elements of the economy related to each other would have to be tested, not only in early modern Poland and late medieval western Europe, but in the Roman and Carolingian empires, in Tang China, in Mamluk Egypt, in Mughal India. We would need a very generic model to do that, as well as more specific versions for more restricted periods and regions, which could then be assessed comparatively (something which is even now relatively rarely done). But, if we got that far, we would have a powerful tool for understanding the basic structure of socio-economic relationships, in the whole period from the rise of landownership to the appearance of industrial capitalism: of how they changed, but also of when and why they did not need to, which was most of the time. Marxist theory can contribute here to understanding medieval history better, but also in going well beyond it.

Note. I am grateful to Chris Dyer and Larry Epstein (who died, tragically, while this volume was in proof) for critiques of this chapter, and to several of the conference participants for ideas.

4.

Property and Progress: Where Adam Smith Went Wrong

ROBERT BRENNER

Ahistorical Materialism

The Dominance of Smithianism

During most of the first half of the twentieth century, there was widespread, if not unanimous, agreement that the way to understand the historical emergence of economic development in the West was through the theoretical lens provided by Adam Smith in The Wealth of Nations. As everyone knows, according to Smith, the growth of output per capita takes place by way of the expansion of the market. This leads to the search for the gains from trade, leading to specialization and the increase of the division of labour, as well as capital accumulation, which together make for rising efficiency, the increase of productivity. There ensues a pattern of self-sustaining growth by way of the invisible hand ... at least so long as the economy is unfettered by rent-seeking states or other such parasitic entities.

Working with this framework, the Smithian historians of the earlier generation took as their point of departure what they called feudal economy, which they understood as natural economy, or production for use — literally no trade. Feudalism had emerged, as they saw it, as a result of exogenous shocks, when a series of invasions — by the so-called barbarians, then the Muslims, and finally the Vikings — disrupted the great trans-Mediterranean trade routes that had long nourished the European economy, going back to Roman and Greek times. Agrarian Europe, and especially the lordly manors that constituted its basic cell structure, was thus thrown back into self-sufficiency and, as a consequence of the resulting decline of specialization and the division of labour, a long period of stagnation.

Against the background of feudal autarchy and non-growth, economic development was once again unleashed by the re-establishment of
Robert Brenner

precisely those same long-distance trade routes linking Europe with the eastern Mediterranean. This was the initial rise of the market, and it provided the basis for the initial growth of the division of labour, focused on merchant-led towns. Great industry grew up in those towns, notably in northern Italy and the southern Netherlands, supplying manufactures to the trans-European market for luxuries and military goods that had formerly been procured in the eastern Mediterranean or beyond—a kind of import substitution. After that, the call of urban markets brought about the transformation of the countryside, as feudal lords reorganized their estates in a capitalist direction in order to produce and sell more effectively to the towns. So, especially as feudal lords, absolutist states, and mercantilist governments lost their capacity to prey on production and fetter growth, the economy proceeded from medieval commercial revolution, to early modern agricultural revolution, to modern industrial revolution.

The foregoing story was, in fact, pretty much the same one that Adam Smith told in The Wealth of Nations, Book III, which is largely devoted to the rise of capitalism. A narrative of extraordinary power, it was taken up by such ideologically and politically diverse thinkers as Henri Frenne, the liberal Belgian historian, and Paul Sweezy, the American Marxist economist. The picture it painted was one of more or less unilineal progress, driven by the growth of trade.

The Rise of Malthusianism—Ricardianism

Nevertheless, although this is sometimes today forgotten amid contemporary celebrations of the market, Smithianism hardly went unchallenged. From the late 1930s, and especially from the late 1940s, the discovery of the demographic factor, the role of population, completely transformed the economic historiography of the medieval and early modern periods. For the next three decades, roughly through the 1970s, Adam Smith was left in the shade by Thomas Malthus and David Ricardo. Of course, the newly emergent demographic interpreters in no way denied the extraordinary growth of trade and towns that took place in medieval and early modern Europe. This had been definitively established by the great Smithian historians of the first half of the twentieth century. What the demographic interpreters did call into question was the ability of trade and towns to bring about, in any automatic way, economic development, in the sense of the growth of labour productivity or per capita output.

Demographic historians such as M. M. Postan thus noted that, in later medieval Europe, rural regions experiencing the greatest impact of the growing urban market sometimes responded to the opportunity to exchange by tightening rather than loosening servitude, opening the way to economic stagnation. Postan referred to the strengthening of villeinage in the Thames Valley, in the shadow of London, in thirteenth-century England. The classic case was of course East Elbian Germany and Poland, where neo-serfdom emerged in tandem with the rise of international trade in the fifteenth and sixteenth centuries. Commerce thus opened the way to neo-feudalism which made for underdevelopment. In an analogous manner, other demographic historians like E. Le Roy Ladurie pointed out that, while the growth of urban demand offered peasants the opportunity for increased income, there, too, the outcome was generally the opposite of economic growth. Peasant involvement in the market was accompanied by subdivision of holdings, intensification of labour rather than rising investment, and falling labour productivity . . . this leading not to economic growth, but to agricultural involution.1

In the end, the demographic interpreters accomplished nothing less than to replace the Smithian picture of unilineal progress resulting from the gains of trade with the Malthusian pattern of cyclical stagnation driven by demographic growth. Roughly speaking, in this perspective, population was seen, à la Malthus, to grow geometrically, output only arithmetically. As population grew, peasants were obliged to occupy ever worse land and to break up holdings, which brought about declining land–labour and capital–labour ratios. The inevitable outcome was declining output per person, meaning declining labour productivity. As a consequence, the increased demand for food and land, driven by rising population, outran supply, undermined by weakening productivity, and there followed the famous Ricardian pattern of factor prices. Food and land prices rose relative to the prices of labour and manufactures. Landlords and farmers did well at the expense of workers and town artisans. Increasing poverty was an unavoidable accompaniment. Ultimately, of course, population hit a ceiling, which was enforced by famine, disease, and late marriage. There was then just the opposite pattern: falling population, relatively cheap food and land, relatively high manufacturing prices and wages.

As Postan and Ladurie, as well as other great demographic interpreters like Wilhelm Abel of Germany, showed, European history from

1000 through 1700 and beyond was understandable in terms of two great demographic cycles, ultimately driven by population increase and declining agricultural labour productivity: 2

**Phase A.** Population rise from 1100 to 1300 leads to the Great Famine of 1316–17, the Black Plague of 1348–9, the Hundred Years War—"The General Crisis of the Fourteenth Century".

**Phase B.** Population decline in later fourteenth and early fifteenth centuries—"The Golden Age of Peasants and Workers".

**Phase A.** Population rise from 1450 to 1600 leads to a population ceiling, c.1600, trans-European warfare—"The General Crisis of the Seventeenth Century".

**Phase B.** Population stagnation and decline in the later seventeenth/early eighteenth centuries.

The bottom line, especially with respect to the hitherto hegemonic Smithian paradigm, was that the Malthusian cyclical pattern of secular stagnation persisted throughout most of Europe, not just during the medieval period, but into the middle of the eighteenth century. So much for unilinear progress.

**The Limits of Malthusianism—Ricardianism and Smithianism**

Nevertheless, the Malthusian–Ricardian model had glaring weaknesses of its own, which were more or less the mirror opposite of those of the Smithian model. The Smithian historians had a great deal of difficulty explaining why the spectacular, long-term growth of commerce and urban industry had failed to elicit the sustained growth of agricultural productivity and failed to overcome long-term economic stagnation throughout most of Europe before the industrial revolution—hyper-commercialized, industrialized, and urbanized Flanders being a telling case in point. But, by the same token, the demographic interpreters were unable to explain why, from various points during the early modern period, their model ceased to hold in certain limited but critically important regions of Europe, despite continuing population increase. Thus, as virtually everyone recognized, from the fifteenth, sixteenth, and seventeenth centuries, the economies of England and the northern Netherlands began an epoch-making process of what turned out to be self-sustaining Smithian growth.

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In both places, the expansion of trade was accompanied by a profound deepening of the division of labour in agriculture and industry; the spectacular accumulation of land and of capital; and, ultimately, the acceleration of technical change. From this point onward, in these two places, the growth of output per capita was never again stymied by the growth of population, which continued—indeed radically accelerated—right through the nineteenth century. Simply put, the Smithians could not explain persistent stagnation in most of Europe through the middle of the eighteenth century; but the Malthusians could not explain the take-off into sustained growth in England and the northern Netherlands during the late medieval and early modern periods.

**Posing, or Failing to Pose, the Problem of Economic Development**

By the mid-1970s or the early 1980s, the great historiographical conquests—and failures—of Smithianism and Malthusianism–Ricardianism had more or less clearly posed the fundamental conceptual and historical problem that had to be dealt with by economists and historians, if the field was to move forward. The challenge was to resolve, conceptually and empirically, the following two closely interrelated questions:

1. Why was it that over six or seven centuries—from around 1050 to 1750—despite the impressive growth of towns and trade, most of the European economy was characterized by two successive grand Malthusian demographically driven cycles, marked by falling labour productivity in agriculture?

2. Why was it that, at different points in the later medieval and early modern periods, in the face of ongoing, indeed accelerated demographic increase, a few economies of Europe achieved a breakthrough to self-sustaining growth?

Nevertheless, the fact remains that the economic historiography failed to confront this issue, and has, for the most part, continued to ignore it right up to the present. Indeed, far from the transcendence of the dual legacies of Smithianism and Malthusianism, we have had instead a return—I would call it a regression—to Smithianism pure and simple. By the middle of the 1990s, as the turn to neo-liberal market opening became ever more pervasive on a world scale and as the US economy experienced the supposed miracle of the New Economy, the rise of the market was once again being nearly universally regarded in the economic historiography of Europe and beyond as the automatic driver of economic growth, so long as there were no political barriers preventing
this. Economic historians were once again finding so-called ‘Smithian growth’ everywhere they looked.  

Now, in my opinion, this revival of Smithianism has been achieved only by way of massive historiographical amnesia and with major intellectual costs:

1 The first of these costs is that the pervasive demographic cum economic patterns discovered by the Malthusian–Ricardian historians have been allowed to simply fall off the radar screen. In particular, there has been a failure to come to grips with, and a continuing inability to account for, the prevalence of the Malthusian–Ricardian pattern of prices and income distribution throughout most of Europe right into the period of the industrial revolution, even in the face of the huge stimulus of urban demand.

2 The second is what I would call a forced homogenization of the pattern of historical development in medieval and early modern Europe. Since it was undeniable that trade and towns expanded impetuously throughout much of medieval and early modern Europe, it was, once again, simply assumed that this must have generated economic growth; that economic growth was, if not universal, at least the rule rather than the exception. Historians have therefore papered over the truly enormous divergence, during the early modern pre-industrial epoch, in the processes of growth between the dynamism experienced by the Anglo-Dutch economies and the Malthusian–Ricardian stagnation that prevailed almost everywhere else in Europe.

3 Finally, in what seems to me a fit of exuberance that I will let others call irrational, historians of China, and other places in Asia, have not only found enormous evidence of the growth of trade in their regions, which is quite irrefutable, but they have also gone on to draw what seems to me the quite unfounded conclusion that this increase in exchange brought about economic development, in the sense of rising per capita output and rising labour productivity. Indeed, led by Ken Pomeranz and the so-called California school, a new group of historians of China has refurbished and revised the old theory of capitalist sprouts and is arguing that, up to 1800,

economic growth had proceeded as dynamically and as far in the Yangzi Delta as in England. 

It is my view that all of these historiographical trends simply elide the fundamental questions posed by dual legacy of Smithianism and Malthusianism in the historiography, which I frame in the following manner:

1 In theory, or in general, what determines whether the Malthusian or the Smithian pattern of economic evolution will prevail at given times and places?

2 More concretely, or historically, what determined the divergent historical patterns of development within Europe during the medieval and early modern periods—the persistence of Malthusian stagnation throughout most of continental Europe through 1750, the take-off meanwhile to sustained growth in England and the northern Netherlands from various points between 1450 and 1600?

Adam Smith’s Decisive Contribution and Its Critique

Smith’s Theory of Economic Growth as a Necessary Point of Departure

In any attempt to understand economic development, Adam Smith must remain the indispensable point of departure—the place to start, if not to conclude. This is because Smith both captured the essence of modern economic growth and discovered what might be called the key mechanisms responsible for its taking place. Smith’s genius was, in my view, to locate the essence of modern economic growth in the generalized adoption, all across the economy, of certain specific forms of individual economic behaviour—the adoption of a certain approach to economic life on the part of economic agents as standard. Modern economic growth thus takes place where, and because, the economy is constituted by individuals who, as the norm, seek systematically to maximize profits by means of cost-cutting through ever deeper specialization, the systematic reinvestment of surpluses, the obsessive adoption of the latest technique, and the movement of means of production from line to line in response to changes in demand.

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For Smith, then, the *differensia specifica* of modern economic growth or economic development is not constituted by any once-and-for-all technological breakthrough, such as the rise of the factory or the adoption of inanimate power that one finds at the heart of modernization theory (as in Ernest Gellner). Nor is it, again, the rise of towns and of the town-country division of labour (emphasized by Henri Pirenne), or indeed the emergence of that interregional or international division of labour at the core of world systems theory (developed by Immanuel Wallerstein). Nor is it, in itself, that 'original accumulation of capital' which has, from time to time, featured in latter-day 'Smithian' accounts of development—be this derived from the gold and silver mines of the Americas, the African slave trade, or whatever. All these things could—and sometimes did—contribute to an already ongoing process of economic development, but they could in no way constitute it or bring it into being. What distinguishes modern economic growth, as Adam Smith observes, is something much more general and abstract: it is the presence in the economy of a systematic, continuous, and quasi-universal drive on the part of individual direct producers to cut costs via specialization, capital accumulation, and the transformation of production in the direction of greater efficiency.

