Tradition 6. Tradition solves the problems of production and distribution by enforcing a continuity of status and rewards through social institutions such as the kinship system. *Typically, the economic solution imposed by tradition is a static one,* in which little change occurs over long periods of time.

Command 7. Command solves the economic problem by imposing allocations of effort or reward by a *governing authority.* Command can be a means for achieving rapid and far-reaching economic *change.* It can take an extreme totalitarian or a mild democratic form.

Market 8. The market system is a complex mode of organizing society in which order and efficiency emerge "spontaneously" from a seemingly uncontrolled society. We shall investigate the market system in great detail in the chapters to come.

Questions

1. If we could produce all the food we needed in our own backyards, and if technology were so advanced that we could all make anything we wanted in our basements, would an "economic problem" exist?
2. Suppose that everyone was completely versatile—able to do everyone else's work just as well as his or her own. Would a division of labor still be useful in society? Why?
3. Modern economic society is sometimes described as depending on "bureaucrats" who allow their lives to be directed by the large corporations or government agencies for which they work. Assuming that this description has some truth, would you think that modern society should be described as one of tradition, command, or the market?
4. In what way do your own plans for the future coincide with or depart from the occupations of your parents? Do you think that the so-called generational split is observable in all modern societies?
5. Economics is often called the science of scarcity. How can this label be applied to a society of considerable affluence such as our own?
6. What elements of tradition and command do you think are indispensable in a modern industrial society? Do you think that modern society could exist without any dependence on tradition or without any exercise of command?
7. Much of production and distribution involves the creation or the handling of *things.* Why are production and distribution *social* problems rather than engineering or physical problems?
8. Do you consider humankind's wants to be insatiable? Does this imply that scarcity must always exist?
9. Take some of the main problems that disturb us in the United States today: neglect, poverty, inflation, pollution, racial discrimination. To what extent do you find such problems in societies run by tradition? by command? What is your feeling about the responsibility the market system bears for these problems in the United States?

Updating a classic: Further readings on "tradition"

This chapter remains largely as Professor Heilbroner wrote it in the first edition of this book in 1963. His treatment of the issues of provisioning of the material needs of society through tradition, command, and market is a classic in the history of economic thought. Economic anthropologists have of course had many new insights over the past 47 years since Heilbroner wrote this chapter. But rather than revise Heilbroner's original discussion, I (WM) have decided instead to provide a short list of readings that will help the reader to uncover the latest scholarly thinking on the issue of tradition and its relation to economic provisioning. Here are three books that give a more up-to-date view:

George Stocking. 1992. *The Ethnographer's Magic and Other Essays in the History of Anthropology.* Madison: University of Wisconsin Press.

George Stocking, ed. 1993. *Colonial Situations: Essays on the Contextualization of Ethnographic Knowledge.* Madison: University of Wisconsin Press.

Henrika Kuklick, ed. 2008. *A New History of Anthropology.* Oxford: Blackwell Publishing.

2

The Premarket Economy

"Nobody ever saw a dog make a fair and deliberate exchange of one bone for another with another dog," wrote Adam Smith in *The Wealth of Nations.* "Nobody ever saw one animal by its gestures and natural cries signify to another, this is mine, that yours; I am willing to give this for that."[1]

Smith was writing about "a certain propensity in human nature . . . ; the propensity to truck, barter, and exchange one thing for another." That such a propensity exists as a universal characteristic of humankind is perhaps less likely than Smith believed, but he was certainly not mistaken in putting the act of exchange at the very center of his scheme of economic life. There can be no doubt that buying and selling lie at the very heart of a market society such as he was describing, and so, as we now begin to study the rise of the market society, what could be more natural than to commence by tracing the pedigree of markets themselves?

