

The Market in Early Modern Europe

Fixing Prices under the Community's Eye

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In pre-industrial Europe, in which the economy of specificity and the habit of exchanging gifts prevailed, putting the buying process under the scrutiny of the community, through auctions or the market place, was an essential step in reducing the inherent uncertainty of fixing prices through face to face encounters.

The notion of the “market” hides a great variety of historical forms: what we understand when referring to “the market” in modern Europe has little in common with the market as conceptualized by economists. The market cannot be cut off from social concerns and the power relationships it reproduces, expresses, reinforces... The case of modern Europe illustrates these links between the market and society.

The Market and Inequality of Status

Analyzing the history and the practices of the market shows that individual exchanges, as carried out in the market place imply an equality of status among the persons involved. Indeed, The first definition of the word ‘market (*marché*), then called ‘*marchié*’, provided by the dictionary of old French and its dialects, had only one meaning: ‘*vente, achat à un prix débattu*’¹ (sale, purchase at a negotiated price). Later, dictionary definitions incorporated the historically constructed space for market exchange. For this reason, in pre-Revolution Europe, the ruling classes despised the market and refused to go there in person; for the same reason, it is also true that today there is hardly a region in the world except for the most patriarchal tribal regions in Afghanistan where women do not have the right to shop at the market.

The manner in which people made their purchases in ancient Europe clearly brings out the relationship of equality imposed by the market. Two distinct types of behaviour emerge¹. On the one hand, everyone bargained as bargaining was the norm in a world in which goods on the market were of uncertain quality and quantity; everyone save the aristocrats, who felt it beneath their dignity to bargain. Indeed, buying on the market meant spending a good deal of time to discuss things, size up products and enter into personal relationships, all of which assumed a dialogue among equals. But the aristocrats, who had to mark their difference with the rest of society in all acts of daily life, did not go to the market place and never bargained, for this would imply a fall from rank. Words still bear the traces of such behaviour and values and even today, bargaining has a pejorative connotation.

¹ Frédéric Godefroy, *Dictionnaire de l'ancienne langue française et de tous ses dialectes*, Paris, 1901.

¹ Pour une analyse plus approfondie, Laurence Fontaine, *L'économie morale. Pauvreté, crédit et confiance dans l'Europe préindustrielle*, Paris, Gallimard, 2008, chap. IX.

The aristocrats

To clearly establish their superiority in any exchange, the aristocrats would be the ones to determine the value of things. On receiving a supplier's bill, a nobleman would slash the amount by 10 to 20%, indicating that it was he who settled the price. The poor supplier would be made to wait before the nobleman deigned to look at it and it was only much later that he would be paid, that too in small instalments, for credit was a play on time that depended on the will of the payer. Now, the aristocracy drew its legitimacy from its proximity to God and time belonged to God. Time was thus vital in establishing the nobleman's superiority. And as time went by without any sign of payment, worried suppliers would begin legal proceedings to hasten the recovery of their money. But they never won, for aristocrats would turn to the King who, decreeing that time was on their side, would rule in their favour.

Furthermore, noblemen paid not in cash but with objects. Giving an object was also giving a little bit of their person, making their status visible and serving as a reminder of their power. The habit of leaving a tip today is a legacy of such aristocratic practices. As it is neither really a gift nor wage, nor even an act of charity, tipping is always a source of embarrassment both for the giver and the receiver. It still conveys the idea of distance and social inequality and bears the mark of the giver's pleasure². Besides, the value of a good is as high as the status of the giver. It traces social hierarchy. This emerges clearly in the case of jewellery and works of art so much so that if a Grandee took a liking for a painting, for instance, copies were made not because of the artist's fame, as it happens today, but because of the aristocrat's liking for it³.