What, then, is it that accounts for the effective generalization throughout the economy of this form of individual economic behaviour? Smith provides two basic mechanisms:

1. In the first instance, individuals specialize because they find it in their self-interest to do so, in order to secure the gains from trade. Because the gains to be had from specialization in the thing one does best are better than the returns from diversifying so as to produce everything one needs for subsistence, economic agents choose the former over the latter.
2. In the longer run, in order to successfully specialize, individuals find that they have to further break up tasks, to accumulate capital and innovate so as to bring in the latest technique, because this is the only way they can survive in competition. So, there is a process of natural selection that makes for the prevalence of low-cost producers by weeding out high-cost producers. The upshot is that, for

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5 Good management... can never be universally established, but in consequence of that free and universal competition which forces every body to have recourse to it for the sake of self defence: A. Smith, *The Wealth of Nations*, ed. R. H. Campbell and A. S. Skinner, 2 vols (Oxford, 1976), I, pp. 163-4.

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Smith, modern economic growth occurs because what individual economic agents find to be in their self-interest and what they are compelled to do in order to survive under the pressure of competition turns out, or just happens, to fit the requirements for economic development to take place in the economy as a whole. The particular choices individuals are inclined to make and that are selected out by the system turn out, or just happen, to bring about, in the aggregate, sustained economic growth. This coincidence is, of course, what Smith is capturing with his notion of the invisible hand.

Transcending Smith and Malthus: An Alternative Approach to Development

The foregoing contributions of Smith seem to me the necessary place—indeed, the only place—to begin. For economic development, in the sense of the sustained growth of output per capita or labour productivity, will take place, as Smith showed us, only (1) where the individuals constituting the economy find it systematically in their self-interest to maximize the gains from trade, and (2) where competition weeds out high-cost low-profit units. Nevertheless, it also seems to me that there is a very major problem entailed, which was left unresolved by Adam Smith. Contrary to what Adam Smith seems to have supposed, individuals or families will not always find it in their self-interest to allocate their resources or means of production so as to maximize the gains from trade, even when they have the opportunity to do so. Nor will high-cost, low-profit productive units always be weeded out by competition in production. On the contrary, these things will happen, only under certain quite specific, and historically limited, social conditions. Where Adam Smith thus fell short—to put it most generally—was in presenting his basic mechanisms as if they held universally, or, more precisely, in failing to specify the socio-economic conditions under which his mechanisms making for economic growth did and did not hold.

It is at this point that historical materialist theory and history come into their own. For historical materialist approaches offer a way to resolve and thereby transcend the problems in the ahistorical perspectives of Smith and Malthus—Ricardo.

Most fundamentally, historical materialist approaches begin from a denial of any notion of trans-historical individual economic rationality. The contention is that, contra not only Smithians but also Malthusians, the specific forms of socio-economic behaviour that individuals and families will find to make sense and will choose will depend on the society-wide network of social relationships—society-wide constraints
and opportunities—in which they find themselves. These constraints present themselves to individual economic agents as unchangeable givens, because they are sustained by collective socio-political action. The upshot is that every historically evolved type of society—what Marx called mode of production—has its own microeconomics.

**Social-property relations.** What will determine an economy’s microeconomics—i.e. what individuals will find it makes sense to choose—is the macro-structure, what Marx called relations of production, and what I will term social-property relations. I prefer social-property relations to the more standard relations of production for two reasons. First, the term social relations of production is sometimes taken to convey the idea that the social structural framework in which production takes place is somehow determined by production itself, i.e. the form of cooperation or organization of the labour process. This I think is disastrously misleading. Second, I think it is necessary not only to lay bare the structuring or constraining effects of *vertical* class, or surplus extraction, relations between exploiters and direct producers, which is generally what is meant by social relations of production. It is, if anything, even more critical to bring out the structuring or constraining effects of the *horizontal* relationships among the exploiters themselves and the direct producers themselves.

Social-property relations, as I would define them, are thus the relations among direct producers, relations among exploiters, and relations between exploiters and direct producers that, taken together, make possible/specify the regular access of individuals and families to the means of production (land, labour, tools) and/or the social product per se. The idea is that such relations will exist in every society and define the basic constraints on—the possibilities and limits of—individual economic action. They form the constraints because they define not only the resources at the disposal of individuals but also the manner by which individuals gain access to them and to their income more generally. They define the resources at the disposal of individuals and the manner by which individuals gain access to them and to their income more generally because they are maintained or reproduced collectively, that is beyond the control of any individual, by *political communities* which are constituted for that very purpose. It is because political communities constitute and maintain the social-property relations collectively and by force—by executing the political functions that we normally associate with the state—defence, police, and justice—that individual economic actors cannot as a rule alter them, but must take them as a given, as their framework of choice.

**Rules for reproduction.** It follows that, in view of the specific set of historically given social-property relations that prevails, the society’s individuals and families can be systematically expected to adopt a particular corresponding set of economic strategies—or what I would call rules for reproduction; for, in light of the possibilities and limits set by the social-property relations, those strategies or rules make the most sense. We can therefore say that the social-property relations determine the rules for reproduction.

**Developmental patterns.** Finally, since, given the prevalence of certain given social-property relations, people can be expected to make the choice for certain given rules for reproduction, it follows that when those choices are made in aggregate, they give rise to certain corresponding overall developmental patterns, which Marx called, a bit pretentiously, laws of motion. Put another way, by asking what is the consequence of everyone following the economy’s rules of reproduction—everybody doing it, so to speak—one can discern or adduce the economy’s basic secular economic trends.

So, the causal chain runs from historically specific, politically reproduced social property relations to individual rules for reproduction to aggregate developmental patterns to society-wide forms of crisis.

It seems to me that a decisive advantage of this approach is that it allows one—indeed, obliges one—to clearly distinguish between, and sharply pose, two very different issues that tend to be run together by ahistorical approaches: that is to say, change *within* the system versus change *of* the system, or, alternatively stated, the evolution of a society of a given type versus the transition from a society of one type to a society of a qualitatively different type. From this standpoint, evolution *within* the system follows from the reproduction of the social-property relations, which continue to enforce the same rules for reproduction and in turn the same developmental patterns and forms of crisis. By contrast, a change *of* the system requires the transformation of the social-property relations, because only the latter results in the new rules for reproduction that are required for the installation of new developmental patterns and forms of crisis.

**Towards an Historical Theory of Economic Development**

From the foregoing discussion, a point of departure for constituting a theory of economic development naturally follows: namely to establish the
social-property relations under which the two Smithian mechanisms of
growth either will or will not hold. Specified a little further, the problem
is to flesh out the following series of basic propositions:

1 While economic development in the sense of the sustained growth
of per-capita output simply cannot take place without the operation
of Smith's two mechanisms of growth, those Smithian mecha-
nisms will themselves function only where certain historically
specific social-property relations prevail, and these I would call
capitalist social-property.

2 By contrast, where pre-capitalist social-property prevailed—and
this is, I would argue, throughout most of world history in both
east and west and north and south—the economy will fail to
develop and, more than likely, experience a Malthusian–Ricardian
pattern of cyclical stagnation.

3 It follows that the key to the emergence of modern economic
growth as characterized by Adam Smith was the onset of processes
of transition through which pre-capitalist social-property rela-
tions were transformed into capitalist social-property relations.
Such processes, for reasons I shall try to specify, were far from
universal.

Capitalism

What, then, are capitalist social-property relations? There are two defining
elements:

1 Economic agents must be separated from their means of subsis-
tence. Though they may possess means of production—tools and
skills—the individual economic agents cannot possess their full
means of subsistence, i.e. all that is necessary to allow them to
directly produce what they need to survive. What this usually
means is that, at minimum, they must be deprived of ownership
of land, or at least land that, when combined with their labour
and tools, could provide them with everything they need to
survive.

2 Economic agents must lack means of coercion that would allow
them to reproduce themselves by systematically appropriating by
force what they need from direct producers.

The idea here is simple and far-reaching, though not uncontroversial.
It is that, unless they are devoid of their full means of subsistence (again
not necessarily production) and the ability to secure their subsistence by

force from the direct producers, economic agents will not be required
to buy necessary inputs on the market. Unless they are required to buy
necessary inputs on the market, they will not be obliged to sell on the
market in order to survive. Unless they are required to sell on the market
in order to survive, they will not be subject to the competitive constraint,
their very survival dependent upon their producing competitively.
Unless, finally, they are subject to the competitive constraint, they cannot
be expected to try to maximize their profits by seeking the gains from
trade, so they cannot be counted on to specialize, accumulate, innovate,
and move from line to line in response to demand. This last point is most
essential, for what is implied is that the mere operation of self-interest on
the part of individual economic agents in response to the opportunities
provided by the growth of the market cannot be expected, let alone
counted upon, to detonate self-sustaining growth. The bottom line is that
Adam Smith's two mechanisms of growth will operate only where eco-

nomic agents are not just involved in, but also dependent upon the market
for their inputs and therefore subject to competition, and in addition
where those same economic agents are unable to sustain themselves by
recourse to forcible appropriation from the direct producers. It is the
prevalence of the specific social-property relations that renders produc-
cers free and subject to the competitive constraint, having to produce
competitively to survive, that makes for economic development. (See
Table 4.1.)

Feudalism

In order to sustain the foregoing argument, it is necessary to prove a,
rather large, two-pronged proposition: that is to say that, in the presence
of pre-capitalist social-property relations, even given the substantial
growth of opportunities to exchange, economic actors not only (1) found
it individually sensible to adopt economic strategies or rules for reproduc-
tion that were incompatible with the requirements of economic develop-
ment in the aggregate, but also (2) found it individually and collectively
sensible to act in ways that maintained and strengthened those social-
property relations. Despite the presence of market incentives, economic
actors failed to find a strategy of price-cost maximization by means of
intensified specialization, accumulation, and innovation to be in their
individual self-interest or compelled by competition. Over time, therefore,
output and income per person not only failed to rise with population, but often
tended to fall. Even so, neither individuals nor groups could find it in their
own self-interest to seek to transform the social-property directions in a
capitalist direction.
Property and Progress: Where Adam Smith Went Wrong

To put the matter crudely, it is my contention that the agrarian economies that came on the scene from the time of the origins of settled agriculture until the early modern period were, almost universally, structured by variants of a single broad type of pre-capitalist social-property relations, of which the form that prevailed in medieval and early modern Europe represented one particular example. This broad type of social-property relations can be understood as 'just the opposite' of capitalist social-property relations. Its widespread prevalence, I would contend, explains not only why, from the rise of settled agriculture until the early modern period, what might be called commercialization—the rise of trade, towns, and the urban-agricultural division of labour—was near universal, but also why, despite commercialization, non-development, and particularly the Malthusian-Ricardian form of non-development, was also essentially universal. The transformation of pre-capitalist social-property relations in a capitalist direction—the transition from pre-capitalist to capitalist social-property relations—was thus the key, historically, to the onset of modern economic growth. In the remainder of this chapter, I attempt to make sense of these propositions and to demonstrate their usefulness for understanding the evolution of feudalism in most of Europe from the eleventh century through the middle of the eighteenth century; the transition from feudalism to capitalism in parts of western Europe during the fifteenth, sixteenth, and seventeenth centuries; and the implications of the latter for the ensuing emergence of a new pattern of self-sustaining growth.

The Evolution of Feudalism in Medieval Europe

What, then, were the social-property relations that constituted the European feudal economy, and why did these systematically give rise to long-term patterns of non-development, despite nurturing the extensive development of commerce, urbanization, and the town-country division of labour?

Feudal Social-property Relations

Peasant possession. Like most agricultural societies since the origins of sedentary agriculture, European feudalism was constituted, at its foundations, by what I would call peasant possession. By this I mean that agricultural producers had direct access to factors of production—land, tools, and labour—sufficient to enable them to maintain themselves without recourse to the market. What made possible peasant possession was, in the first instance, villagers' self-organization—or the self-organization of leading villagers—in a conscious political community. This community ensured the maintenance of the position of each of its members as possessors by carrying out a series of functions that should, again, be identified as quintessentially political. It helped to establish rules for landholding and inheritance. On occasion, it appears even to have helped organize defence of its members against outsiders. And it helped to settle disputes among its members concerning property and persons and to enforce law and order by carrying out justice and police functions. The upshot was that peasant possession—like virtually all private property under

* I say 'helped' in this context, for, where lordship was established, peasants in fact carried out these functions in collaboration with, and subordinately to, lords.
feudalism — was politically constituted, containing an irreducible political element: it was made possible by the political functioning of the peasant community, which endowed its members with the rights that gave them their possession of the means of subsistence, specifically their land. Beyond that, it was sustained by the paradoxical fact that lords could not, as a rule, find it in their own interests to separate their peasants from the means of subsistence.

**Lordly surplus extraction by extra-economic coercion.** Lords were not lords by virtue of being landowners, holders of demesnes (indeed, they did not always have demesnes). This was because peasants possessed their means of subsistence and so were under no compulsion to take up a commercial lease or hire themselves out as waged workers in order to survive. Lords could not, then, count on the availability of either commercial tenants or waged workers to valorize what demesne land they held, i.e. on an adequate market in labour power or lessees. As a result, they could not, as individuals, find it in their interest to expropriate the land possessed by their peasants because, having done so, they would find themselves with no one to turn to work on or lease their plots. This was, beyond the action of the peasant community, a further powerful factor contributing to the maintenance of peasant possession. The outcome was that lords could ensure their economic reproduction as lords, idealtypically, only by appropriating part of the product of the peasant possessors by force. In addition, because under feudalism, at least in its classical form, lords took a surplus in some sense individually — rather than collectively via some sort of centralized taxation — they always faced the problem of implicit competition among lords for peasants. What this meant was that successful surplus extraction by extra-economic coercion tended to require the exertion of some degree of control over peasants’ lives, some restriction on peasant freedom, especially with respect to mobility.