It comes as something of a surprise, perhaps, to discover how very ancient is that pedigree. Communities have traded with one another at least as far back as the last Ice Age. We have evidence that the mammoth hunters of the Russian steppes obtained Mediterranean shells in trade, as did also the Cro-Magnon hunters of the central valleys of France. In fact, on the moors of Pomerania in northeastern Germany, archeologists came across an oaken box, replete with the remains of its original leather shoulder strap, in which were a dagger, a sickle head, and a needle—all of Bronze Age manufacture. According to the conjectures of experts, this was very likely the sample kit of a prototype of the traveling salesman, an itinerant representative who collected orders for the specialized production of his community.[2]

As we proceed from the dawn of civilization to its first organized societies, the evidences of trade and of markets increase rapidly. As Miriam Beard has written,

> Millennia before Homer sang, or the wolf suckled Romulus and Remus, the bustling damkars (traders) of Uruk and Nippur . . . were buckling down to business. Atidum the merchant, in need of enlarged office facilities, was agreeing to rent a suitable location from Ribatum,

[1] Adam Smith, *The Wealth of Nations* (New York: Modern Library, 1937), 13.
[2] M. M. Postan, and H. J. Habakkuk, general editors, Cambridge Economic History of Europe, 2nd ed. (Cambridge, England: Cambridge University Press, 1966), II, 4.

Priestess of Shamash, for one and one-sixth shekels of silver per year—so much down and the rest in easy installments. Abu-wakar, the rich shipper, was delighted that his daughter had become Priestess of Shamash and could open a real estate office near the temple. Ilabras was writing to Ibi: "May Shamash and Marduk keep thee! As thou knowest, I had issued a note for a female slave. Now the time to pay is come."[3]

Therefore, at first glance it seems we can discover evidences of market society deep in the past. These disconcerting notes of modernity, however, must be interpreted with caution. If markets, buying and selling, even highly organized trading bodies, were well-nigh ubiquitous features of ancient society, they must not be confused with the presence of a market society. Trade existed as an important adjunct to society from earliest times, but the fundamental impetus to production, or the basic allocation of resources among different uses, or the distribution of goods among social classes was largely divorced from the marketing process. That is, the *markets of antiquity were not the means by which those societies solved their basic economic problems.* They were subsidiary to the great processes of production and distribution rather than integral to them; they were "above" the critical economic machinery rather than within it. As we shall see, between the deceptively contemporary air of many markets of the distant past and the reality of our contemporary market economy lies an immense distance over which society would take centuries to travel.

THE ECONOMIC ORGANIZATION OF ANTIQUITY

We must ourselves traverse that distance if we are to understand how contemporary market society came into being and, indeed, if we are to understand what it is. Only by immersing ourselves in the societies of the past, only by seeing how they did, in fact, solve their economic problems, can we begin to understand clearly what is involved in the evolution of the market society that is our own environment.

Needless to say, it would make an enormous difference which of the many premarket societies of the past we visited as general observers. To trace economic history from the monolithic temple-states of Sumer and Akkad in the third millennium B.C. to the "modernity" of classical Greece or Rome that dates from roughly the fifth and fourth centuries B.C. to the years of the Christian era is to undertake a cultural journey of immense distance. Yet, traveling only as economic historians, we will find that it makes much less difference in which of the societies of antiquity we light. Because as we examine these societies, we can see that, underlying their profound dissimilarities of art or political rule or religious belief, there are equally profound similarities of economic structure, similarities we call to mind less frequently because they are in the "background" of history and rarely adorn its more exciting pages. But these identifying characteristics of economic organization are the ones that now interest us as we turn our gaze to the past. What is it that we see?

Agricultural Foundation of Ancient Societies

The first and perhaps the most striking impression is the overwhelmingly agricultural aspect of all these economies.

In a sense, of course, all human communities, no matter how industrialized, live off the soil: All that differentiates an "industrial" society from an "agricultural" one is the number of the nonagricultural population that its food growers can support. Thus, an American farmer

[3] Miriam Beard, *A History of the Business Man* (New York: Macmillan, 1938), 12.

working large acreage with abundant equipment can feed nearly a hundred nonfarmers, while an Asian peasant, tilling his tiny plot with little more than a stick-plow, may be hard-pressed, after he has paid his landlord, to sustain his own family.

