

# **A History of Wealth and Poverty**

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### **Northwestern Europe: Power, Pluralism, and Leverage**

From the tenth to the twentieth centuries, northwestern Europe, like Japan, moved jerkily toward becoming a pluralist society, of diverse social, political, and economic groups that cooperated with each other to create the material product on which they subsisted and which they traded with other societies.

In the High Middle Ages (tenth through twelfth centuries), power was grossly skewed in favor of kings, lords, and high church officials. Over time, the weaker groups — peasants, craftspeople, financiers, and traders — demanded a greater share of both power and resources. They acquired it by organizing themselves into corporate bargaining groups that made opportunistic alliances with powerful groups contesting each other. In this they were helped by an increase in material output which they controlled. In addition, the weaker groups proliferated, and in numbers they found strength.

To cooperate more efficiently, the groups formed banking, legal, and corporate business systems, rules of the market, and a parliamentary democracy that grew more representative in the nineteenth and twentieth centuries. Each of these advances occurred through negotiation among the groups with the greatest stake in its successful functioning. Unlike in many other places, they were not mainly formed or shaped by rulers' decrees.

Although each group strove to create a monopoly in its own field, their inability all to succeed led to compromises. Among these was a tendency toward freeing the market in goods and services. By repeated practice, northwestern Europe came to prefer negotiation and compromise in economic and other disputes, rather than their settlement by warfare, coup d'état, or rulers' fiat. This change is evident in the shift from endemic warfare to periodic wars. The resulting institutional framework, which tended to equate private and social returns, [1] follows closely the one already developed by North and Thomas [2] and by North. [3] The main addition to their theories is the power-diffusion process.

### **Boundaries of Northwestern Europe**

The boundaries of northwestern Europe are not easily delineated, since differences from eastern and southern Europe are only by degrees. Furthermore, any reasonable boundary may differ according to social subsystems. It might be in one place for the land-tenure system and in another for the legal system. As a working compromise, "northwestern Europe" is here defined as the area bordered on the east by the Elbe River and on the south by the Loire or — after the Albigensian Crusades (1208-26) — the Pyrenees and the Alps. The Low Countries, Britain, Ireland, and Scandinavia are included.

These boundaries were cultural as well as physical. Before the thirteenth century, northern Frenchmen did not feel at home in the different social system and language of the south, [4] and less so in eastern Germany. But they could communicate well in London or Cologne. Consequently, they did not move outside northwestern Europe so fluidly as did Mongols, Turks, Chinese, and Africans in their migrations. In the tenth to the fourteenth centuries, however, northwestern Europeans shared many cultural characteristics among themselves, particularly their type of feudalism, which was not found anywhere else in the world at that time.

### **The Prevailing Orthodoxy**

The prevailing orthodoxy [5] holds that population increases in the tenth and later centuries led to more and bigger urban centers with enhanced possibilities for specialization and trade. These in turn spurred agricultural improvements and a higher standard of living. When population began to outstrip land in the thirteenth century, rents and food prices rose, real wages dropped, and improved terms of trade for agriculture versus crafts favored the

accumulation of capital by landlords. Higher incomes, new potential for investment, and greater diversity of production caused the feudal system to be dismantled as landlords needed cash for trade and as individual rent-paying farms proved more profitable to them. Excesses in the thirteenth century led to depression in the fourteenth, the effects of which were compounded by plague and war. But growth was resumed in the fifteenth, and northwestern Europe was on its way.

This historical perspective is accurate but incomplete. It does not explain why northwestern Europe moved forward into durable economic development while roughly the same set of events in different places and different eras, such as Tang China, Gupta India, and colonial Mexico did not bring similar results. Missing from the prevailing orthodoxy is the role of power.

### **The Power-Diffusion Process**

From the ninth to the nineteenth century, power in Europe not only became more diffuse but also changed its character. At first, it belonged to individuals as a property right. Power positions were inherited, bought and sold, or granted by the monarch. They were based on military force, religion, and wealth. Toward the end of the period, power belonged more to organizations — such as a senate, business corporation, or labor union, than to individuals. It was grounded on institutions supported by a balance of tensions among groups. Individual power depended on one's position within an institution, which might have been inherited but increasingly was achieved. This shift has taken centuries and is not complete in our own time.

Pluralism, vertical alliances, and leverage were the principal means by which power became diffuse and changed its character in northwestern Europe.

### **Pluralism**

#### **Pluralism on the Manor**

Power diffusion can occur only in a pluralist society. In Europe, the first step toward pluralism occurred on the manor. By the tenth century, feudalism in northwestern Europe already differed from that in most of the world:

First, relationships between strata in the hierarchy were defined by contract or custom, down to and including serfs. [6] These were enforceable, mutual obligations. Slavery was disappearing. However, the contracts were not between equals and often were coercive, because the distribution of power was seriously lopsided.

Second, manors were managed by bailiffs and stewards whom the lord had selected from among well-to-do villagers. These bailiffs collected taxes, made rules, organized courts of law for settling disputes, negotiated changes in contractual relationships, and kept communications open between the lord and the peasants. [7] By contrast, in most of the rest of the world except Japan, landlords used military force to collect tribute and had little other communication with peasants.