What enabled lords actually to succeed in taking a surplus by extra-economic coercion was their constitution of self-governing political communities or states, however large or small. These communities made possible lords’ application of force and, in that way, the performance of the set of key political (‘governmental’) functions that enabled lords to make regular, coercive transfers of wealth from peasants, as well as from other lords. They thereby established, and made possible the valorization of, lords’ rights in peasants’ product, so that, for individual lords, it was membership in such communities or states, with associated rights, that, in the last analysis, made them proprietors. Their property, too, was politically constituted.

The extensive coincidence of the processes of the constitution of political communities and the constitution of private property — of state formation and class formation — throughout the pre-capitalist epoch cannot be overstressed. Under feudalism, overlords could amass power — to insure their economic reproduction, as well as to carry out public governmental functions — only by constituting a political community. But overlords could constitute a political community only by effectively endowing followers with what I have just termed politically constituted private property — rights to an income, generally (but not exclusively) arising from rights in peasant wealth, derived classically from seigneurial jurisdiction over peasants and land or, alternatively, from offices financed out of taxation of peasants — or, less formally, from gifts or payments from the overlords. It was the lords’ self-organization into a political community, under the leadership of the overlords, that made possible the application of the force that was the sine qua non both for the coercive redistribution of income and wealth by which individual lords maintained themselves at the expense of peasants and other lords, and for the simultaneous execution of the standard functions of government by those same lords. The lordly community made possible taxation — the taking of levies by individual lords from peasants — fundamentally for lords’ personal use, but also to finance public services. It carried out justice and police functions, basically to protect lords’ property rights by quelling peasant resistance and restricting mobility, and also to settle disputes among the lords themselves and to enforce law and order against unruly members of the lordly, as well as the peasant, community. It was responsible for military operations, fundamentally to make possible predatory ventures to take other lords’ wealth, but also to allow for defence. State building, with the implied capacity to wield force, was thus necessary for the lords’ surplus

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7 As a consequence of the secular tendency for population to increase and for peasants to subdivide their holdings on inheritance, there was a long-term tendency for the size of some peasant holdings to fall below that required to provide their full means of subsistence. For this, and its implications, see below, pp. 78–80.

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4 Because lordly political communities carried out the governmental functions we normally associate with states, while disposing of the means of force to make this possible, they should be understood as states, despite their multiplicity, their small size, their localized scope, and their property-constituting (surplus-extracting) function. This is not, of course, to deny that, even early on, some lordly states were unified and had jurisdiction over broad territories.
extraction and class domination, with the consequence that the lordly class, controlling the means of coercion, inevitably constituted the state.

Feudal Rules for Reproduction

The structure of social-property relations, reproduced by collectivities of lords and by collectivities of peasants, constituted the basic framework in terms of which individuals and/or families decided upon the best strategy for their economic reproduction. By examining how this worked out for feudal economic agents, we can lay bare the fundamental concrete, or specific, problems with the Smithian notion that the Smithian mechanisms of growth—specifically the pursuit of the gains from trade and operation of competition as constraint and field of natural selection—can be expected to operate irrespective of the reigning system of social-property relations. We can explicate, as well, the manner and degree to which production for the market did emerge and develop and lay bare the limitations upon its capacity to bring about economic growth either by transforming the reigning rules for reproduction or the system of social-property relations.

Peasants

Peasants tended to adopt the rule for reproduction 'produce for subsistence', the strategy of deploying their families' land, labour, and capital to produce directly all that they needed to survive, marketing only physical surpluses. They did not, that is, adopt the Smithian rule for reproduction, 'produce for exchange', specializing in what they did best, accumulating their surpluses, and adopting the latest technique. This is not to say that peasants did not involve themselves in trade—for of course they did, to a significant degree. Rather, it is to contend that they eschewed specialization and the resulting market dependence. How do we explain this, especially as it implies that peasants failed to seek all the gains from trade that were theoretically possible?

The preliminary, but nonetheless crucial reason why peasants selected produce for subsistence as their basic rule for reproduction is that they could, so long, of course, as they continued to possess the means of subsistence. Possession of the means of subsistence relieved peasants from the necessity to depend on the market for most of their inputs; it therefore shielded them from competition. They had what they needed to survive, so they did not have to go to market for essentials. Therefore there was no need for them to produce competitively in order to continue to make a go of it. Even if others might adopt a new cost-cutting technique, peasant possessors did not have to. Failing to adopt a cost-cutting innovation that could bring down the price of their output would presumably reduce the returns peasants could net from selling their surpluses by reducing their market share or the return per unit of sales. But, since they did not depend on sales on the market for survival, this would not put them out of business.

But this still leaves unanswered the question of why peasants rejected production for exchange by means of all-out specialization. They might not have been compelled to seek the gains from trade in order to survive, but why did they not find it something they wanted to do anyway? After all, as Adam Smith proved, pursuing the gains from trade is the most efficient way to allocate one's labour, as well as capital and land, if one wishes to maximize exchange value from the goods or service one provides. Why did not peasants find it in their self-interest to do so? There can be no doubt that, like everyone else, peasants wanted to secure the gains from trade, to the extent possible, all else being equal. That, after all, was only rational. But the problem was that all else was not equal: for specializing to secure the full gains from trade jeopardized the attainment of other, overriding peasant aims.

We can thus pinpoint the fatal flaw of what might be called Smithian trans-historical micro-economics in the following way. While Smith brilliantly specified the gains that come from specialization for the market, compared to diversification for subsistence, he failed to demonstrate a trans-historical, or generalized, self-interest in specialization because he failed to consider and investigate the other side of the coin, i.e. the potential costs that could accrue or damages that might result from such specialization. Where Smith went wrong therefore was to neglect the potential losses from trade and to entertain the possibility that these might outweigh the gains from trade. Peasants in possession of their means of subsistence thus refrained from seeking the full gains from trade because the trade-offs entailed by specialization were too great. The problem was that specialization by definition meant market dependence; market dependence entailed subjection to competition; and standing up to competition required maximization of profits by minimization of costs. Nevertheless, for peasants what was required to maximize their price-cost ratio by minimizing costs was incompatible with the pursuit of other goals they could not sacrifice. What were these overriding goals and why was their realization incompatible with the maximization of the gains from trade?

'Safety first'. Peasants had, above all, to make sure of their supply of food. But, peasants could not count on a regular, adequate supply of food.
through exchange. Bad harvests were common but unpredictable, tending to occur in bunches and to lead to ‘crises of subsistence’. Such crises not only brought extremely high food prices over several years; simultaneously, because of those high food prices, they also brought reduced discretionary spending for most of the population, thus reduced demand and unusually low prices for non-essential, non-food items. Under these conditions, peasants who specialized in non-food crops would face the possibility—the precise probability of which they could not calculate—of finding themselves squeezed between the high costs of the inputs (especially food) that they had to purchase and the low returns from their output, and in serious danger of death from famine. Given the uncertainty of the harvest and the unacceptable cost of ‘business failure’—namely the possibility of starvation—peasants could not afford to adopt maximizing exchange value via specialization as their rule for reproduction and adopted instead the rule of ‘safety first’ or ‘produce for subsistence’. Again, this did not imply staying out of the market. It meant eschewing full-scale specialization leading to dependence on the production and sale of non-food crops (such as wine, flax, and the like) and instead diversifying so as to directly produce everything needed for survival and marketing only what was left over. It cannot be overstressed that agriculturalists’ adoption of this non-Smithian strategy was conditional upon their possession of the means of reproduction; without the latter, peasants would have lacked their shield from competition; they would have been compelled to buy their inputs on the market; and thus had little choice but, in Smithian manner, to specialize so as to secure the gains from trade so as to meet the competition.

**Having large families.** Peasants had to secure insurance against illness and old age in a society in which there was no institution upon which they could rely for this outside the family. It therefore made sense to have as many children as possible, in order to insure that there would be some who survived long enough to be able to take care of them in case they were sick and when they got old. But they could not viably take this route and simultaneously choose to produce for exchange and thereby subject themselves to competition and the resulting pressure to maximize their price–cost ratio. This was because having and supporting additional children implied a reduction in the surplus of which the family could dispose for the long years in which those children were unable to bring in as much income as they cost to sustain. Peasants with large families who turned to specialization would thus find themselves at an intolerable competitive disadvantage. By contrast, producing for subsistence gave peasants sufficient insulation from the exigencies of market competition, so they could secure social insurance in the only way available to them.

**Subdivision of holdings as basis for social insurance, early marriage, and the perpetuation of the family line.** Peasant possession gave them the effective right to subdivide their holdings and they tended to adopt this custom (even where primogeniture was the formal rule) almost universally, unless lords prevented them from doing so. In this way, they made sure that their (male) children actually had the capacity to provide care for them, and ensured the perpetuation of the family line. Subdivision also enabled peasants to respond to the demands of male children for the wherewithal to start families of their own and, indeed, provided the basis for early marriage, for lacking direct access to plots by inheritance (younger) sons would have had to spend a much longer time amassing the economic basis for forming a family. Nevertheless, like burdening the holding with many children, subdividing holdings, by reducing their size, naturally undercut their productive potential (unless they were extremely large to begin with). Adopting this rule for reproduction to secure highly valued goals of both parents and children was thus incompatible with market dependence and the exigencies of standing up to competition, and thus required avoiding specialization and pursuing a strategy of diversification—production for subsistence/safety first—to make it viable.

In sum, possession of the means of subsistence, by shielding peasants from the competitive constraint, permitted them to eschew potential gains from trade and to take the necessary steps to maximize their utility. Peasants’ choice for diversifying to provide subsistence and marketing only physical surpluses expressed no economic irrationality, but represented the most sensible way to secure economic security, as well to pursue understandable non-economic goals, under conditions in which neither economic security nor those non-economic goals could be achieved in conjunction with market-dependent, competitive production. Peasant possessors could not take full advantage of the market by specializing because specializing meant market dependence; market dependence meant subjection to the competitive constraint; and achieving competitiveness was incompatible with diversifying so as to minimize the risk of death through starvation, the provision of health and old age insurance through having large families, and securing the capacity of their male children to establish the basis for their own material reproduction, so as to care for their parents, to marry, and to secure the family line. Peasants might seek some of the gains from trade by involving themselves...
in the market, specifically by trading their physical surpluses, but they had to stop short of specializing and becoming dependent upon it.\(^9\)

**Lords**

By virtue of their rights in their peasants' product, lords commanded non-market access to sufficient income to directly provision their households and secure their basic needs. They were thereby shielded, like peasants, from the requirement to produce efficiently on the market in order to stand up to economic competition in order to survive. Nevertheless, in view of the fact that feudal society was constituted by a multiplicity of separate, initially localized, lordly groups organized for the purpose of exerting force, politico-military competition was a fact of life. As a consequence, lords had little choice but to concern themselves with acquiring the wherewithal to engage effectively in warfare, as well as the conspicuous consumption that betokened their status. They therefore had every inducement to attempt to increase the income from their estates in order to purchase the military and luxury goods that they needed to sufficiently reward, equip, and expand their followings. What was the best way to do this?

Some lords lacked demesnes and depended for their income entirely on payments in money and kind from dependent peasants. But even those lords who held ample lands would face virtually insuperable barriers if they sought to increase their income by means of increased investment and innovation in agricultural production, given the nature of their relationship with the peasants upon whom they depended for their labour force. Because peasants possessed their own plots and laboured on lords' demesnes only under the threat of force, they had little incentive to make effective use of the improved means of production with which lords might equip them, and lords were of course in no position to fire them for their failure to do so. Deprived of the threat of dismissal, perhaps the best disciplinary device yet discovered to motivate careful and intensive work in class-divided societies, lords found the supervisory costs of securing satisfactory work too high to justify much agricultural investment or innovation. They therefore had to find alternatives to improvement if they wished to increase their income.

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\(^9\) The foregoing analysis is premised, of course, on peasants actually being able to maintain the means of subsistence, something it was not always possible for them to do. See below, pp. 78-80.

**Extensive growth.** Although they had minimal capacity to transform production so as to increase productivity, lords could increase output and income by opening new lands to agricultural production along already-existing lines. This might be achieved via simple assarting, the carving out of arable land from waste, or, more grandly, via colonization, the expansion of feudal economy into new regions. Either way, extending the area of cultivation was the lords' main form of productive investment and perhaps the best way of increasing their output, incomes, and capacity to buy on the market.

**'Political accumulation'**. In the absence of access to new land, lords had little means to increase their income except by improving their ability to redistribute wealth coercively from peasants or other lords. As a result, lords often found their most viable rule for reproduction to be what I call political accumulation. This entailed applying their surpluses to building up their military and political potential by constructing stronger—better armed, larger, and more cohesive—political communities to better dominate and control the peasantry and to more effectively wage war. Rather than systematically investing, they pursued an anti-growth strategy of compulsively consuming—narrowly systematically dispersing their money on military equipment to arm their feudal bands and on luxury goods to bring vassals around them and keep them there. State-building—by attracting more followers to the lordly political community, better equipping them with weapons, and enabling them to pursue a form of life that distinguished them as members of the elite—was, in the end, the sine qua non for lordly survival and prosperity.

It must be emphasized that lords' adoption of political accumulation as a rule for reproduction is inexplicable merely as one viable means for increasing lordly income. It was imposed upon lords by the structure of the feudal economy as a whole. Inter-lordly competition was thus the feudal analogue of inter-capitalist competition and it functioned like capitalist competition as a field of natural selection, weeding out those lords or groups of lords—i.e. lordly states—that could not stand up to military pressure, from the time in which feudal political communities tended to be small and rudimentary, right through to the era of huge, absolutist warfare states. Lordly groups therefore had no choice but to turn to political accumulation so as to build up their military potential merely for purposes of defence. At the same time, under conditions where it was difficult to extend production, conquest and plunder might very well prove the most cost-effective way to increase income.
Feudal Developmental Patterns

It was the generalized adoption by individual lords and peasants of the rules for reproduction imposed by feudal social-property relations that lay behind long-term patterns of feudal development. By grasping the progression from feudal social-property relations to feudal rules for reproduction to feudal forms of growth and feudal forms of crisis, it becomes possible to understand the general lines of feudal evolution across Europe as a whole. Of course, though partaking of a common trajectory, different regions took paths that differed from one another in important respects. These divergent paths were crucial in determining divergent long-term outcomes, to which it will be necessary to return.