It then follows that the gift was the favoured mode of aristocratic exchange. Gifts were the best indicator of a nobleman's status, and though people were aware that the gift too was a form of transaction, the value of the object was of no concern to the economy which governed it, what mattered was the status of the people taking part in the exchange. The gifts offered and those received were not strictly equivalent. No one counted when giving or returning a gift. Besides, the obligation to return a gift was not the same for all; it was the outcome of negotiations on a case by case basis taking into account the status of the social actors and the occasions which gave rise to the gift, some being more foreseeable than others. As the object was a part of the person who owned it, the value it acquired varied according to the status of the owner. Money, intrinsically anonymous, did not enter easily in the aristocratic economy, thereby explaining the nobleman's propensity to pay with objects for services that could have been paid for with money.

The clergy

The first estate, the clergy, could not escape the market and as early as the 10th century, monasteries in northern Spain, for example, registered numerous commercial transactions which were not gifts.⁴ But like the nobility, the clergy too were required, on account of their

² Georg Simmel, *Philosophie de l'argent*, PUF, Paris, 1987 [1900], Partie analytique, chap. 3, p. 250. Pour en ôter le caractère de marqueur d'inégalité sociale, il est aujourd'hui le plus souvent fixé par un pourcentage des sommes à payer.

³ Nathalie Heinich, *Du peintre à l'artiste. Artisans et académiciens à l'âge classique*. Paris, Editions de Minuit, 1993.

⁴ Wendy Davis, « Sale, price and valuation in Galicia and Castille-León in the tenth century », *Early Medieval Europe*, vol II, n° 2, 2002, p. 149-174 (155-6).

status, to mark their difference in all acts of life and they too declined to bargain whereby both buyer and seller were placed on an equal footing. And like the nobles, it was they who settled the price to establish their rank and superiority vis-à-vis the common man, though unlike the nobility, the value they set was based not on their power but on their knowledge and internalisation of Christian virtue. This is stated clearly in “The Rule of the Master”, a collection of monastic precepts composed in the early medieval period at a time when Western monarchy was taking root. The text, a source of inspiration for Saint Benedict, legislates on the way the monastery’s surpluses were to be sold. It explains the hierarchical relationships in society and seeks to establish the monks’ superiority in the name of their love for their neighbours. Accordingly, an abbot had to inquire about the market prices and then sell the monastery’s surplus cheaper to demonstrate to all ‘his love for his neighbour’ and his refusal to make profit which could have been obtained by bargaining, a practice condemned in the text as contrary to justice, since negotiating about prices was “the enemy of the soul”. Though abbots could not deny the existence of the market – since the market was what helped them estimate prices – they rejected it and placed themselves above it, arrogating to themselves the monopoly to determine prices as well as the power to impose on artisans their estimates and forbid them from earning any profit for themselves as they were obliged to hand over to the abbots the entire amount earned from the sale of the surplus. The rejection of the market was justified in the name of the values of love and justice. Benedict adopted this rule, asserting that the sale price had to be lower than the market price.

With the inclusion of merchants in society, the task of determining the value of goods was entrusted to them. This price, a matter first and foremost for the market and thus equal to the “current price”, could at times be fixed by the public authorities instead of the merchants in cases of cheating and monopoly, in other words, visible collusion among merchants or distortion of the market rules or when in times of famine, such prices threatened the survival of the poor. Prices fixed by the authorities, the “just price” per se, applied only to essential food items: cereals, bread, meat, wine and beer⁵. Several texts also refer to price as the common estimation (*communis aestimatio*). Most economic historians, including Raymond de Roover, transferred this phrase to the market, failing to take into account the other fundamental mode of price fixing in the *Ancien Regime*, namely auctioning⁶.

Patriarchal society and the market

Just as the first estates rejected, in the name of their social belonging, the manner in which the market determined value, the patriarchal organization of society placed women under guardianship and entrusted men with the task of establishing the modalities of the relationship of women to the market. However, as their social roles evolved with every member being required to contribute their labour to ensure the survival of the family or else fall into poverty, as was the case of most people, a new legal category emerged, that of the female trader, which gave women greater freedom in the management of their commercial affairs⁷. The *female*

⁵ Raymond de Roover, « The Concept of the Just Price: Theory and Economic Policy », *The Journal of Economic History*, Vol. 18, No. 4, 1958, p. 418-434.