Over all of antiquity, the capacity of the agricultural population to sustain a nonfarming population was very limited. Exact statistics are unavailable, but we can project backward to the situation that prevailed in all these ancient nations by looking at the underdeveloped regions of the world today, where the levels of technique and the productivity of agriculture bear a close—too close—resemblance to those of antiquity. Thus in India, Egypt, the Philippines, Indonesia, Brazil, Colombia, and Mexico, we find that it takes two farm families to support one nonfarm family. In tropical Africa, a survey made some years ago told us that "the productivity of African agriculture is so low that it takes anywhere from two to ten people—men, women, and children—to raise enough food to supply their own needs and those of *one* additional—non-food-growing—adult."[4] Those sad findings of almost 50 years ago are still largely true.[5]

Antiquity was not *that* badly off; indeed, at times it produced impressive agricultural outputs, but neither was it remotely comparable to American farm productivity, with its enormous capacity to support a nonagricultural population. All ancient societies were basically rural economies. This did not preclude, as we shall see, a very brilliant and wealthy urban society or a far-flung network of international trade. Yet the typical economic personage of antiquity was neither trader nor urban dweller but rather a tiller of the soil, and it was in rural communities that the economies of antiquity were ultimately anchored.

This must not lead us to assume that economic life was, therefore, comparable to that of a modern agricultural country like Denmark or New Zealand. Contemporary farmers, like businesspeople, are very much bound up in the web of transactions characteristic of a market society. They sell their output on one market; they buy their supplies on another. The accumulation of money, and not of wheat or corn, is the object of their efforts. Books of profit and loss regularly tell them if they are doing well or not. The latest news of agricultural technology is studied and is put into effect if it is profitable.

None of this properly describes the "farmer" of ancient Egypt, of antique Greece or Rome, or of the great Eastern civilizations. With few exceptions, the tiller of the soil was a peasant, and a peasant is a social creature very different from a farmer. He is not on the alert for new technologies, but, on the contrary, clings with stubborn persistence—and often with great skill—to his well-known ways. He must do so, because a small error might mean starvation. He does not buy the majority of his supplies, but fashions them himself; similarly, he does not produce for a "market," but principally for his own family. Finally, he is often not even free to consume his own crop but typically must hand over a portion—a tenth, a third, half, or even more—to the owner of his land.

For in the general case, the peasant of antiquity did not own his land. We hear of the independent citizen-farmers of classical Greece and republic Rome, but these were exceptions to the general rule in which peasants were but tenants of a great lord. Even in Greece and Rome, the independent peasantry tended to become swallowed up as the tenants of huge commercial estates. The Roman historian Pliny mentions one such enormous estate or *latifundium* (literally, "broad farm") with a quarter of a million head of livestock and a population of 4,117 slaves.

Hence the peasant, who was the bone and muscle of the economies of antiquity, was himself a prime example of the nonmarket aspect of these economies. Although some cultivators freely sold a portion of their own crop in the city marketplaces, the great majority of agricultural

[4] George H. T. Kimble, *Tropical Africa* (New York: Twentieth Century Fund, 1960), I, 572. (Italics added.)
[5] See for example, Y. Akyuz and C. Gore, "African Economic Development in Comparitive Perspective, "*Cambridge Journal of Economics*, 2001, for discussion of the importance of low productivity in African Agriculture.

producers scarcely entered the market at all. For many of these producers—especially those who were slaves—this was, accordingly, an almost cashless world, where a few coppers a year, carefully hoarded and spent only for emergencies, constituted the only link with a world of market transactions.[6]

Thus, whereas the peasant's legal and social status varied widely in different areas and eras of antiquity, in a broad view the tenor of his economic life was singularly constant. Of the web of transactions, the drive for profits of the modern farmer, he knew little or nothing. Generally poor, tax ridden, and oppressed, prey to nature's caprices and to the exploitations of war and peace, bound to the soil by law and custom, the peasant of antiquity—like the peasant of today who continues to provide the agricultural underpinnings in some countries of the East and South—was dominated by the economic rule of tradition. His main stimulus for change was command—or, rather, obedience. Labor, patience, and the incredible endurance of the human being were his contributions to civilization.

Economic Life of the Cities

The basic agricultural cast of ancient society and its typical exclusion of the peasant cultivator from an active market existence make all the more striking another common aspect of economic organization in antiquity. This is the diversity, vitality, and ebullience of the economic life of the cities.