Population growth. Peasants' proclivities to have large families and subdivide holdings facilitated early marriage and relatively low levels of celibacy. The latter made for relatively high fertility and, in turn, rapid population growth. All across the European feudal economy demographic increase accelerated from some time in the eleventh century and, virtually everywhere, brought about a doubling of population before the end of the thirteenth century.

Colonization. The only method by which the feudal economy could achieve real growth was by opening up new land for cultivation. Economic development in feudal Europe may thus be understood, at one level, in terms of the familiar race between the growth of the area of settlement and the growth of population. During the twelfth and thirteenth centuries, feudal Europe was the site not only of dynamic efforts at assarting, i.e. scratching out new arable land from forests and wastes. It was also the scene of great movements of outward expansion by settler-colonizers. The latter were often organized and led by lords, who pushed eastward across the Elbe, conquered the Iberian Peninsula, and would, eventually, reach out from Portugal and Spain across the Atlantic to the Americas. But, in certain instances, the colonization process was undertaken by peasants, notably in the case of the reclamation of land from the North Sea, to constitute much of what was to become the northern Netherlands.

Limited growth of the productive forces and declining productivity of labour. As population grew and peasants subdivided holdings, the material foundations for improving production—indeed of peasant production itself—were progressively weakened. Agriculture had to be extended to land that was less fertile and/or more costly to bring under cultivation. Holdings got smaller, and the ratios between land and labour and capital and labour diminished. Because the man–land ratio steadily increased, yields tended to grow. But this growth of output per unit of land was an expression of, and was purchased at the cost of, a decline of output per unit of labour. To make matters worse, as peasant plots got smaller and they yielded ever less food, peasants were obliged to transfer to arable production land previously devoted to the support of animals, the key source of the manure that was required to keep the land in heart. But this naturally undermined soil fertility, accelerating the decline of agricultural labour productivity that overshadowed every aspect of feudal economic evolution.

The peasants' approach to agriculture tended to preclude the ongoing improvement that would have been required to counter the tendency to declining output per person. Shielded from competitive constraint, peasants lacked an overriding incentive to develop new techniques or systematically to adopt existing ones. At the same time, their choice of production for subsistence as their fundamental rule for reproduction limited the specialization that was usually a prerequisite to technical advance. It was not that peasants were resistant to technological change per se. For example, over the course of the medieval period, they adopted progressively larger and better ploughs. Still, the introduction of new techniques tended to take place as a once-and-for-all occurrence, not an ongoing self-sustaining process.

The underlying problem was that a high degree of market dependence was required to bring in the technical improvements that really could have made a difference, those that would come to constitute the 'new husbandry'. The latter was largely about creating a more symbiotic relationship—to replace the age-old conflict—between arable and animal production and was highlighted by the integration of fodder crops (clover, sainfoin, turnips, etc.) into new rotations. The increased cultivation of fodder crops could allow for the support of larger numbers of beasts for ploughing, hauling, and manure. Meanwhile, as a consequence of the nitrogen-fixing properties of the fodder crops themselves, it would directly contribute to the fertility of the soil. But the fact remains that, although apparently well known in several parts of Europe in the medieval epoch, these improvements generally were not systematically integrated into rotations until the early modern period due to peasants' resistance to the high degree of specialization and reliance on market sales that they entailed.

The problem of limitations on specialization was compounded by the small size of peasant plots, which tended to grow ever smaller. In basic grain production, a family labour force could on its own cultivate a farm
of 35 acres, or even 50 acres or more, especially if it had the help of seasonal labour at harvest time. But the majority of peasants often appear to have lacked plots even half that size, i.e. around the minimum needed to provide for a family’s subsistence. The outcome was that peasant agriculture was unable to allocate its supply of labour efficiently, specifically meaning that there was a great deal of disguised unemployment in the dominant, grain-producing agriculture. The resulting pressure on peasant family incomes and waste of potentially productive labour constituted an enormous fetter on the growth of peasant productiveness. Peasants’ tendency to have many children and to subdivide their holdings among their sons obviously worsened this problem, especially as peasants’ parcellization of plots tended to overwhelm the tendency to the build-up of sufficiently large holdings in the agricultural economy as a whole.

Part and parcel of the same syndrome, peasants often lacked not only the land, but also the capital, needed to produce grain effectively—especially through investing in animals, as well as in farm infrastructure. Surpluses were small, and access to credit highly restricted. And the difficulties were of course exacerbated over time, as population grew, wealth was divided, and collateral disappeared.

Finally, individual peasant plots were, most often, integrated within a village agriculture that was, in critical ways, controlled by the community of cultivators. The peasant village regulated the use of the pasture and waste on which animals were raised, and the rotation of crops in the common fields. Individual peasants thus tended to face significant limitations on their ability to decide how to farm their plots and thus on their capacity to specialize, build up larger consolidated holdings, and so forth.

**Feudal state-building.** In the face of its limited potential for increasing agricultural output, and under pressure from the inter-lordly politico-military competition that was built into the feudal structure of decentralized coercive surplus extraction, the lords tended to find that investing their surpluses so as to increase the size and sophistication of their political communities, or states, was an indispensable means to ensure their survival and increase their wealth and power. This was especially because inter-lordly competition for peasants, intensified by the lords’ need for additional peasant cultivators to valorize newly reclaimed land, as well as inter-lordly disputes over jurisdictional rights within villages, tended to provide the peasantry with major openings for playing lords off one against one another, as well as for resistance, thereby limiting the lords’ take. It was also because that same inter-lordly competition constituted a field for natural selection, which, over time, increasingly favoured those lords able to improve their politico-military capacity, in much the same way as inter-capitalist competition composed a field for natural selection that favoured those units able to improve their techno-productive capacity.

This is not to say that a high level of lordly organization was always required. Nor is it to argue that state-building took place as an automatic or universal process. On the eastern frontier of European feudal society, colonization long remained an easy option, and there was relatively little internally generated pressure upon the lordly class to improve its self-organization. At the same time, just because stronger feudal states might become necessary did not always determine that they could be successfully constructed. But the fact remains that, to the degree that they remained internally disorganized, lordly groups would tend to be that much more vulnerable not only to peasant resistance and flight that could undermine their capacity to take a surplus, but to deprivations from the outside that threatened their very existence. The evolution of the feudal mode of production, over the course of the medieval and early modern periods, was therefore characterized by the prevalence, in every region and across Europe as a whole, of ever larger and more powerful political communities or states.

**The expansion of the market and the growth of towns.** The immediate expression of lordly political accumulation leading to the growth of ever larger and more powerful lordly political communities or states was the growth of exchange and the rise of towns. The lordly class needed ever more, and more sophisticated, weaponry and luxury goods (especially fine textiles) to respond to intensifying intra-feudal politico-military competition. The growth of exchange made possible the rise of a circuit of interdependent productions in which the manufactures of the towns, produced in response to the demand of the lords, were exchanged for peasant-produced necessities (food) and raw materials, appropriated by the lords and demanded by the town population.

In this nexus, both artisan industrial producers and merchant intermediaries were of course central, but it should be emphasized that they were

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11 Data on the size of peasant plots are all too scarce. This generalization is based on evidence from later thirteenth-century England (in the great survey, the Hundred Rolls), as well as English and French studies of individual lordly estates.

12 This is not of course to deny the converse, viz that relatively strong states could be found in every feudal epoch, even quite early on, as for example in Anglo-Saxon England.
not, typically, either capitalists or proto-capitalists. Like peasants and lords, urban industrial producers depended upon political communities for their politically constituted private property, and found membership in these communities the sine qua non for their economic reproduction. Especially in the face of the precariousness of the medieval food and other markets, artisans were thus obliged to organize themselves into gilds which had as their chief purpose securing their members’ income by reducing the uncertainty of market production through constituting a shield against competition. In order to keep prices up, gilds limited entry, enforced production standards, and restricted output. As a consequence, though innovations of course took place from time to time, artisan-dominated industry displayed little of the tendency to self-sustaining specialization, accumulation, and innovation required for dynamic industrial growth.

Merchants found themselves in a position roughly analogous to that of artisans. Merchants’ profits depended upon their ability to buy cheap and sell dear and therefore required political regulation of trade for their sustenance. This was because, without controls over entry and quantities traded, competitive processes would tend to force the purchase price up and the sales price down until they equalized one another. Merchants, too, therefore—like lords, peasants, and artisans—depended for their reproduction upon their organization into political communities, specifically privileged companies. To be effective, the latter needed charters that could be backed up politically and forcefully, and so almost always had to be issued by the prince or leading aristocrats. Like virtually all other feudal actors, merchants found that their private property and economic reproduction had an irredicibly political aspect. Indeed, the best way for merchants to increase their profits was, very often, to strengthen their companies’ trading privileges.

The restricted scope of commercialization and the town–country division of labour: limited growth of the non-agricultural labour force and of the domestic market. Commerce, merchants, and towns were thus in no way external to the feudal economy; on the contrary, because they responded directly to the requirements for lords to carry out their rules for reproduction, they were integral to its functioning from the very start. Great industrial and commercial cities emerged in Flanders and northern Italy from the tenth and eleventh centuries on the basis of their industries’ ability to capture a preponderance of the demand for textiles and armaments emanating from the lordly class of Europe as a whole. In turn, they placed ever-greater pressure on commercialization in the countryside. But the fact remains that both the social–property relations in agriculture and the character of the town–country division of labour put strict limitations not only on urbanization but the degree to which the growth of towns could stimulate the response of agricultural production.

The trend to declining labour productivity in agriculture tended to lead naturally to declining agricultural surpluses per agricultural worker and therefore to put strict limits on the potential for growth of the relative size of the non-agricultural labour force and, specifically, of towns. At the same time, because peasants had only limited ability to make market purchases, the growth of lordly demand constituted the main driving force for urban industrial and commercial expansion, but it too was limited by the size of the agricultural surplus. During the whole of the medieval and early modern periods through 1750, throughout most of western Europe the non-agricultural population as a proportion of the total failed to grow, while that of the towns increased at best from 10 per cent to 12 per cent.13

The growing weight of unproductive production. In the first instance, the growth of the town–country social division of labour within feudal society benefited lords, for it reduced costs of production through increasing specialization, thereby making military and luxury goods relatively cheaper. Nevertheless, in the longer run, it meant the growth in the size of the economy’s unproductive sector at the expense of its productive one. On the one hand, feudal levies were used to pay for the output of the growing urban centres, thus on military goods and luxury consumables, but neither of the latter flowed back into the productive process as means of production or means of consumption for the direct producers. On the other hand, as lords succeeded in increasing their unproductive consumption by improving their ability to redistribute income away from the peasantry coercively, they further limited the agricultural economy’s capacity to improve, for increased levies reduced peasants’ disposable income, and thus their ability to support themselves as the agricultural labour force or to make greater investments in tools. So, if the growth of towns depended on agrarian surpluses and tended to increase the demand for agricultural output, it also further constricted the capacity of agriculture to support it.

The Malthusian–Ricardian pattern of relative prices and the growth of poverty. Because agricultural labour productivity declined as population increased, the evolution of the feudal economy was marked by a distinctive evolution of relative prices that expressed its fundamental nature. As the number of persons grew, demand for food and land to provide food naturally grew correspondingly. But, because output per person declined, demand outran supply, tending to drive up the relative prices of both food and land. At the same time, because food prices rose, income available for discretionary expenditures declined. As a result, the demand per person for non-necessities, notably manufactured goods, declined, even while manufacturing productivity avoided the declining productivity that gripped agriculture, with the consequence that the relative prices of manufactures fell. Meanwhile, as the potential labour force grew, even as the economy’s dynamism decreased, real wages tended to fall. This, in combination with the decline in the size of peasant plots, meant that the rate of poverty inexorably increased.14

The (partial) commercialization of peasant agriculture, the rise of proto-industry, and the increase of land productivity at the expense of labour productivity. The ultimate result of the long wave of demographic expansion leading to subdivision of holdings was to leave a significant part of the peasant population, by the thirteenth century, first without agricultural surpluses and ultimately with insufficient land to provide fully for its subsistence. A greater proportion of the peasantry than ever before was rendered at least partially dependent upon the market. Nevertheless, (usually partial) market dependence for these peasants led not to any breakthrough toward modern economic growth, but an intensification of the long-term trends toward stagnation and decline. Increasing numbers of peasant plots could not support their possessors, but peasants had little choice but to cling to them, because they provided an indispensable contribution to their livelihood. This was especially because, due to the structurally limited size of the non-agricultural labour force, as well as the restricted employment opportunities offered by towns dominated by artisans organized in privileged guilds and merchants organized in privileged companies, the economic alternatives available to peasants outside of agriculture were minimal. Under the pressure of population increase, growing numbers of peasants thus found themselves ‘stuck’ on the land, while their demand for means of support beyond their own plots increased as the size of their holdings decreased. Peasants had little choice but, in one way or another, to accept decreasing living standards and increasing exploitation or ‘self-exploitation’, in order to survive.