⁶ Idem, p. 424, De Roover écrit : « By the sixteenth century the majority of the scholastic doctors agreed that the just price was either fixed by law or determined by common estimation (*communis aestimatio*). There has been some discussion about the meaning of this phrase, but it appears to be identical with *aestimatio fori*, or market valuation, since the two expressions were used interchangeably by the scholastics. Moreover, it is not clear how a community acting collectively could arrive at a price except by the chaffering of the market, certainly not by taking a vote, for example. » Il oublie les enchères qui sont alors omniprésentes.

⁷ Laurence Fontaine, *L'économie morale, op. cit.*, chap. V.

trader was a woman who *had a shop*. She did not require any prior permission; it was enough that she carried out her business “*with the knowledge*” of her husband. This tacit permission was sufficient, since the husband could exercise his right to correct or to put an end to the situation. As a result of such permission, the female trader, within the limits of actions related to her business, was responsible for all contracts and debts: she could defend herself in a court of law in matters related to her trade and she was free to administer her property, to dispose of it and, in case of bankruptcy, to separate her liability from that of her husband⁸.

Status societies could never stop the market economy from coexisting with the gift, though many exchanges escaped its purview. Accordingly, the market pervaded society as a whole and as soon as they could, everyone played with the rules and space – each seeking to benefit from the opportunities that their position as a consumer or a trader gave them. The State was present as much in its role as an arbiter as to fulfil its own needs. But the social structure of the *Ancien Regime* with its interlacing of authorities, privileges and rights made it very difficult to put into place a consistent policy directed at facilitating and regulating trade at the same time; this all the more so, as corruption was rampant at every level of power.

However, to maintain law and order and avoid famine, the state and the authorities attempted to ensure supplies and protect the people from the traders’ embezzlement. They thus strove to regulate the prices of essential goods with the help of market price lists and impose common measurements on all parties, for tampering with weights, measures, capacities and currencies was at the heart of all fraud: reducing portions and playing on the local and regional diversity of weights and measures were standard practice.

All these regulations notwithstanding, the prices fixed were never respected by either the small or big traders. In fact, the history of the market may be read as a series of barely applied regulations which were constantly revised and the increasing number of regulations reflected the incapacity of the authorities to improve the morals of the market.

Auctions & Markets

Putting the face to face of the buying process under the scrutiny of the community has been a more efficient way to reduce the capacity of the most astute or the less moral involved in the bargaining process to cheat. It took two forms: the organization of the market place and the use of another way of buying and fixing value, which is buying and selling through auctions.

The first was the organization of markets. In it, two elements are crucial: the spatial grouping of rival interests because it spurred competition among sellers and intensified monitoring by the community. The second was the merchant’s reputation; this helped reduce the uncertainty with the respect to how the merchant would use his knowledge of quality, measurement and currency. Reputation was one of the merchant’s most precious attributes which he was bound to protect and maintain at all costs⁹.

The second, Auctioning, was also a social process, allowing for the value and ownership of goods to be determined in case one or the other was uncertain. Now, in such societies, most

⁸ Laurence Fontaine, *L’Economie morale. Pauvreté, crédit et confiance dans l’Europe préindustrielle*, Paris, Gallimard, 2008, chap. 5.

⁹ Laurence Fontaine, *L’Economie morale, op. cit.*, chap. IX.

objects, just like missions, were part of what is today called the economics of singularities¹⁰. In an auction, the assembled community constructed the value, since everyone participated either directly or by being witness to the price at which objects, foodstuff and public contracts were acquired. Singular objects and all objects whose very category was at stake would naturally be auctioned: today, for instance, thanks to auctioning, some second-hand goods became antiques. In fact during the *Ancien Regime*, auctions were held everywhere, especially for four major types of goods. This was the mode for the sale of foodstuff, the most famous being the fish market auction, reserved for professionals. Auctions were held to sell used goods of indeterminate value, belongings of the dead, and unclaimed goods at pawnshops; a large number of public tenders, from the allocation of public works to the office of tax collectors were also auctioned. Finally, the keen interest the *curious* showed in collections from the 17th century made auctions a society event for the sale and purchase of objects. In this way, society as a whole, from the noblest of aristocrats to the humblest of peasants, took part in this mode of market exchange.