Whether we turn to ancient Egypt, classical Greece, or Rome, we cannot help but be struck by this contrast between the relatively static countryside and the active city. In Greece, for example, a whole panoply of goods passed across the docks of the Piraeus: grain from Italy, metal from Crete and even Britain, books from Egypt, perfume from still more distant origins. In the fourth century B.C. Isocrates, in the *Panegyricus*, boasts: "The articles which it is difficult to get, one here, one there, from the rest of the world; all these it is easy to buy in Athens." So, too, Rome developed a thriving foreign and domestic commerce. By the time of Augustus, four centuries later, 6,000 loads of ox-towed barges were required to feed the city annually,[7] while in the city forum a crowd of speculators converged as on "an immense stock exchange."[8]

Therefore, something that at least superficially approximated our own society was visible in many of the larger urban centers of antiquity, and yet we must not be beguiled into concluding that this was a market society similar to our own. In at least two respects, the differences were profound.

The first of these was the essentially restricted character and scope of the market function of the city. Unlike the modern city, which is not only a receiver of goods shipped in from the hinterlands but also an important exporter of goods and services back to the countryside, the cities of antiquity tended to assume an economically parasitic role vis-à-vis the rest of the economy. Much of the trade that entered the great urban centers of Egypt, Greece, and Rome (over and above the necessary provisioning of the city masses) was in the nature of luxury goods for its upper classes, rather than raw materials to be worked and then sent out to a goods-consuming economy. The cities were the vessels of civilization, but as centers of economic activity, they were

[6] This is not, let us note, only an ancient condition. Kevin Bales documents slavery as an ongoing institution in Mauritania, Brazil, Thailand, Pakistan and elsewhere. See Kevin Bales, *Disposable People: New Slavery in the Global Economy* (Berkeley, University of California Press, 1999).

[7] Postan and Habakkuk, *Cambridge Economic History of Europe*, II, 14.

[8] W. C. Cunningham, *An Essay on Western Civilization* (New York: 1913), 164.

separated by a wide gulf from the country, making them enclaves of economic life rather than nourishing components of integrated rural–urban economies.

Slavery

Even more important was a second difference between the ancient city economies and a contemporary market society: their reliance on *slave labor.*

Slavery on a massive scale was a fundamental pillar of nearly every ancient economic society. In Greece, for instance, the deceptively modern air of the Piraeus masks the fact that much of the purchasing power of the Greek merchant was provided by the labor of 20,000 slaves who toiled under sickening conditions in the silver mines of Laurentium. At the height of "democratic" Athens in the fourth century B.C., it is estimated that at least one-third of its population were slaves. In Rome of 30 B.C., some 1,500,000 slaves—on the latifundia, in the galleys, the mines, the "factories," the shops—provided a major impetus in keeping the economic machinery in motion.[9] Seneca even tells us that a proposal that they wear special dress was voted down lest, recognizing their own number, they might know their strength.

Slaves were not, of course, the only source of labor. Groups of free artisans and workmen, often banded together in *collegia* or fraternal bodies, also serviced the Roman city, as did similar free workmen in Greece and elsewhere. In many cities, especially latter-day Rome, a mass of unemployed (but not enslaved) laborers provided a source of casual work. Yet, without the motive power of the slave, it is doubtful if the brilliant city economies of the past could have been sustained. This brings us to the central point: The flourishing market economy of the city rested atop an economic structure run by tradition and command. Nothing like the free exercise and interplay of self-interest guided the basic economic effort of antiquity. If an astonishingly modern urban market structure greets our eye, we must not forget that its merchants are standing on the shoulders of innumerable peasants and slaves.

The Social Surplus

The presence of great agglomerations of urban wealth amid a far poorer rural setting alerts us to another characteristic of ancient economic society: the special relationship between its wealth and its underlying economic organization.