Peasants who had insufficient land to provide their subsistence directly but who had commercial access to urban markets could seek to make ends meet by making more intensive use of family labour—not only their own but also, especially, that of their wives and children. All else being equal, peasants in this position would have devoted their additional labour to the production of food grains, for, in the face of food prices that rose with population increase, this would have brought the best returns (so long as the demographic upturn continued). But the problem was that increasing labour inputs in food grain production quickly brought sharply declining increases in output (rapidly falling marginal returns to labour). Peasants were therefore obliged to fall back on the cultivation of such ‘labour-intensive’ commercial crops as flax, dyes, and garden vegetables, as well as legumes and sometimes fodder crops. They might turn, as well, to domestic industry organized by town or rural merchants. Still, to follow this path, peasants had to pay a heavy price. Because the pressure on peasants to pursue the production of specialized crops or domestic manufacturing was accompanied by rising food (grant) prices, both commercial agriculture and proto-industry yielded ever smaller returns per unit of labour input than did wheat, so always represented a decrease in the cost-effectiveness with which peasants allocated their major resource. Put another way, although commercial crops and domestic manufacture yielded increased output and income per household or per unit of land—rising land productivity—it did so only at the cost of a further decrease in output per unit of labour—declining labour productivity. The peasants’ turn to commercial agriculture and proto-industrialization should not therefore be understood, in Smithian fashion, as a voluntary attempt to secure the gains from trade in response to growing market opportunities, but rather as a second choice, made under duress, as the only way to survive in the face of insufficient land to cultivate food grains.

Whereas intensifying labour could not, after a point, raise yields for grain, it could long continue to raise yields for many non-grain commercial crops, although perforce at the cost of declining output per unit of labour input. This was the classic route to peasant ‘self-exploitation’. Peasants with insufficient land to secure their subsistence either directly or through commercial sales were obliged to lease additional land at a

commercial rent or to hire themselves out as agricultural labourers or go into domestic manufacturing. But their having to do so offered lords, richer peasants, and merchants unprecedented opportunities, for it provided them with an ever-increasing supply of effectively captive labour. With no other place to go, semi-landless peasants had to intensify their labour and reduce their living standards to the extent necessary to secure a lease or employment. Lords and wealthier peasants could therefore secure the best returns from their land by spending money on the employment of additional peasants rather than on improved means of production and by leasing land to peasants obliged to produce with the goal of family survival, rather than to larger farmers aiming to make a profit. Merchants made the same choice in organizing domestic manufacture. Simply put, peasant families’ capacity and necessity to intensify labour and accept lower returns per unit of labour input made substitution of labour for capital the optimal way to improve lordly and merchant income.15

In sum, under the pressure of an ever higher man–land ratio, precisely in order to continue to ‘produce for subsistence’, peasants were, paradoxically, obliged to turn ever more intensively to the market—to commercial agricultural and industrial pursuits. But, because they did so by necessity rather than by choice, they only failed to secure the gains from trade that would have accrued to them had they had plots of sufficient size to continue to produce and sell surpluses in food grains, but suffered declining productiveness and declining living standards in the process. The implication for the economy as a whole was that during the thirteenth and the first part of the fourteenth century—and in the feudal economy’s ‘up’ phases of demographically driven expansion more generally—increasing commercialization and proto-industrialization represented no step toward development, but an aggravation of ongoing economic involution. In the words of Slicher van Bath, the rise of intensive husbandry and, we might add, of proto-industrialization ‘was not a picture of wealth, but of scarcely controlled poverty. . . . The cause was . . . the necessity to eke out a living for an increased and dense population’, under conditions where peasants had no other options.16


Feudal forms of crisis

The long-term process of extensive growth—powered by demographic growth, and overlaid by the intensification of political accumulation leading to the growth of feudal states which supported ever larger, parasitic urban centres—had, in the last analysis, to lead to predictable forms of crisis.

Malthusian crisis. Given declining labour productivity, population growth faced unavoidable limits, and, all over Europe, from various points in the late thirteenth and early fourteenth centuries, there was increasing evidence of overpopulation and the letting up or actual ceasing of population growth. In this situation, all else being equal, there should have been a simple Malthusian adjustment in which demographic decline—via famine, disease, and later marriage—brought population back into line with available resources, opening the way for a new phase of demo-economic expansion. But this straightforward homeostatic mechanism could not take effect because the operation of the feudal economy encompassed a balancing not merely of peasants’ requirements for subsistence with the potential output of medieval agriculture, but of lords’ requirements for political accumulation with the peasants’ potential aggregate surplus.

Crisis of seigneurial revenues. Because the lords’ growing needs for military and luxury consumption were ultimately determined by the growing requirements of inter-feudal competition in an epoch of increasingly well-constructed feudal states and ever more costly warfare, the lords could not easily adjust their demands downward to the declining capacity of the underlying agricultural population to meet them. While the slowdown of population growth of the late thirteenth and early fourteenth centuries thus meant the deceleration of pressure on the available resources, it also meant a slowdown in the growth of the number of rent-paying tenants and so thereby a deceleration in the growth of lordly rents. To maintain sufficient politico-military potential, lords sought to compensate for the slowdown in the growth of their income by increasing their demands on the peasantry, as well as by initiating military attacks upon, so as to

trapped in a cycle of relative overpopulation and the ensuing parceling out of agricultural land and pressure on agriculture income, coupled with the inability of the surrounding towns to absorb emigration from the countryside’; H. van der Wee, ‘Industrial Dynamics and the Process of Urbanisation and De-urbanisation in the Low Countries from the Late Middle Ages to the Eighteenth Century: A Synthesis’, in idem (ed.), The Rise and Decline of Urban Industries in Italy and the Low Countries (Late Middle Ages–Early Modern Times) (Louvain, 1988), p. 347.
redistribute income from one another. Peasants were thus subjected to increasing rents and the ravages of warfare at the very time that their capacity to respond had been severely weakened, and this led to population stagnation and decline. The particularly sharp reduction in population that followed upon the famines and plagues of the fourteenth century brought major reductions in lordly revenue leading to sharply increased lordly demands—resulting in a downward spiral of rising exploitation, increased inter-lordly military conflict, and declining population that was not reversed in many places for more than a century. The lordly revenue crisis and the ensuing seigneurial reaction thus prevented the normal Malthusian return to equilibrium. A general socio-economic crisis, the product of the overall feudal class-political system, rather than a mere Malthusian downturn, gripped the European agrarian economy until the middle of the fifteenth century.17 (See Table 4.2.)

The Transition from Feudalism to Capitalism

Conceptualizing the Transition to Economic Development

If feudal social-property relations, so long as they were maintained by lordly and peasant political communities, tended to make for the adoption of certain rules for reproduction on the part of individual lords and peasants and, for that reason, certain aggregate or economy-wide developmental patterns and forms of crisis, the question that obviously arises in attempting to understand the breakthrough from Malthusian—Ricardian stagnation to Smithian self-sustaining growth is how to understand a transition from the feudal mode of production to an economy in which economic agents systematically adopt capitalist rules for reproduction. The Smithian approach clearly faces profound difficulties in even recognizing this problem, let alone resolving it. This is because its fundamental premise is that, in response to the opportunities offered by the rise of commerce, individual economic agents can, more or less trans-historically, be expected to find it in their economic interest to seek the gains of trade by specializing, and, beyond that, accumulating surpluses and innovating, thereby detonating an ongoing process of economic development by way of the invisible hand. From that point of departure, it is difficult to take on board the idea that a system of social-property relations, sustained by the

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<table>
<thead>
<tr>
<th>Social-property relations</th>
<th>Rules for reproduction</th>
<th>Development patterns</th>
<th>Forms of crisis</th>
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<tbody>
<tr>
<td>Reproduced by lordly political community</td>
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<tr>
<td>• lordly exaction by extra-economic coercion, i.e. forceful taking of feudal rent. This is exploitative, because labour, rent, or money is taken from peasants without compensation and without peasant choice (non-contractual).</td>
<td>• political accumulation, i.e. use levies from peasants to build larger, more cohesive, better armed political groups, or feudal states</td>
<td>• opening up of new lands, expansion</td>
<td>Feudal crisis</td>
</tr>
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<td></td>
<td>• expand area of settlement, either through bringing more land into cultivation (assarting) or through colonization, i.e. extending feudalism to new regions.</td>
<td>• ever larger feudal states</td>
<td>• population falls</td>
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<td></td>
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<td>• growing demand for military and luxury goods</td>
<td>• lordly income falls</td>
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<td></td>
<td></td>
<td>• growth of trade and towns (as expression of lordly demand for military and luxury goods)</td>
<td>• lords tax peasants and take from other lords through war (to compensate for falling incomes)</td>
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<tr>
<td></td>
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<td>• growth in unproductive expenditures.</td>
<td>• population falls, as peasants face increased levies at same time they are already suffering from falling incomes and as production is disrupted by war</td>
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<td></td>
<td></td>
<td></td>
<td>• a downward spiral.</td>
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The collective action of class-based political communities, might create incentives for individuals to adopt economic strategies that, though individually sensible, turn out, in aggregate, to be subversive of economic growth. The explanatory tactic that Smithianism broadly speaking has therefore been obliged to pursue is to understand changes in social structure, or social-property relations, as taking place in the same way as other economic changes—specifically, as the aggregate result of the piecemeal initiatives of individual economic agents, acting at the micro-level, so as to maximize profits of their economic units, in this case, by reorganizing their units’ structure of property so as to increase their cost-effectiveness in much the same manner as they might reorganize their units’ structure of production itself, in accord with factor prices and/or the availability of new techniques.

In a series of famous passages in *The Wealth of Nations*, Adam Smith offers what has turned out to be the classic instantiation of this approach, so as to account, in effect, for the historical transition from feudalism to capitalism in England. In Smith’s scenario, the starting point is the appearance of merchants from the towns at lords’ estates, offering for sale to lords ‘baubles’ hitherto unavailable (but quite irresistible) to them. Lords, who were previously limited in what they could consume by the prevalence of the natural economy, are motivated to respond by attempting to rationalize their estates so as increase their income. First, they dismiss their very costly retainers as *faux frais* of production, free their peasants, and kick most of those same peasants off their plots. Then, they offer the best-off among the latter, presumably on a competitive basis, commercial leases to farm larger, consolidated plots that the landlords have built up and brought together. The upshot, in aggregate, of this same process, taking place manor by manor across the economy, is the rise, de facto, of capitalist farming in England.15

It should nevertheless be more or less self-evident that Smith can accomplish this conceptualization only by failing to take seriously the existence of feudal social-property relations as constraints on the actions of individual economic agents. Only in this way can he conceive of the transformation of social-property relations as taking place as the result of initiatives taken at the micro-level and presumed to generalize themselves economy-wide. If it were admitted that, as in medieval England, peasants actually possessed the land, the rationality of a lord dismissing his retainers would be hard to credit, for, without them, how could a lord have ensured the forceful domination over his peasants that he needed in

15 Smith, *Wealth of Nations*, Book III.
order to exploit them by taking part of their product without recompense—let alone to separate them from their plots? But, even assuming that the individual lord could have successfully accomplished the liberation then expropriation of his peasants, it is hard to understand why he would have found it in his interest to do so, in view of the fact that, given the prevalence of feudal social-property relations, the economy that surrounded him was constituted by other feudal lords capable of exerting extra-economic controls over their peasants and peasants who themselves possessed their means of subsistence. Given those social background conditions, in which an individual lord was unable to have recourse to already-existing well developed markets in tenants or workers, to whom could the lord have expected to turn in order to farm his estate? He could hardly have relied on his just-expropriated peasants to remain in the neighbourhood. But, even if the latter had been willing to stick around and to come back and work for the lord, the lord would have found himself in a very poor bargaining position to lease to or to hire them, given the lack of competition for tenancies and jobs.

The steps that Smith has his individual lord undertake would of course have made sense on the premise that the society-wide transition to capitalism had already been completed—i.e. the lords as a class had ceased to be able to take a rent by extra-economic coercion and the direct producers had already been separated from their means of subsistence and been reduced to market-dependent tenants; in other words that the former were already capitalist landlords, owners of the land, able to access a developed market in tenants. But to adopt this premise would obviously be to take for granted the existence of what it is necessary to account for. If, by contrast, one gives credence to peasant possession and lordly exaction by extra-economic coercion as the givens of the feudal social-property system, sustained on a system-wide basis by the collective action of communities of lords and peasants, one would have to conclude, as did a range of non-Smithian historians from M. M. Postan to Maurice Dobb, that, to best respond to increased opportunities to market the product of their estates, individual lords would have attempted to strengthen their grip on the peasantry so as to extract more from them in a feudal manner. Rather than detonating a transition to capitalism, the ensuing process could very well have led to a strengthening, and epochal extension in time, of the feudal mode of production—and clearly did so across northeastern Europe, in East Elbian Germany and Poland, during the later medieval and early modern periods.