The price, be it fixed or determined after bargaining, was determined by certain criteria such as the quality, scarcity, size or any other characteristic of the good. In an auction, it was, on the contrary, the price which determined the value of the object¹¹. Auctions were a means to counter the uncertainties surrounding objects and individual face to face encounters.

Though auctioning favoured the community over the person to person relationship of direct purchase, it also permitted anonymous market relationships since intermediaries were involved. It was through auctions that the first estates got to experience the market despite all the restrictions imposed on them. This was the case of the centres for pilgrimage with several abbots following the example of the mendicant monks and refusing to accept gifts in cash to indicate their distance from the market economy. But, as they could not survive on barter alone, especially when they received objects difficult to preserve, they would frequently auction such gifts to convert them into cash.

The manner in which the produce arrived in the marketplace was crucial to the way it was organized and the division of roles between men and women. In the Netherlands, when the produce came directly from the producer or the processor, as in the case of meat and vegetables, husbands and wives worked together. Besides, guilds refused the presence of women. But when the produce reached the sellers indirectly, especially through the auctioning of fish, husband and wife partnerships were far less frequent, and wives could run a stall next to that of their husbands and the guild regulations accepted such situations, like Amsterdam's eel market where husbands and wives belonged to different guilds¹². Here too, despite all the taboos, auctions gave women greater leeway to act as merchants on an equal footing with men.

The aristocrats also seized upon auctions and turned them into the favoured space to sell works of arts and collector's items. Auction halls became meeting places where they could size each other, an arena to be seen and admired for their taste, their passion and their

¹⁰ Lucien Karpik, *L'économie des singularités*, Gallimard, Bibliothèque des Sciences Humaines, 2007. Toutefois, l'auteur ne s'intéresse ni aux changements de catégorie des objets, ni à la vente aux enchères.

¹¹ Charles W. Smith, *Auctions. The social construction of value*, University of California Press, Berkeley. Los Angeles, 1990.

¹² Danielle van den Heuvel, « Partners in marriage and business ? Guilds and the family economy in urban food markets in the Dutch Republic », *Continuity and Change*, t. 23, n° 2, 2008, p. 217-236.

spending power¹³. In this way, objects were reborn in auctions. They acquired new values, new owners, often a new definition and sometimes even a new history. Rivalries among buyers would also stir those present. The little games of one upmanship at auctions made them the ideal place to hold charity sales, as each one tried to outdo the other in generosity¹⁴.

Auctions were conducted in different modes: ascending auctions, descending auctions, all kinds of eye, head and hand signals and sometimes the use of tablets. They were held in places reflective of the values, attitudes and expectations of the assembled community. Art auctions took place in posh places in keeping with the high opinion those present had of themselves and the objects they coveted; country auctions, on the other hand, were unpretentious affairs. The dress code, the presentation of objects, the catalogues and advertisements were in line with the kind of people who attended the auction.

Of course, some tried to manipulate auctions to their advantage and in professional communities the temptation was great to work as a group, assert oneself against others or agree to exclude newcomers¹⁵.

But the common feature of all auctions was that they were held under the community's eye even if their role consisted only to control and validate the price arrived at by individual arrangements. They were in fact also a more efficient way than regulations by the authorities, which were difficult to enforce, to counter the uncertainties surrounding objects and individual face to face encounters.

Thus the economy of the Ancien Regime was first and foremost an economy which placed people instead of things at its center; it was an economy in which the value of things reflected social hierarchies. However, with the inclusion of merchants in Middle Ages society, whose responsibility was to determine the value of things, the uncertainty of this value became paramount; in order to reduce this uncertainty, the creation of systems in which transactions are held under the community's gaze was in fact more efficient than regulations by the authorities.

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¹³ John Michael Montias, *Art at Auction in 17th Century Amsterdam*, Amsterdam University Press, 2002.

¹⁴ Charles W. Smith, *Auctions.*, *op. cit.* p. 77, 79, 89.

¹⁵ Nombreux exemples dans Charles W. Smith, *Auctions.*, *op. cit.*, chap. 6.