In any society, the existence of wealth implies that a *surplus* has been wrung from nature, that society has not only solved its economic production problem but has achieved a margin of effort above whatever is required for its own existence. Perhaps what first astonishes us when we regard the civilizations of the ancient world is the amount of surplus that could be got from a basically poor peasant population. The temples of the ancient Assyrian kings, the extraordinary treasures of the Aztecs, the pyramids and pleasure craft of the pharaohs of Egypt, the Acropolis of Athens, and the magnificent roads and architecture of Rome all testify to the ability of an essentially agricultural civilization to achieve a massive surplus, pry considerable amounts of labor loose from the land, support it at whatever low level necessary, and put it to work building for posterity.

But the stupendous achievements of the past testify as well to something else. The surplus productive potential that society manages to achieve, whether by technology or by adroit social organization, can be applied in many directions. It can be directed to agricultural improvements,

[9] K. J. Beloch, *Die Bevölkerung der Griechisch-Römischen Welt* (Rome: "L'Erma" di Bretschneider, 1968), 478.

such as irrigation ditches or dams, where it will increase the bounty of the harvest still further. Applied to the tools and equipment of the city workman, it will raise his ability to produce. Or the surplus may be used to support a nonworking religious order, or a class of courtiers and idle nobility. If it were not for its amazing capacity to produce a surplus, the United States could never support its armed forces—any more than the former Soviet Union could have—if *its* economy had not given rise to more output than it required for sheer self-perpetuation.

Thus, the social form taken by the accumulation of wealth reveals a great deal about any society. "To whom does the surplus accrue?" is a question that invariably sheds important light on the structure of power within that society.

Wealth and Power

To whom did the wealth of antiquity accrue? At first glimpse, it seems impossible to answer in a phrase. Emperors, nobles, religious orders, merchant traders—all enjoyed the wealth of antiquity at one time or another. But at a second look, an interesting and significant generalization becomes possible: Most wealth did not go to those who played a strictly *economic* role. Although there are records of clever slaves in Egypt and Rome who became wealthy, and although rich merchants and bankers are visible throughout the annals of antiquity, theirs was not the primary route to wealth. Rather, *in ancient civilization, wealth was generally the reward for political, military, or religious power or status, and not for economic activity.*

There was a reason for this. Societies tend to reward most highly the activities they value most highly, and in the long and turbulent centuries of antiquity, political leadership, religious tutelage, and military prowess were unquestionably more necessary for social survival than trading expertise. In fact, in many of these societies, economic activity itself was disdained as essentially ignoble. As Aristotle wrote in his *Politics,* "in the best-governed polis . . . the citizens may not lead either the life of craftsmen or of traders, for such a life is devoid of nobility and hostile to perfection of character." It was a theme on which Cicero would later expand in his essay *De Officiis* (Book I), written in the first century A.D.:

> The toil of a hired worker, who is paid only for his toil and not for artistic skill, is unworthy of a free man and is sordid in character. For in his case, money is the price of slavery. Sordid too is the calling of those who buy wholesale in order to sell retail, since they would gain no profits without a great deal of lying. . . . Trade on a small retail scale is sordid, but if it is on a large wholesale scale including the import of many wares from everywhere and their distribution to many people without any misrepresentation, it is not to be too greatly censured. . . .

Especially, added the great lawyer, "if those who carry on such trade finally retire to country estates, after being surfeited or at least satisfied with their gains."

Over and above the lesser social function of the merchant compared with the general, the consul, or the priest, this disdain of wealth obtained from "ignoble" economic activity reflected an economic fact of great importance: Society had not yet integrated the production of wealth with the production of goods. Wealth was still a surplus to be seized by conquest, squeezed from the underlying agricultural and slave populations; not yet the result of a system of continuously increasing production in which some part of an expanding total social output might accrue to many classes of society.

And so it would be for many centuries. Until the smallest as well as the largest activities of society received their price tag, until purchases and sales, bids and offers penetrated down to the lowest orders of society, the accumulation of wealth remained more a matter of political, military, or religious power than of economics. To sum it up: *In premarket societies, wealth tended to follow power; not until the arrival of market society would power tend to follow wealth.*

"Economics" and Social Justice in Antiquity

Before we move on to view the economic system of antiquity in transition and evolution, we must ask one more question: What did contemporary economists think of it?