In recent decades, historians have tended to accept that, in the presence of feudal lordship, the rise of trade cannot be counted to set in train a process of transition. A number of them have made, however, the equally Smithian argument, that, once lordship had been overcome, individual peasants could be expected to set off the transition to capitalism by way of a process of social differentiation. In this vision, larger peasants, taking advantage of presumed economies of scale, beat out, on the market, smaller and less effective producers. In turn, the former then emerge as a rural bourgeoisie, the latter fall into the ranks of the rural proletariat, and the former hire the latter, instantiating the rise of capitalism.19

But, as with the scenario presented by Adam Smith, this process, envisioned by latter-day Smithians, must assume that the transition to capitalism has already taken place in order to successfully explain it. In the presence of peasant possession, larger, more efficient peasants can, by virtue of their greater productiveness, take a greater share of the market at the expense of their less-well-off counterparts, but they cannot put them out of business, appropriating their assets and reducing them to the ranks of the proletariat. This is, again, because the latter are shielded from competition by their direct, non-market access to all the inputs they need to reproduce their families. As a result, wide swaths of the economy are impenetrable by the standard processes of capitalist natural selection, and potentially capitalist peasants can find only a limited market at best for proletarians to hire and/or commercial tenants to lease their land to. In individual cases, peasants might buy land from others so as to build up larger holdings. Nevertheless, this could not easily happen on an economy-wide basis, since peasants’ possession of their land was the foundation for their economic reproduction, and they had few alternative ways to make a living. For that reason, peasants would not easily part with their holdings, and, as a consequence, land prices tended to be driven up disproportionately. In any case, given the overriding tendency for peasants, large and small, to turn to ‘safety first’, to have large families, and to subdivide holdings on inheritance in pursuit of economic security, social insurance, and the extension of the family line, parcellization of land could be expected to outrun agglomeration. Of course, where direct agricultural producers are already separated from their means of subsistence—not necessarily the means of production—a process of

social differentiation can unquestionably be expected to take place rather rapidly in the presence of the market, because those producers are not just involved in the market but dependent upon it. As a consequence, not only is profit-maximization necessarily the economic norm, but natural selection is enabled to take place by way of competition. But to make reference to such a process to account for the transition is once again to explain the rise of capitalism by assuming its existence.20

Nevertheless, if the problem, at bottom, with Smithian approaches is their taking for granted the prevalence of a capitalist social-property system and capitalist economic agents pursuing capitalist economic goals to explain the rise of capitalism, the question that immediately imposes itself with respect to the approach I have adopted here may be seen to be just the opposite. In view of the strong system-maintaining bias that I have, explicitly and implicitly, attributed to the operation of systems of social-property relations in general and feudal social-property relations in particular, how can a transition to capitalism ever be expected? Not only have I argued that, so long as feudal social-property relations were maintained, peasants and lords would find that it made sense to adopt the same rules for reproduction, leading, in aggregate, to the same economic tendencies to non-development and the same forms of socio-economic crisis. But I have implied as well that, insofar as either lords or peasants had anything to say about it, feudal social-property relations would in fact be maintained, for peasants and lords sustained their own political communities precisely with the purpose of constituting, reproducing, and strengthening to the maximum extent possible peasant possession and surplus extraction by extra-economic coercion, respectively. The unavoidable conclusion is that, even were either lordly or peasant collectivities entirely successful in realizing their aims against the other, they would bring about continuity not qualitative change. Lords would install even tighter feudal controls over the peasants in the interest of greater exactations by extra-economic coercion; peasants would put an end to lordship and secure untrammelled peasant property and the capacity to take the full fruits of their labour. But the upshot in either case would not be the transition to capitalism but the strengthening of pre-capitalist social-property relations. Since I began with the contention that the sine qua non for economic development was precisely the separation of the producers from their full means of subsistence (though not necessarily production) and their freedom from any structure of surplus extraction by extra-economic coercion, a question imposes itself. How could the system of feudal social-property relations ever give way to a system of social-property relations that was essentially its opposite?

It seems to me that there is only one logical answer: insofar as breakthroughs to modern economic growth occurred, these must be understood to have taken place as the unintended consequences of actions either by individual lords or peasants or communities of lords or peasants seeking to reproduce themselves as feudal-type actors in feudal-type ways. In other words, the emergence of capitalist social-property relations resulted from attempts by feudal individual actors to carry out feudal rules for reproduction and/or by feudal collectivities to maintain feudal social-property relations, under conditions where seeking to do so had the unintended effect of actually undermining those social-property relations. Only where such transformations occurred did economic development ensue, for only where capitalist social-property relations emerged did economic actors find it made sense to adopt the new rules for reproduction imposed by the new system of social-property relations.

In the remainder of the chapter, I give some historical and conceptual substance to the foregoing, rather abstract, stipulations as to how to understand the transition from feudal non-development to modern economic growth by carrying out the following two tasks corresponding to the two prongs of my argument:

1 To begin to explicate and instantiate my contention that the rise of capitalist social-property relations must be understood as an unintended consequence of the pursuit of feudal goals by feudal actors, I elucidate the divergent responses made by lords and peasants to the late medieval socio-economic crisis in different regions of Europe, and how, during the subsequent, early modern epoch, these gave rise in some parts of Europe to the maintenance of some form of feudal social-property relations, but brought about in other parts of Europe the emergence of capitalist social-property relations.

2 To begin to substantiate my thesis that the rise of capitalist social-property relations was the sine qua non for economic development, I attempt to show that, in those regions where some form of

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20 It is true, of course, that, as population rose, ever greater numbers of peasants found themselves with insufficient land to make ends meet and thus to an increasing extent dependent upon the market. But, as has been stressed, in this situation lords, merchants, and the peasants themselves found it made sense to pursue not greater capital accumulation and improvement but, on the contrary, greater squeezing of the direct producers by taking a greater share of their product and by impelling greater intensification of labour. The commercialization of agriculture and proto-industrialization that resulted from demographic increase and subdivision of holdings did not therefore lead to capitalist development but to agro-industrial involution. See above, pp. 78–80.
feudal social-property relations was maintained during the early modern period, there ensued a process of non-development cleaving closely to the path of Malthusian–Ricardian secular stagnation familiar from the medieval period; while, in those regions where capitalist social-property relations were installed, there were breakthroughs to self-sustaining growth.

The Crisis of Seigneurial Incomes and Its Results: The Restructuring of Feudalism Versus the Rise of Capitalism

From the emergence of banal lordship in the tenth and eleventh centuries, out of the disintegration of the Carolingian empire and the gradual devolution of power to ever more localized political units, peasants sought to resist lordly demands and to secure full control over both their persons and their holdings, to reduce or eliminate feudal rent.21 This much is generally acknowledged. But less well understood is the extraordinary degree to which peasants actually succeeded in realizing their goals during the subsequent centuries. The peasants’ capacity to stand up to lordly pressure stemmed from their ability to exploit a fundamental weakness built into the social-property system by which lords reproduced themselves economically. The lords’ polity as a whole was highly decentralized, broken up into myriad rivalrous lordly groups, built around castles and constituted by mounted knights in armour, and constructed in the first instance to dominate so as to exploit peasants. This meant that lords were set in competition with one another for peasants, which was particularly marked in the early medieval period when land was plentiful; at those moments when lords sought to open up new land, especially by way of great movements of colonization to the east, south, and northwest; and in the later medieval period when population dropped sharply. But it also meant that the lords faced a major structural barrier to working together on a regular basis beyond narrow limits to sustain their control in the face of peasant resistance and flight. Peasants could thus play lords off, one against another, to extract concessions. Moreover, because lords were often in conflict precisely over who had jurisdiction over peasant communities, peasants could make use of their own solidarity, which often extended across several villages in a region, to mount successful local struggles to establish their rights.

The surprising outcome was that, even before the onset of the demographic crisis in the fourteenth century, throughout much of western Europe, great swathes of the lordly class faced serious difficulties in net-

ting sufficient revenue from their estates, and had as a result been severely weakened. Once population collapsed after 1348, virtually the entire lordly class found its very capacity to maintain itself seriously threatened, all the more so because the sudden increase in the land–man ratio exacerbated inter-lordly competition for peasants and because the lords’ response to their revenue problem, by way of stepped-up warfare and taxation, tended to deepen the demographic downturn. If they were to survive qua feudal lords, seigneurs across Europe had no choice but to rebuild the institutions by which they exacted part of the product of their peasants and to stand up to and make war upon other lordly groups. What were required were political forms of class organization, i.e. feudal states, which could not only wield ever greater military power, but could also counter ever more successfully peasant mobility and peasant resistance.

The Maintenance through Restructuring of Feudal Social-property Relations

Over the long run, throughout most of Europe, east and west, feudal lords did succeed in securing their reproduction as feudal lords by constituting more cohesive political communities and building more effective states that could deal with and transcend the debilitating problem of inter-lordly competition that had hitherto been their Achilles’ heel. This they accomplished by organizing themselves into political communities of much greater territorial scope than peasants were capable of, and evolving systems of surplus extraction by extra-economic coercion that, by virtue of their increased centralization, enhanced their ability to cooperate in taking peasants’ surpluses. The resulting acceleration of state-building was partly a response to the exigencies of the late medieval crisis of seigneurial revenues and ensuing intensification of military conflict. But it can be understood more generally as a further stage in the long-term processes of political accumulation under pressure of inter-lordly competition and lord–peasant class struggle that marked the evolution of European feudalism from its inception.22

Western Europe: peasant proprietorship and the absolutist state. France and areas adjacent to it, including parts of western Germany, was the original home of banal lordship, and feudalism there assumed its ‘classical’, localized and competitive, character. From a relatively early

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date, therefore, the peasantry through much of the region was able to begin to undermine lordly powers. By the end of the thirteenth century, through occupation of uncultivated land, through flight to the manors of other lords, and especially through long processes of struggle for charters of rights on a village-by-village basis, it had succeeded in securing fixed money rents and the right to inherit.23 The immediate result was that, with the exception of the greatest among them, lords were increasingly obliged to stand idly by as the steady increase of the prices of land and food grains that paralleled the growth of population eroded the real value of their dues and, in turn, their incomes, unless they could somehow secure more land and/or larger numbers of peasant tenants. When population ceased to grow as early as the second half of the thirteenth century, the lordly class as a whole could not avoid a major crisis of seigneurial revenues, which was only exacerbated following the demographic disasters of the fourteenth century.24

In France, and much of western Germany, the characteristic long-term solution to the later medieval crisis was therefore the construction of 'absolutist', or tax-office, states. Suffering from reduced revenues, local lords were often too weak to stand up to the expansionist designs of those great lordly competitors, monarchs and princes, who extended their territorial jurisdiction at their expense. At the same time, many of these same local lords were only too happy to offer their collaboration with those monarchs and princes, in exchange for places in their emerging feudal states. For their part, rather than expanding their politico-military followings in the usual decentralized manner by granting land and rights over peasants (e.g. fiefs) for loyalty and service, monarchs and princes granted offices in new centralized administrations, to be financed out of centralized tax revenues.25

The emerging tax-office state offered decisive advantages over its decentralized predecessors in exploiting the peasantry. Because taxes were taken on a centralized basis, peasants could not make use of mobility and inter-lordly competition to undermine lordly levies (even when the state was fairly small). Because a state with much greater territorial scope and politico-coercive capacity was collecting the revenues, peasants found themselves with insufficient power to resist paying taxes successfully, for their own organization was generally confined to the village or set of villages linked by a market town.

By the end of the long period of feudal economic expansion at the start of the fourteenth century, the tax-office state was still embryonic, a long way from consolidation. But, during the subsequent period of crisis, it experienced substantial development. As population downturn rendered local lords' revenue problems even worse, monarchs and princes were able to extend their administrations by carrying out expansionist military campaigns that naturally attracted impoverished seigneurs who assumed positions in the army, or in the taxing apparatus that was built up to finance the army, or in the system of royal justice. The ensuing wars, and the novel tax levies that accompanied them, proved disastrous for the peasantry, delaying the recovery of production. But, in the longer run, not only the tax-office state but also the peasants and their proprietorship emerged the stronger. In extending their authority vis-à-vis local lords, expanding absolutist states were, from very early on, only too glad to confirm the freedom and grant legal recognition to the already powerful rights that peasants had themselves won from their seigneurs, for seigneurial rents competed with centralized taxes. At various points during the later medieval period, peasants thus secured from the absolutist state full freedom, the end of their status as serfs in those provinces where it still persisted, and legal ownership of their plots, and this was critical in preventing lords from responding to their late medieval revenue crisis by attempting either to re-enslave their peasants or to expropriate them from their lands. On the other hand, these same peasant plots now emerged as a fertile field for the increasing taxation upon which which the officeholders of the tax-office state came to subsist.26

North-east Europe. Feudal social-property relations and the political communities that sustained them developed in north-east Europe—East

Elbian Germany and Poland—significantly later than in western Europe, out of an epoch-making process of colonization. Small groups of lords took charge of the eastward movement and had little choice but to offer peasants extremely favourable terms in order to induce them to emigrate and settle. As a result, lordship in the region was from the beginning highly atomized and competitive, and correspondingly weak. To expand their income, lords depended upon opening up vast tracts of land, great estates upon which they settled ever more peasants. Emigration, population growth, and the reclaen of new land powered a long phase of economic expansion, as in the west. But, when population ceased to grow in western Europe, immigration toward the east largely dried up. Lords found that, in view of the highly decentralized and rivalrous character of the region’s feudal structure, they could not continue to maintain themselves as lords in the old way, especially as they lacked the capacity to raise levies on an essentially free peasantry who paid minimal customary rents.

In north-east Europe, lords were able to transcend the ensuing threat to their domination, indeed their very survival as lords, only over the very long run, by securing a hitherto inconceivable level of self-organization through constructing a new form of state aimed explicitly at limiting interlordly competition and controlling peasant mobility. In so doing, north-east European lords were able to exploit key advantages that were, in a sense, the flip side of their previous weakness. Like the lords of the region, the peasants of north-east Europe, compared to their counterparts in western Europe, were only minimally organized at the village level, as they had constituted only weak institutions for self-government and the regulation of cultivation in the wake of the process of colonization. This was entirely understandable, in view of the minimal weight of lordship, the virtual non-existence of lordly controls, but it left the peasantry with minimal resources to resist novel lordly demands. At the same time, as a reflection of the late, colonial development of the whole region, the new ruling class of castellans had, in the process of establishing their own lordship in the region during the thirteenth century, brought about the dissolution of hitherto dominant princely states through processes analogous to those in the west two centuries earlier by which banal lords had established their jurisdictions at the expense of the Carolingians and their princely successors. This left them with only a rudimentary political organization, corresponding to that of west European feudalism in its classical epoch. But it also meant that they were relieved from having to confront any overarching ‘national’ states with systems of law that granted protection of property and persons to all free men, including those peasants who had managed to secure their freedom, such as

had emerged in several places in western Europe, notably France and England.

The outcome was that, in the process of organizing themselves for the first time into provincial and national political communities—which took the form of provincial and national diets or estates—the feudal lords of eastern Europe were able to build from the ground up, encountering no legally entrenched free peasantry. They were thus able to confine political participation in the institutions of the new political order—i.e. ‘citizenship’—to themselves and, as the opposite side of the same coin, define the whole of the peasantry as unfree and as their own property. Meanwhile, they imposed a legal obligation on one another, as well as the towns, to return fleeing serfs. By tying peasants to their estates by means of vastly out-organizing them politically, north-east European lords were able to transform the nature of feudal exploitation in the region, expanding the size of their demesnes at the expense of peasants’ subsistence plots and imposing historically unprecedented levels of labour services. As in much of western Europe, lords thus revived the system by which they coercively took a surplus from the peasantry by profoundly expanding the scope and cohesiveness of their political communities, extending the long-term feudal evolutionary process by which there emerged, over time in every region of Europe, ever larger and more powerful feudal states.27

The Transition to Capitalist Social-property Relations

In contrast to the evolution that took place throughout most of the Continent during the late medieval and early modern periods, in limited regions of north-west Europe, the outcome of the lords’ and peasants’ attempts to cope with the late medieval crisis of feudalism by feudal means issued in capitalist social-property relations as an unintended consequence.

