horses and mules laden with casks and bales, bags, and packs.

Someone unacquainted with medieval life might easily take such a troop for part of the baggage train of a small army. But the observer would be mistaken. These were not soldiers but merchants, the traveling merchants whom the English of the twelfth century called "pie-powders," from *pieds poudreux*, dusty feet. No wonder they were dusty; many of them came immense distances along routes so bad that we know of one instance where only the intervention of a local ecclesiastical lord prevented the "road" from being ploughed up as arable land. In their bags and packs were goods that had somehow made a perilous journey across Europe, or even all the way from Arabia or India, to be sold from town to town, or from halt to halt, as these merchant adventurers wound their way across the medieval countryside.

And adventurers they were. For in the fixed hierarchies of the great manorial estates of Europe, there was no natural place for these unlanded peddlers of goods, with their unfeudal attributes of calculation and (often very crude) bookkeeping and their natural insistence on trade in money. The traveling merchants ranked very low in society. Some of them, without doubt, were the sons of serfs, or even runaway serfs themselves. Yet because no one could prove their bondage, they had, if only by default, the gift of "freedom." It is no wonder that in the eyes of the nobility, the merchants were upstarts and a disturbing element in the normal pattern of things.

Yet no one would have dispensed with their services. To their brightly canopied stalls at the fairs flocked the lords and ladies of the manors as well as the Bodos and Ermentrudes of the fields. After all, where else could one buy pepper or purple dye, or acquire a guaranteed splinter from the Cross? Where else could one buy the marvelous cloths woven in Tuscany or hear such esoteric words, derived from the Arabic, as "jar" or "syrup"? If the merchant was a disturbing leaven in the mix of medieval life, he was also a pinch of active ingredient without which the mixture would have been very dull indeed.

We first note the traveling merchant in Europe in the eighth and ninth centuries, and we can follow his progress until the fourteenth and fifteenth centuries. By this time, largely through the merchants' own efforts, commerce was sufficiently organized so that it no longer required these itinerant journeyers.¹ For what these travelers brought, together with their wares, was the first breath of commerce and commercial intercourse to a Europe that had sunk to an almost tradeless and self-sufficient manorial stagnation. Even to towns as minuscule and isolated as Forcalquier in France—a dot on the map without so much as a road to connect its few hundred souls to the outer world—these hardy traders beat their path: We know from a primitive book of accounts that in May 1331 thirty-six itinerant merchants visited Forcalquier to transact business at the home and "shop" of one Ugo Teralh, a notary.² And so, in a thousand isolated communities, did they slowly weave a web of economic interdependence.

¹Records of an order for goods placed on the occasion of a funeral of a Swedish nobleman in 1328 include saffron from Spain or Italy, caraway seed from the Mediterranean, ginger from India, cinnamon from Ceylon, pepper from Malabar, anise from southern Europe, and Rhien and Bordeaux wines. The order was placed for immediate delivery from one local merchant, despite the fact that Sweden was then a laggard and even primitive land. Cf. Fritz Rorig, *Mittelalterliche Weltwirtschaft* (Jena: 1933), p. 17. (We are indebted to Goran Ohlin for this reference.)

²*Cambridge Economic History of Europe* (Cambridge: Cambridge University Press, 1952), II, 325–26.

Urbanization

An important byproduct of the rise of the itinerant merchant was the slow urbanization of medieval life, the creation of new towns and villages. When the traveling merchants stopped, they naturally chose the protected site of a local castle or burg, or of a church. And so we find growing up around the walls of advantageously situated castles—in the *foris burgis*, whence *faubourg*, the French word for “suburb”—more or less permanent trading places, which in turn became the inner core of small towns. Nestled close to the castle or cathedral wall for protection, the new burgs were still not “of” the manor. The inhabitants of the burg—the burgesses, burghers, bourgeois—had at best an anomalous and insecure relation to the manorial world within. As we have seen, there was no way of applying the time-hallowed rule of “ancient customs” in adjudicating their disputes, because there *were* no ancient customs in the commercial quarters. Neither were there clear-cut rules for their taxation or for the particular degrees of fealty they owed their local masters. Worse yet, some of the growing towns began to surround themselves with walls. By the twelfth century, the commercial burg of Bruges, for example, had already swallowed up the old fortress like a pearl around a grain of sand.

Curiously, it was this very struggle for existence in the interstices of feudal society that provided much of the impetus for the development of a new social and economic order within the city. In all previous civilizations, cities had been the outposts of central government. Now for the first time, they existed as independent entities outside the main framework of social power. As a result, they were able to define for themselves—they *had* to define for themselves—a code of law and social behavior and a set of governing institutions that were eventually to displace those of the feudal countryside.