The answer we find is an interesting one: There were no contemporary "economists." Historians, philosophers, political theorists, and writers on manners and morals abounded during the long span of history we here call "antiquity," but economists, as such, did not exist. The reason is not far to seek. The economics of society—that is, the mode by which society organized itself to meet the basic tasks of economic survival—was hardly such as to provoke the curiosity of a thoughtful man. There was little or no "veil" of money to pierce, little or no complexity of contractual relationship in the marketplace to unravel, little or no economic rhythm of society to interpret. As the harvest flourished, as the justice or injustice of the tax-gathering system varied, as the fortunes of war and politics changed, so went the lot of the peasant proprietor, the slave, the petty craftsman, and the trader. As relative military strength rose or fell, as individual merchants fared luckily or otherwise, as the arts prospered or declined, so went the pulse of trade. If there was such a thing as economic "growth," it was invisible—too small or irregular to interest an observer. As prowess in war or politics permitted, or as local monopolies or marriage dictated, so fared the individual acquisitor of wealth. In all of this, there was little to try the analytic powers of economic-minded observers.

If there was a problem of economics—aside from the eternal problems of poor harvests, fortunes of war, and so on—it was inextricably mingled with the problem of social justice. As far back as the early Assyrian tablets, we have records of reformers who sought to alleviate taxes on the peasantry, and throughout the Bible—indeed, down through the Middle Ages—a strain of primitive communism, of egalitarian sharing, runs through the background of religious thought. In the Book of Leviticus, for example, there is mentioned the interesting custom of the *jubilee,* a limit of 50 years on leases, after which each landowner was to "return to each man unto his possession."[10] But despite the fact that religion was concerned with riches and poverty, and thus with the distributive problem of economics, the span of antiquity saw little or no systematic inquiry into the *social system* that produced riches or poverty. If riches were an affront, this was due to the personal failings of greedy people; if social justice were to be obtained, it must be achieved by personal redistribution, by alms and charity. The idea of an "economic" study of society, as contrasted with a political or moral one, was conspicuous largely by its absence.

There was, however, one exception we should note. Aristotle, the great pupil of Plato, turned his powerful scrutiny to economic affairs, and with him the systematic study of economics, as such, truly begins. Not that Aristotle was a radical social reformer. Much is summed up in his famous sentence, "From the hour of their birth, some are marked out for subjection,

[10] That is, lands that had been forfeited in debt and so on were to be restored to their original owners. The wrath of the later prophets such as Amos indicates that the injunction must have been observed largely in the breach.

others for rule."[11] But the student of the history of economic thought turns first to Aristotle for questions whose treatment he or she can subsequently trace down through the present time: questions such as "What is value?" "What is the basis of exchange?" "What is interest?"

We will not linger here over Aristotle's formulations of these ideas, but one point we might note, because it accords with what we have already seen of the attitude of antiquity to economic activity itself. When Aristotle examined the economic process, he differentiated it into two branches—not production and distribution, as we have done, but *use* and *gain*. More specifically, he differentiated between *oeconomia*—whence "economics"—and *chrematistiké,* from which we have no precise derivative term. By *oeconomia,* the Greek philosopher meant the art of household management, the administration of one's patrimony, the careful husbanding of resources. *Chrematistiké,* on the other hand, implied the use of nature's resources or of human skill for acquisitive purposes; *chrematistiké* was trade for trade's sake, economic activity that had as its motive and end not use, but profit. Aristotle approved of *oeconomia* but not of *chrematistiké,* and within the scope of the essentially limited market structure of antiquity, where the city trader all too frequently exploited the country peasant, it is not hard to see why. The much more difficult problem of whether a market society, in which *everyone* strives for gain, might warrant approval or disapproval never appears in Aristotle's writings, because it never appeared in ancient history. The market society, with its genuinely perplexing questions of economic order and economic morality, had yet to come into being. Until it did, the philosophy needed to rationalize that order was understandably lacking.