England. In the course of extended conflicts with the Franks in north-west France, the conquest of England, and ensuing wars with the

emerging French monarchy—classic processes of political accumulation driven by inter-lordly competition—Anglo-Norman feudal lords brought into being a more centralized form of lordly political community or feudal state than existed anywhere else in Europe at that time. By organizing themselves ‘nationally’ through the monarchical state—which thereby assumed major powers to impose discipline on its aristocracy—they were able to achieve an unusually high level of cooperation with one another in operating their decentralized (implicitly competitive) system of surplus extraction by extra-economic coercion, as well as in making war. The characteristic, and decisive, manifestation of this evolution in the direction of greater cohesiveness was the imposition of a national system of common law to which the lordly class was itself subjected, which at once endowed access to the king’s courts to all freemen, including peasants who had succeeded in establishing their own free status, and excluded from the king’s courts all those peasants who were unfree, consigning them to the jurisdiction of their lords. As a consequence of the resulting increase in lordly powers, during the period from the late twelfth through to the early fourteenth century, at a time when French lords were, by and large, experiencing declining feudal levies as a consequence of peasant conquests, English lords enjoyed an economic golden age (that may have extended right up to the eve of the Black Plague) by virtue of their ability, with the help of their monarchical state, to impose a tighter form of serfdom, of feudal domination, upon their tenants, not to mention to effectively wage war on a trans-European scale.

Nevertheless, in the wake of the catastrophic collapse of population, even the politically unified English lordly class was unable to make its system of decentralized surplus extraction by extra-economic coercion function effectively. Following the Black Plague, lords sought to compensate for the radical decline in the number of their tenants by raising rents and making use of Parliament—another expression of the unusually high level and broad scope of their political organization—to tighten controls over peasant mobility, and for a time they do appear to have succeeded. But, in the face of the enormous decline of the man–land ratio, lordly efforts at cooperation ultimately gave way to the pressures of competition for tenants, opening the way for peasants to win their freedom by means of resistance and setting lords against one another. The revolt of 1381, despite the defeat of the peasant rising, seems to have opened the floodgates. Peasants now streamed away from their manors, and their lords could do nothing to stop them. This was because other lords on neighbouring estates could not only offer more favourable terms in general, especially lower dues, but could also grant them their freedom by offering them the status of free tenants. This they accomplished in formal–legal terms by offering each peasant a copy of the section of the manorial roll where the terms of his tenancy were stated—in effect a contract, in theory between legal equals, that the peasant could go to court to enforce. The upshot was to render irreversible the process of peasant enfranchisement, cutting off the possibility of re-enserfment, because the common law enforced by the crown, with the support of lords great and small, endowed all freemen with the protection of the king’s courts. By the second quarter of the fifteenth century, the vast majority of English peasants had won their freedom, and, as a consequence of their much improved bargaining position, were paying, at least for the time being, much lower rents.

In the face of peasants’ success in winning their freedom and legal backing for their customary rights as recognized in the manorial rolls, much of the English feudal class, their capacity to take an income from manorial land held in customary tenure now in question, faced a fundamental threat to their existence as lords. Their way blocked by peasants’ freedom, English lords could not respond to the danger that confronted them by seeking to reimpose upon their tenants the hitherto existing form of decentralized feudal levies. At the same time, because they held outright broad demesnes and were unwilling to regard the customary holdings of their peasants as anything but, in the last analysis, their own property (something peasants of course would have disputed), English lords had no interest in the construction of a tax-office state, for such a state would have had to depend on taxes on their own land—and not, as in France or western Germany, on that of the peasants. English lords therefore had little choice, in contrast to their counterparts in north-eastern Europe with their neo-serfdom and in western Europe with their absolutist states, but to make use of their not insubstantial feudal political class organization to turn what remained of their rights in their peasants’ customary land into their own unconditional ownership. Their continued holding, throughout the medieval period, of large swathes of land outright—i.e. demesnes of a much larger size than


could be found throughout most of western Europe—was certainly important in this respect. But what turned out to be their trump card was their ability to turn to, and rapidly build up further, the powerful national monarchical state that they had constructed during the medieval epoch.

With the decisive help of the early Tudor state and its courts, English lords were able to valorize in court their claim, against the contentions of their tenants, that much formerly customary, now copyhold, land held by their peasants was ultimately subject to arbitrary, thus variable, fines or rents on transfer (at inheritance or otherwise). It could therefore, sooner or later, be transformed into what was, in effect, a commercial leasehold—and was, therefore, in the end, the lords’ property. With the state’s indispensable assistance, they were able, in turn, to quell the series of major peasants’ revolts during the first half of the sixteenth century that were motivated precisely by the goal of vindicating and confirming peasants’ customary rights. As a consequence, English lords succeeded in cutting short peasants’ push to win not just their freedom, but fixed payments and rights of inheritance to their land. They thereby at once established their property rights in the land and, by separating their tenants from their full means of subsistence, rendered them dependent upon the market. 30

It must be emphasized that, in asserting their right to vary the level of dues as they wished, English lords were, in their view, acting in time-honoured fashion and merely reaffirming their feudal right to impose arbitrary levies on their customary tenants. Their aim was not to establish a new system, but merely to prevent peasants from consolidating a set of possessory rights—namely fixed dues and rights to inherit—that would not only have extinguished the lords’ ability to take anything like an economic return from the customary land, but, in view of the tendency to inflation under population growth, threatened their capacity to take any real rent at all. Nevertheless, the epoch-making, if unintended, consequence was to subject their tenants to competition for leases, thereby imposing upon them the necessity to forsake production for subsistence and adopt capitalist rules for reproduction. Now rendered market-dependent and subjected to competition in production, emerging farmers had no choice but to eschew ‘safety first’, as well as the other rules for reproduction that had been made possible by peasant possession of the means of subsistence, and to adopt the Smithian rule of maximization of one’s price-cost ratio by way of specialization, accumulation, and innovation.

The Northern Netherlands. As did that of north-east Europe, the Dutch feudal economy emerged out of an extended process of colonization. But here peasants took the lead, establishing what was to a great extent a new agricultural economy by bringing land formerly submerged by water under cultivation. The outcome was that lordship was never strong, and before long had, over much of the territory, essentially given way to both peasant liberty and full peasant property in relatively large plots of land. The latter were consolidated by the establishment by pioneering peasants of powerful village institutions to regulate systems of ditches and dykes that had been created to secure the land from the sea. 31

The fact remains, however, that, though largely unburdened by feudal lordship and in full possession of their plots, Dutch agricultural producers were unable to establish themselves as peasant possessors of the means of subsistence on a permanent basis. Dutch development was shaped by the fact that it occurred, for the most part, at the limit of the feudal economy, through processes whereby settlers sought to extend their traditional agriculture on what was ultimately marginal land, peat bogs that were drained and dyked. Initially, following their success in reclaiming land from the sea, settler agriculturalists did, at least to a notable degree, succeed in their goal of setting themselves up as arable farmers able to carry out the diversified productive activities, above all the production of food, that were required to shield them from market dependence and the pressures of competition. But, over the long run, changing ecological conditions would not permit them to continue, in this mode, to produce for subsistence, marketing only physical surpluses.

During the later medieval period, the peat lands settled or sank and the surrounding water level rose, with the consequence that land that had been initially suitable for arable production ceased to be so. Peasants were separated from possession of their means of subsistence by ecological shifts taking place at the margin of the feudal economy. More or less suddenly, they found their land unable to produce food grains. As a consequence, though remaining owners of their plots, the peasants ceased to be


able to secure from them directly all that they needed to survive. Separated from the means of subsistence, they were therefore rendered dependent upon the market for key inputs, and ultimately obliged to sell goods and services to pay for them. This meant subjection to competition, with the consequence that peasants were willy-nilly transformed into farmers, compelled to turn to pursuits that they could provide at relatively low cost. The latter turned out to include fishing and shipping and, ultimately, specialized dairying and cattle raising. So, by attempting, as feudal actors in a feudal manner, to continue to sustain feudal social-property relations and feudal rules for reproduction—specifically peasant possession and production for subsistence—on terrain that, over time, ceased to allow this, Dutch peasant agriculturalists brought about the opposite effect they intended. They undermined the necessary conditions for their own established form of life and ended up installing the social-property relations that would underpin a new capitalist economy.  

Divergent Social-property Relations, Diverging Economic Paths

It is my fundamental argument that, just as the establishment and reproduction of feudal social-property relations determined both the rise of a commercial economy instantiated in the town—division of labour and a constricted Malthusian—Ricardian pattern of secular stagnation driven by population growth and declining labour productivity, the rise of capitalist social-property relations provided the sine qua non for Smithian self-sustaining growth—the obsessive pursuit of the gains from trade via price-cost maximization under the pressure of competition making for specialization, accumulation of surpluses, and innovation, and leading to the ongoing growth of output per unit of labour input. It remains therefore to show that the divergent systems of social-property relations that consolidated themselves in different parts of Europe in the late medieval and early modern era—revamped versions of the old structure in northeast Europe, Germany, and France, paralleled by agrarian capitalism in England and the northern Netherlands—gave rise to correspondingly divergent patterns of non-development and development.

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Restructured Feudalism: The Continuation of the Malthusian–Ricardian Pattern

France: peasant proprietors and the tax-office state. With the emergence in France of a restructured system of social-property relations characterized, as before, by lordly surplus extraction by extra-economic coercion—now in the form of the absolutist tax-office state—in combination with peasant possession—now in the guise of full peasant ownership—economic actors adopted rules for reproduction rather analogous to those that prevailed under classical feudalism. As a result, during the early modern period there was a second run-through of the long-term demo-economic cycle that marked the medieval epoch.

While much of the French peasantry emerged from the population catastrophes of the later medieval period with unusually large farms, peasants did not generally break from their commitment to their long-established rules for reproduction—production for subsistence in connection with having large families and subdividing holdings to make possible the settling of children on their own plots and in turn a demographic regime of early marriage and low celibacy. Lords, for their part, were able to depend for their economic reproduction to a much greater extent than before on offices financed by absolutist taxation, which increased rapidly from about 1550. Otherwise, they had to be content to profit from the rents they could derive from (rather narrow) demesnes, since peasants had, in most parts of the country, succeeded in fixing rents on customary land at derisory levels.

From 1450 until the latter part of the sixteenth century, the French economy enjoyed a 'growth phase' similar to the long expansion from the eleventh through the later thirteenth century. Aided by peasants' access to unusually large holdings on the morrow of the population catastrophes and lords' initially restrained tax levies, population growth took place exceptionally quickly, reaching the thirteenth-century 'Malthusian ceiling' by 1560–70. The area of settlement grew correspondingly rapidly, expanding outward on the basis of a new wave of assarting and colonization. As rent income rose with the reoccupation of land and taxes increased (at first slowly), the corresponding increase in lordly demand for military and luxury goods provided the foundations for a new rise of industry, towns, and trade.

Nevertheless, while there were no technical advances to speak of, rising population soon brought about the pulverization of holdings and reliance on less fertile land, leading once again to a decline in labour productivity, manifested in rising land and food prices and declining terms of trade for industrial versus agricultural products. On the basis of
their initially large holdings, much of the French peasantry had, at first, commanded sufficient surpluses to enter urban food markets in a big way. But as plots and thus surpluses diminished under the impact of subdivision, a process of decommercialization soon ensued, and by 1550 shipments to the towns were in decline, despite rising prices for provisions. Meanwhile, as early as the 1520s, there was the onset of a new and extended series of ‘crises of subsistence’, indicating that the agricultural economy was already being stretched.33

Ultimately, as in the thirteenth century, peasants began more and more to find themselves deprived of plots sufficient for subsistence, a process aggravated by rising taxation. Lacking other alternatives, they had little choice but to intensify labour on their own plots, seek employment as agricultural wage labourers, and take up leases to make ends meet. Especially by deploying their family labour force more fully, they once again raised the productivity of their land at the expense of the productivity of their labour, especially in those places where it was possible to take up the production of labour-intensive commercial crops or to enter domestic manufacturing. At the same time, in having little choice but to intensify labour and/or accept ever lower wages and/or pay ever higher rents to cover the difference between what their plots provided and what they needed to survive, they were obliged to increase ‘self-exploitation’ and/or to make it possible for landlords to take from them ever increasing ‘hunger rents’ and/or for merchants to enjoy increasing profits by employing more labour rather than equipping their workers with new plant and equipment.

From the latter part of the sixteenth century, the French social economy, like that of most of the rest of Europe, began to descend into a ‘general crisis of the seventeenth century’ quite analogous to its fourteenth-century predecessor, as an incipient Malthusian demographic crisis was compounded once again by a crisis of seigneurial revenues. As output per person declined and population growth came to a halt, seigneurial revenues tended to stagnate. Civil wars became endemic, foreign military adventures multiplied, the state apparatus expanded, and absolutist taxation rose precipitately, as lords sought to compensate for stationary incomes from their estates by way of politico-military redistribution. Nevertheless, as rising taxation and military depredations undercut peasant production, the peasant population fell and peasant revolts grew in number, exacerbating lordly revenue problems and setting off the same sort of downward spiral, driven by demographic decline and rising exploitation and war, that had disrupted the economy during the fourteenth and fifteenth centuries.34

**North-east Europe: from neo-serfdom to economic regression.** The emergence in north-east Europe at the end of the middle ages of a very much tighter form of feudal social-property relations than had hitherto prevailed—neo-serfdom made possible by the rise of provincial and national diets or estates—opened the way for a predictable overall evolution. As in France (and much of the rest of western Europe), lords and peasants adopted, albeit in somewhat altered form, essentially the same rules for reproduction that they had maintained during the medieval period. At first, through much of the sixteenth century, as population and the area of settlement grew, production increased and the income of both lords and peasants grew, while commerce expanded. But in the longer run agricultural growth on the basis of expanding demesnes and increasing services offered only the most restricted possibilities for development despite the fact that it was increasingly oriented to international markets.