The process was long drawn out, for the rate of growth of towns was often very slow. In the nearly two centuries between 1086 and 1279, for example, the town of Cambridge, England, added an average of but one house *per year*.³ One important reason for this almost imperceptible rate of expansion was the difficulty of moving men or materials over the terrible roads. Not the least consequence of the decline of Roman power had been the decay of its once magnificent system of highways, the very stones of which were pilfered for building materials during the years of worst social disorganization. Until the roads recovered, economic movement was perforce limited and limping. It is worth remarking that in many parts of Europe a system of transportation as efficient as that of ancient Rome was not enjoyed until the eighteenth or even nineteenth century. It took Napoleon almost as long to invade Italy from France as it had taken Caesar to go the other way.

Yet if growth was slow, it was steady; and in some locales it was much faster than in Cambridge. During the 1,000 years of the Middle Ages, nearly 1,000 towns were fathered in Europe, a tremendous stimulus to the commercialization and monetization of life, for each town had its local marts, its local toll gates, often its local mint, its granaries and shops, its drinking places and inns, its air of “city life,” which contrasted so sharply with that of the country. The slow, spontaneous growth of urban ways was a major factor in introducing a marketing flavor to European economic life.

³George Gordon Coulton, *Medieval Panorama* (New York: World Publishing, Medidian Books, 1955), p. 285.

The Crusades

The rise of the itinerant merchant and the town were two great factors in the slow evolution of a market society out of medieval economic life; a third factor was the Crusades.

It is an ironic turn to history that the Crusades, the supreme religious adventure of the Middle Ages, should have contributed so much toward the establishment of a society to which the Church was vigorously opposed. If we consider the Crusades, however, not from the point of view of their religious impulse, but simply as great expeditions of exploration and colonization, their economic impact becomes much more understandable.⁴

The Crusades served to bring into sudden and startling contact two very different worlds. One was the still slumbering society of European feudalism with all its rural inertia, its aversion to trade, and its naïve conceptions of business; the other was the brilliant society of Byzantium and Venice, with its urban vitality, its unabashed enjoyment of money-making, and its sophisticated business ways. The crusaders, coming from their draughty castles and boring manorial routines, thought they would find in the East only untutored heathen savages. They were astonished to be met by a people far more civilized, infinitely more luxurious, and much more money-oriented than they.

One result was that the simple-minded crusaders found themselves the pawns of commercial interests that they little understood. During the first three Crusades, the Venetians, who provided ships, gulled them as shamelessly as country bumpkins at a fair. The fact that they were fleeced, however, did not prevent the crusaders from reaching the Holy Land, albeit with inconclusive results. But in the notorious Fourth Crusade (1202–1204), Dandolo, the wily ninety-four-year-old doge of Venice, managed to subvert the entire religious expedition into a gigantic plundering operation for Venetian profit.

First Dandolo held up the voyagers for an initial transportation price of 85,000 silver marks, an enormous sum for the unmoneyed nobility to scrape up. Then, when the funds had been found, he refused to carry out his bargain until the crusaders agreed first to attack the town of Zara, a rich commercial rival of Venice. Since Zara was a *Christian*, not an “infidel” community, Pope Innocent III was horrified and suggested that the attack be directed instead against heathen Egypt. But Egypt was one of Venice’s best customers, and this horrified Dandolo even more. The crusaders, stranded and trapped, had no choice: Zara soon fell—after which, at Dandolo’s urging, Christian Constantinople was also sacked. The “heathen” Orient was never reached at all, but Venice profited marvelously.

It was not only Venice that gained, however. The economic impact on the crusaders themselves was much more formidable than the religious. On many this impact was disastrous, as knights who had melted down their silver plate to join the Crusades came back penniless to their ruined manor houses. To others, however, the Crusades brought a new economic impetus. When in 1101, for example, the Genoese raided

⁴We might note here some of the complex interaction of the process we are watching. For the Crusades were not only a cause of European economic development, but also a *symptom* of the development that had previously taken place.

Caesarea, a Palestinian seaport, 8,000 soldiers and sailors reaped a reward of some 48 *solidi* each, plus 2 pounds of pepper—and thus were 8,000 petty capitalists born.⁵ And in 1204 when Constantinople fell, not only did each knight receive 20 marks in silver as his share of the booty, but even the squires and archers were rewarded with a few marks each.

Thus, the Crusades provided an immense fertilizing experience for Europe. The old, landed basis of wealth came into contact with a new moneyed basis that proved much more powerful. Indeed, the old conception of life itself was forcibly revised before a glimpse of an existence not only wealthier, but gayer and more vital. As a means of shaking a sluggish society out of its rut, the Crusades played an immense role in speeding along the economic transformation of Europe.