ECONOMIC SOCIETY IN THE MIDDLE AGES

feudalism

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 200 or 300 persons in his lifetime or commanded a vocabulary of more than 600 words[12]; 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

[11] Aristotle, *Politics,* trans. by T. Saunders (Oxford: Clarendon Press, 1995), I.
[12] George G. Coulton, *Medieval Village, Manor and Monastery* (New York: Harper, Torchbooks, 1960), 15.

prosperity reigned in many parts of Europe.[13] Then came a series of catastrophes: a ghastly 2-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 feudal era as a unique way station of Western economic history. 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.[14] The word "owned" is properly in quotation marks because 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

[13] There 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, 296–314.)
[14] That 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.

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.

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 blacksmith work performed, coarse grain ground, and so on. 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 accrued 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 4 or even 5 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. 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 31 years; when violent death was included, it was but 24 years.[15] 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

[15] T. H. Hollingsworth, "A Demographic Study of the British Ducal Families," *Population Studies,* XI (1957–58).

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.

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. 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.[16]

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

[16] For 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, by Emmanuel Le Roy Ladurie, *Montaillou: The Land of Promised Error* (New York: George Braziller, 1978). Last, by Georges Duby, *The Three Orders: Feudal Society Imagined* (Chicago: University of Chicago, 1980), a modern classic.

> such a small proportion of the whole that they cannot prevent the conclusion that the economy of the domain was a natural economy . . . since it did not engage in commerce it had no need to make use of money. . . .[17]

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.[18] 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, and 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 Midwest, for example, 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

Finally, within the towns themselves, we find the tiny but highly important centers of medieval "industrial" production, because 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, and fine weavers and dyers had to be bought when they were needed, and typically they were 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, 10 to 12 years old, who were bound to them for periods of 3 to 12 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."[19]

Any survey of medieval town life delights in the color of guild organizations: the broiders and glovers, the hatters and scriveners, 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. Although 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, and 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

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[17] Henri Pirenne, *Economic and Social History of Medieval Europe*, trans. by I. E. Clegg (New York: Harcourt, Harvest Books, 1956), 105.

[18] Hence the saying, "City air makes men free," because 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).

[19] Note "his." There were no women in guilds except as servants.

instance, was found to be adulterated, the perpetrator was condemned to a crushing fine and, failing payment, to loss of his right hand.[20]

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, and 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, 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 Catholic 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, 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. . . .[21]

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."

[20] Georges F. Renard, *Histoire du Travail à Florence* (Paris: 1913), 190ff.
[21] R. H. Tawney, *Religion and the Rise of Capitalism* (New York: Harcourt, 1947), 31.

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."[22]

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.[23]

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, "forasmoche as I fynde myn conscience aggrugged that I have deceived in this life divers persons to that amount."[24]

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 acquisitor 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. Moneylending 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.

[22] R. Heilbroner, "St. Thomas Aquinas", in *Teachings from the Worldly Philosophy* (New York: W. W. Norton and Co.), 13.
[23] Pirenne, *Economic and Social History of Medieval Europe*, 27.
[24] S. L. Thrupp, *The Merchant Class in Medieval London* (Chicago: University of Chicago Press, 1948), 177. Also Renard, *Histoire du Travail à Florence*, 220ff.

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 command 40 to 60 percent interest—simply to enable the borrower to purchase 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.[25]

What was true of the country was also true of the city. The idea of an *expanding* economy, a *growing* scale of production, and 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.

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 glimpse 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

[25] Pirenne, *Economic and Social History of Medieval Europe*, 63.

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.[26]

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. However, for this to take place, men must have the wherewithal to enter a market; that is, they must have cash. 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

[26] Tawney, *Religion and the Rise of Capitalism*, 31–32.

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 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, a new marketing orientation must take over the production and distribution tasks. The whole replenishment, the steady provisioning, and 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. Our next chapter will bring us to a consideration of the causes capable of effecting so vast a change.

Key Concepts and Key Words

Markets

1. We must differentiate between markets, which have a very ancient pedigree, and market societies, which do not. *In a market society, the economic problem itself—both production and distribution—is solved by means of a vast exchange between buyers and sellers.* Many ancient societies had markets, but these markets did not organize the fundamental activities of those societies.
2. The economic societies of antiquity had several features in common, many of which contrast sharply with those of modern market economies:

Peasant farming

- They rested on an agricultural base of *peasant farming.*
- Their cities were—from an economic point of view—parasitic *centers of consumption, not active centers of production.*

Slavery
Surplus

- *Slavery* was a common and very important form of labor.
- In addition, they produced very considerable *surpluses,* as do modern economic systems.