By the 1560s and 1570s, with labour productivity declining and population growth coming to a standstill, Poland’s national output appears to have reached its outer limit, and the results were apparently much the same throughout the rest of north-east Europe. From this point onward, the growth of the lords’ product depended upon coercively enforced redistributive measures and was largely achieved by increasing the size of the demesnes at the expense of the peasants’ plots. But this process could go only so far, as it eroded the system’s chief productive force, the peasantry. To maintain military and luxury consumption, lords were obliged to resort to the familiar political remedies and became increasingly involved in devastating warfare, both internal and external. The result was severe economic regression and social dislocation, the north-east European version of the ‘general crisis of the seventeenth century’.35

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Capitalism in Agriculture and the Breakthrough to Self-sustaining Growth

England: commercial landlordism and capitalist tenancy. The late fifteenth century saw the emergence of commercial landlordism and a market-dependent commercial tenancy as a consequence of the separation from their means of subsistence of peasants who had won their freedom from serfdom. Lords retained large demesnes, which were leased for commercial rent. Customary tenants, who had gained their freedom via resistance and flight in the late fourteenth and fifteenth century, gained ‘security of tenure’, but only in the limited sense that they could now go to the king’s courts to enforce the conditions of their customary holdings (copyhold). But these conditions were not necessarily favourable to the tenants. Customary tenants were thus, over time, reduced to leaseholders, for landlords successfully (throughout most of England) asserted their right to levy variable fines on inheritance or on other transfers of holdings, and these came to substitute for commercial rents.  

Reduced to market dependence, commercial tenants had no choice but to adopt ‘production for exchange’ as their rule for reproduction, initiating a revolution in the mode of life of English agriculturalists. The pressure of competition thus compelled them to maximize profits by specializing, accumulating surpluses, innovating, and moving from line to line in response to fluctuations in demand. It induced them at the same time to eschew the panoply of peasant rules for reproduction that had depended upon their possessing the means of subsistence and producing for subsistence, especially having many children so as to secure insurance for ill health and old age and subdividing holdings. With the end of subdivision on inheritance, the material basis for the early marriage pattern that had prevailed throughout much of Europe in much of the medieval period, and continued to do so during the early modern period, was thus eliminated. Because they could no longer immediately secure from their parents the material basis for founding a family, sons generally had to wait until they were older to marry. Later marriage age, as well as higher rates of celibacy, thus became the norm.

The adoption of new rules for reproduction by agricultural producers brought a novel, unprecedentedly dynamic pattern of overall development. With the generalization of competitive pressures and with the end of subdivision, there quickly ensued a classical process of social differentiation, leading to the rise of a class of substantial commercial farmers, the yeomen. It was on the basis of the rise of the yeomen as commercial-competitive farmers, that there was, for the first time, a breakthrough to the secular rise of agricultural productivity. How did this occur?

1. Compared with medieval peasants, with their subsistence plots of 20 acres or less, by 1600 English farmers disposed of large holdings, averaging about 60 acres. Indeed, farms of 100 acres or more covered 70 per cent of the cultivated surface. This enabled English agriculturalists for the first time efficiently to deploy their family labour force in grain production. Above all, they succeeded in eliminating the massive disguised unemployment that had hitherto held down labour productivity. At the same time, by having recourse to wage labour, they were able to adjust labour inputs to the needs of the changing requirements of production, seasonal or otherwise.

2. Under pressure to compete, farmers sharply stepped up capital investment, above all in animals, and this allowed for major gains in the pulling of carts, ploughing, and the fertilization of the soil.

3. As market-dependent producers, farmers could no longer seek to avoid specialization, so now had no hesitation in integrating fodder crops into complex new rotations, premised upon full-scale specialization and commercialization. At the core of what came to be known as the ‘agricultural revolution’, the cultivation of these plants allowed simultaneously for the more intensive use of the soil and the increase in soil fertility.

4. Finally, there was an impressive development of the regional division of labour, as farmers adapted and readapted their crops to soil and climate in accord with changing techniques. Initially, agriculturalists were obliged to grow grain on the heavy, clayey, and wet, but relatively more fertile, soils of the Midlands, despite the relatively greater difficulty of ploughing this land. However, on finding that the new fodder crops took better on hitherto less fertile light sandy soils than the heavy ones, they reverted to animal raising in what had been the old granary of the Midlands.

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and devoted the south of the country even more fully than before to the cultivation of grain.  

With labour productivity in agriculture finally on the increase, the English economy broke definitively from the Malthusian–Ricardian pattern of secular stagnation during the course of the seventeenth century. Despite the steady growth of population, there were no significant subsistence crises after 1597. Indeed, by 1700, English farmers were succeeding in supporting more than half the population off the land, even though the English population continued to grow, breaking through old Malthusian ceilings. Meanwhile, the increasing proportion of the population off the land in non-agricultural pursuits, as well as the emergence of an agricultural population largely dependent upon the market, made for the early rise of a domestic market—for consumer goods, small tools, and the like. When, in the later seventeenth century, the ongoing growth of agricultural productivity finally issued in falling relative prices for food, the resulting rise in real wages and in turn of discretionary expenditures provided the basis for a dynamically growing market for industrial goods. Well before the classical industrial revolution, then, on the basis of agricultural revolution, England had gone a good way toward modern industrialization.

The northern Netherlands: commercial farming and capitalist development. By 1500, Dutch agriculture lacked a peasantry, in the sense of peasant possessors able to adopt the rule for reproduction of ‘production for subsistence’. Whether owner-operators on the inland peat lands or commercial leaseholders on the large arable farms that dominated the land along the coast, Dutch agriculturalists found themselves unable to provide their full subsistence, and were thus market dependent and subject to competition in production, with little choice but to specialize and produce for exchange. The result was an economic evolution, rather analogous to that of England, despite the many major differences between Dutch and English agriculture in structure and operation.

Dutch agriculture developed in response to the requirements of dairy and livestock production, which offered the greatest opportunity for profit in much of maritime Netherlands, given the region’s ecology and proximity to markets. Initially, Dutch farmers undertook a run of commercial non-agricultural pursuits, like fishing, shipping, and cloth production, to help them eke out a living from the difficult soil. But over time, especially as cheap grain imports from eastern Europe became available and market demand grew all across Europe, competitive pressures induced them to shed their non-agricultural sidelines and specialize even more intensely in the production of butter, cheese, and cattle. In so doing, they undertook large-scale investments, not only in land reclamation (where they were aided by urban investors), but in farm infrastructure and farm implements. Farms did not have to become very large, since economies of scale in dairy and livestock raising were limited; still, plots were not subdivided, and reached a size well above the average in neighbouring lands, such as inland Flanders, that were dominated by possessing peasants farming for subsistence and parcellizing their holdings. The outcome over the course of the century and a half or so after 1500 was an impressive increase in labour productivity.  

As in England, the rise of capitalist social–property relations—leading to the growth of specialization, investment, ‘larger’ farms, and—as a consequence—rising labour productivity in agriculture—provided the basis for the transformation of the overall pattern of economic development. Rather than developing in conjunction with the production of commercial crops (and the cultivation of grain for food) as an extension of peasants’ drive to ‘produce for subsistence’, industrial production in the Netherlands was early on ejected from farm households as a consequence of their specialization in agriculture. It therefore located itself in specialized firms in dynamic country towns which grew up to meet the demands of farmers for implements, services, and consumer goods. By the seventeenth century, a substantial majority of the labour force had left agriculture, and, while the population grew as rapidly as anywhere in Europe in this epoch, it hit no Malthusian ceiling. With the English, then, the Dutch economy, like no others in Europe, substantially escaped the ‘seventeenth-century crisis’ by achieving ongoing economic development.

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43 De Vries, Dutch Agriculture in the Golden Age, pp. 110–15; de Vries and van der Woude, The First Modern Economy, pp. 18–19, 200–4, 208–9, 272, 351, 665–6, 688.
Conclusion: Patterns of Economic Evolution in Comparative Perspective

The rise of capitalist social-property relations on the land in England and the northern Netherlands unleashed an economy-wide transformation amounting to nothing less than modern self-sustaining economic development. Above all, the subjection of agricultural producers in possession of their means of production but not their means of subsistence to the pressures of competition impelled them to adopt capitalist rules for reproduction that made for the central break beyond pre-capitalist economy—the ongoing rise of labour productivity in agriculture, rather than its opposite. The resulting breakthrough can be seen in the whole pattern of English and Dutch economic evolution leading into the industrial revolution and the way that it diverged from most of the Continent during this epoch.

The economies of England and the Netherlands were the only ones in Europe to experience increasing agricultural productivity across the early modern period; everywhere else in Europe there was stagnation or decline. (See Table 4.3.) In this respect England further extended its lead in the century 1750–1850. (See Table 4.4.) By virtue of the growth of their agricultural productivity, England and the Netherlands were not only freed from the limitation of Malthusian ceilings, but also, at the same time, were able to support a rapidly increasing proportion of the population out of agriculture, leaving everyone else, in this respect, ever further behind. (See Table 4.5.) In both places, moreover, the population was pulled in the direction of industry and the towns by the unparalleled growth of discretionary spending (non-necessities), dependent in turn on growth of real wages that was, once again, without equal elsewhere in Europe. England and the Netherlands were indeed the only locales which broke beyond the traditional Malthusian pattern whereby real wages fell as population rose, and saw real wages rise rather than decline between 1500 and 1750/1800. (See Table 4.6.)

The opposite side of the same coin was a path of industrial development unmatched elsewhere, most especially in England. In both England and the Netherlands, industry ceased to develop as a peasant sideline, as a method of rounding out the peasant consumption basket, pursued without reference to the rate of return it yielded. In fact, separated from arable production, manufacturing developed, particularly in England in specialized industrial districts, which quickly evolved into fast-growing towns, that offered a long series of advantages unavailable to domestic production by peasants—including the development of skills, the rise of specialist toolmakers, plus the range of external economies long ago noted by Alfred Marshall. The rate of urbanization between 1500 and 1800, especially in England but also in the Netherlands, had, again, no close parallels elsewhere in Europe. (See Tables 4.7 and 4.8.) It is not perhaps too much to say that just as the supersession of the peasantry was the key to the growth of agricultural productivity and agricultural revolution, the separation of manufacturing from the peasantry was the indispensable foundation for dynamic industrial development, and ultimately the industrial revolution.

Table 4.3. The growth of agricultural productivity in Europe, 1500–1800.*

<table>
<thead>
<tr>
<th>Year</th>
<th>England</th>
<th>Netherlands</th>
<th>Belgium</th>
<th>France</th>
<th>Germany</th>
<th>Spain</th>
<th>Austria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1500</td>
<td>1</td>
<td>1.07</td>
<td>1.39</td>
<td>0.83</td>
<td>0.74</td>
<td>0.89</td>
<td>0.91</td>
</tr>
<tr>
<td>1600</td>
<td>0.76</td>
<td>1.06</td>
<td>1.26</td>
<td>0.72</td>
<td>0.57</td>
<td>0.76</td>
<td>0.57</td>
</tr>
<tr>
<td>1700</td>
<td>1.15</td>
<td>1.24</td>
<td>1.2</td>
<td>0.74</td>
<td>0.54</td>
<td>0.87</td>
<td>0.74</td>
</tr>
<tr>
<td>1750</td>
<td>1.54</td>
<td>1.48</td>
<td>1.22</td>
<td>0.8</td>
<td>0.56</td>
<td>0.8</td>
<td>0.91</td>
</tr>
<tr>
<td>1800</td>
<td>1.43</td>
<td>1.44</td>
<td>1.11</td>
<td>0.83</td>
<td>0.67</td>
<td>0.7</td>
<td>0.81</td>
</tr>
</tbody>
</table>

*Output per worker, England in 1500 = 1.00.


Table 4.4. European agricultural labour productivity levels, 1750 and 1850.*

<table>
<thead>
<tr>
<th>Year</th>
<th>1750</th>
<th>1850</th>
</tr>
</thead>
<tbody>
<tr>
<td>England</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Netherlands</td>
<td>96</td>
<td>54</td>
</tr>
<tr>
<td>Belgium</td>
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<td>37</td>
</tr>
<tr>
<td>France</td>
<td>52</td>
<td>44</td>
</tr>
<tr>
<td>Germany</td>
<td>36</td>
<td>42</td>
</tr>
<tr>
<td>Austria</td>
<td>57</td>
<td>32</td>
</tr>
</tbody>
</table>

*Output per worker, England = 100.

Sources:
### Table 4.5. Distribution of the population by sector, 1500 and 1750.

<table>
<thead>
<tr>
<th></th>
<th>Urban</th>
<th>Rural</th>
<th>Total</th>
<th>Agricultural</th>
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<td>1750</td>
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<td>0.18</td>
<td>0.32</td>
</tr>
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<td>0.27</td>
</tr>
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<td>0.23</td>
<td>0.16</td>
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### Table 4.6. European real wages: building craftsmen.*

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*Nominal wages in ounces of silver deflated by consumer price index.

Source: R.C. Allen, 'Wages and Prices in Europe from the Middle Ages to the First World War' (August 1998), Department of Economics, University of British Colombia website.

### Table 4.7. European urbanization: relative increase in population by sector, 1500–1750.

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<td>1.22</td>
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Marxist History-writing for the Twenty-first Century

Edited by
Chris Wickham