Growth of National Power

Yet another factor in the slow commercialization of economic life was the gradual amalgamation of Europe's fragmented economic and political entities into larger wholes. As the disintegration of economic life following the breakup of the old Roman Empire had shown, a strong economic society requires a strong and broad political base. Hence, as political Europe began its slow process of reknitting, once again its economic tempo began to rise.

One of the most striking characteristics of the Middle Ages, and one of its most crippling obstacles to economic development, was the medieval compartmentalization of authority. Over a journey of 100 miles, a traveling merchant might fall under a dozen different sovereignties, each with different rules, regulations, laws, weights, measures, money. Worse yet, at each border there was apt to be a toll station. At the turn of the thirteenth and fourteenth centuries, there were said to be more than thirty toll stations along the Weser River and at least thirty-five along the Elbe; along the Rhine, a century later, there were more than sixty such toll stations, mostly belonging to local ecclesiastical princes. Thomas Eykes, an English chronicler, described the system as "the raving madness of the Teutons." But it was not only a German disease. There were so many toll stations along the Seine in France in the late fifteenth century that it cost half its final selling price to ship grain 200 miles down the river.⁶ Indeed, among the European nations, England alone enjoyed an internally unified market during the middle and late Middle Ages. This was one powerful contributory factor to England's emergence as the first great European economic power.

The amalgamation of Europe's fragmented markets was essentially a political as well as an economic process; it followed the gradual centralization of power that changed the map of Europe from the infinite complexity of the tenth century to the more or less "modern" map of the sixteenth. Here, once again, the burgeoning towns played a central and crucial role. It was the city burghers who became the allies of the nascent monarchies, thereby disassociating themselves still further from their local feudal lords while, in turn, supplying the shaky monarchs with an absolutely essential prerequisite for kingship: cash.

⁵Cambridge Economic History of Europe, II, 306.

⁶Cambridge Economic History of Europe, II, pp. 134–35.

Thus, monarch and bourgeois combined to bring about the slow growth of centralized governments, and from centralized government, in turn, came not alone a unification of law and money but a direct stimulus to the development of commerce and industry as well. In France, for example, manufacturing was promoted by royal patronage of the famous Gobelins tapestry and Sèvres porcelain works, and business was created for innumerable craftsmen and artisans by the demands of the royal palaces and banquet halls. In other fields, growing national power also imparted a new encouragement: Navies had to be built, armies had to be equipped, and these new "national" armed forces, many of whom were mercenaries, had to be paid. All this set into faster motion the pumps of monetary circulation.

Exploration

Another economic impetus given by the gradual consolidation of political power was the official encouragement of exploration. All through the long years of the Middle Ages, a few intrepid adventurers, like Marco Polo, had beat their way to remote regions in search of a short route to the fabled riches of India; and as a matter of fact, by the early fourteenth century, the route to the Far East was well enough known so that silk from China cost but half the price of that from the Caspian area, only half the distance away.

Yet the network of all these hazardous and brave penetrations beyond Europe formed only the thinnest of spider webs. There still remained the systematic exploration of the unknown, and this awaited the kingly support of state adventurers. Columbus and Vasco da Gama, Cabral and Magellan did not venture on their epoch-making journeys as individual merchants (although they all hoped to make their fortunes thereby) but as adventurers in fleets bought with, and equipped by, royal money, bearing the royal mark of approval, and sent forth in hope of additions to the royal till.

The economic consequences of those amazing adventures were incalculably great. For one thing, they opened up an invigorating flow of precious metals into Europe. Gold and silver, coming from the great Spanish mines in Mexico and Peru, were slowly redistributed to other nations as Spain paid in gold specie for goods it bought abroad. As a result, prices rose throughout Europe—between 1520 and 1650 alone, it is estimated that they increased 200 to 400 percent, bringing about both stimulus and stress to industry, but setting in motion a great wave of speculation and commerce.

In addition, of course, the longer-run results of exploration brought an economic stimulus of still greater importance. The establishment of colonies in the sixteenth and seventeenth centuries and the subsequent enjoyment of trade with the New World provided a tremendous boost in propelling Europe into a bustling commercial society. The discovery of the New World was, from the beginning, a catalytic and revolutionizing influence on the Old.

Change in Religious Climate

The forces of change that we have thus far summarized were actually visible. At any time during the long transition from a nonmarket into a market society, we could have witnessed with our own eyes the traveling merchants, the expanding towns, the Crusades, the evidence of a growing national power, the far-flung explorations. Yet these