Wealth and power

3. As a result, in the economic societies of antiquity, we find the economic side of life subservient to the political side. Priest, warrior, and statesman were superior to merchant or trader; *wealth followed power,* not—as in the market societies to come—the other way around.

Feudalism

4. Medieval economic life emerged from the catastrophic disorganization that followed the decline of Roman law and order. It was characterized by a new form of organization called the *manorial system,* in which

Lords
Serfs

- *Local lords were the centers of political, military, economic, and social power.*
- *Most peasants were bound as serfs* to a particular lord, for whom they were required to work and to whom they owed both labor and taxes or dues.
- *Physical security* against brigands or other lords was provided by the lord, who also gave some economic security in times of distress.

Manorial system

5. *The manorial system,* particularly in its earlier days (sixth to tenth centuries), *was a static economic system,* in which monetary payments played only a minor role. Self-sufficiency was the main purpose and the most outstanding characteristic of the manor.

Fairs

6. Side by side with the manor existed the economic life of the *towns.* Here monetary exchange always played a more important role, as did the organization of a more active economic life in the institution of *fairs.*

Guilds

7. The *guild* was the main form of organizing production in the towns and cities. *Guilds were very different from modern-day businesses,* insofar as they discouraged competition or profit seeking and sought to impose general rules on the methods of production, rates of pay, practices of marketing, and so on.

Usury

8. All through medieval times, the Catholic Church—the main social organization of the age—was suspicious of buying and selling activities. In part, this reflected a dislike of the exploitative practices of the times; in part, it was a consequence of an ancient contempt for moneymaking (remember Aristotle's dislike of *chrematistiké*) and especially for moneylending (usury). The religious leaders of the day worried about "just prices," and did not admit that unregulated buying and selling could give rise to just prices.

Market society

9. Three profound and pervasive changes would be needed to convert medieval society into a market society:

Monetization

- *A new attitude toward moneymaking* as a legitimate activity would have to replace the medieval suspicion of profit seeking.
- *The web of monetization would have to expand* beyond its narrow confines—that is, buying and selling would have to control the output of all products and the performance of nearly all tasks.
- The flux of *"demand" and "supply" would have to be allowed to take over the direction of economic activity* from the dictates of lords and the usages of custom.

Questions

1. What differences, if any, characterize the economic attitudes and behavior of the American farmer and the American businessperson? Can this comparison also describe the behavior and attitude of the Egyptian peasant and the Egyptian merchant? What accounts for the difference between the two societies?
2. Julius Caesar and J.P. Morgan were both wealthy and powerful men. What is the difference in the origins of their wealth and their power? Does power still follow wealth in modern economic societies? Does wealth still follow power in nonmarket societies?
3. To what uses was the surplus of society put in ancient Rome? in feudal society? in the modern United States? in the People's Republic of China? What significance attaches to these different uses? What do they tell us about the structure of these societies?
4. What do you think of the validity of Aristotle's distinction between economic activity for *use* and for *gain?*
5. In what ways is a serf a different *economic* creature from a modern farm worker? How is a slave different from an industrial worker?
6. What changes would have to take place within a guild before it resembled a modern business?
7. The Bible has numerous hostile references to moneymaking—"It is easier for a camel to go through the eye of a needle than for a rich man to enter into the kingdom of God." How do you account for this ancient churchly antipathy toward wealth? Is religion today still suspicious of moneymaking? Why?
8. Is the idea of a "just" price (or a "just" wage) still encountered in our own society? What is usually meant by these terms? Do you think these ideas are compatible with a market system?
9. The manorial system persisted for nearly 1,000 years. Why do you think change was so slow in coming?
10. Ancient Greece and Rome were a great deal more "modern" in their temper than feudal Europe, yet neither was remotely a modern economic system. Why not?