As early as the tenth century villagers in Normandy elected delegates from regional gatherings to sit in a general peasants' assembly. From this and similar meetings grew up the practice of negotiation over labor services, dues, fees, and rights. [8] Similar events in England have been reported by Hilton:

The villagers [in England] were indispensable for the running of the business of the manor court. By this date [1381] they were in many places almost completely in control of the enforcement of the bylaws . . . there were innumerable guild organizations run by their members for their own purposes. [9]

Genicot describes the assemblies through which these actions were effected on the continent, [10] and Hogue explains how officials were drawn from the peasantry. [11] Goodell attributes

state-formation in Europe to the process of building national institutions out of these feudal contracts, [12] while Postan shows how the lords could not act arbitrarily against the tenants or revoke their privileges. [13] De Tocqueville also wrote of the independence of the peasants, [14] and Kriedte depicts the decentralized nature of European feudalism. [15] In an earlier writing, I have described in greater detail the network of manorial negotiations and communications. [16]

North and Thomas also described European feudalism as contract. [17] But North later took note that "we . . . did not lay sufficient stress on the one-sided nature of the arrangement." [18] I also recognize that the feudal contract was very one-sided. But the foot in the door led to changes over the centuries.

Europe's prosperity suffered a temporary reversal in the thirteenth and fourteenth centuries. Malthusian population pressure is the conventional explanation. But to this should be added another: Changes in relationships among economic classes were taking place so swiftly that new institutions to accommodate them, such as free markets and royal justice, could not be negotiated fast enough. In Chapter 23, I will argue that the same is likely to happen in the less-developed zones and eastern Europe in the twenty-first century.

### **Pluralism in the Wider Society**

The idea of forming groups for lord-peasant interaction proved contagious, moving from the manor into other areas. Younger sons of lords began to want power of their own, while village leaders wanted alternative lords. Interest groups proliferated. [19]

Beginning at least in the twelfth century, noble families began to indulge themselves with separate, scattered living quarters. Knights previously attached to lords established their own residences. Castellannies broke up. Fewer restrictions upon sons' marriages enabled them to move away from extended families. At the same time, lower classes also were seeking their independence. Some went to towns, while others formed war bands, known as *comitatus*, [20] that were comparable to the Japanese *ikki*. When such "companies" reappeared in fourteenth-century France, they achieved independent power, employed by lords in their private wars or sometimes by the king. [21]

The formation of new groups is usually explained as the result of increased wealth. [22] True, but wealth creates choices, not mandates, so this explanation is not complete. Scholars in the Annals school of history [23] tell us that communal life in larger aggregations was highly desired in the Middle Ages, but they do not say why.

Beginning with the thirteenth century, a vassal in France might have many seigniors, with gradations of homage. While one seignior was theoretically liege (dominant), in practice it was possible to play one against another, and choices could be made, allowing for leverage, circumstance by circumstance. [24]

The move toward pluralism also was reflected in the church. After the investiture controversies, the clergy felt a corporate identity that distinguished them from both the king and the pope. By the twelfth century neither the bishop nor the parish priest was supreme at his respective level; each was surrounded by other functionaries who shared the power and the decision making. [25]

Commercial towns, known as communes, presumably distinguish medieval Europe from the rest of the world and account in large part for European economic development. [26] Towns were replete with guilds, exchange facilities, and laws favoring merchants. But this conventional distinction, while valid, has been overdone. Towns and trade in many parts of the world rivaled those of Europe in the Middle Ages (see Chapters 10 on India and 11 and 12 on China).

The conventional explanation of the growth of commercial towns in Europe is economic: "The urban movement in medieval times was a social phenomenon due primarily to economic causes and one which, in its turn, caused profound changes in the economic structure of the Western world." [27] But the same economic causes occurred at different times in India, Africa, and China, where commercial towns were less vigorous. So this explanation becomes insufficient.

The growth of communes, while economically motivated, also resulted from a trend toward pluralism already in effect on the manor. "The social differentiation brought new groups into being, and the spread of lay culture made these more vocal." [28] Pluralism also became incorporated into the law (see Chapter 6). "Feudal lordship units and local political units (vills, hundreds, counties) could, and often did, exist side by side. The vill, the hundred, and the county each had its own governing body, which was a court (in England, 'moot') consisting of an assembly of free men." [29] Pluralism in the emerging towns simply reflected the society of the manor.

Just as peasants were being reclassified into new groups on the manor, so in the towns patricians, guildsmen, professions, ordinary workers, churchmen, and tradesmen of different rankings were accorded different rights and liberties: [30] it was a "community of communities." [31]

The concept of contracts among groups spread from manor to town. This in turn led to a free market in labor, where family, serf, or slave labor had previously dominated. "The work contracts comprise the most ubiquitous and diverse category of notarial acts. . . . Older than the guild or the apprenticeship system, the work contract existed in oral form for centuries before the first one appeared in writing." [32]

Just as royal jurisdiction was initiated side by side with existing jurisdiction, so also new town agencies were begun side by side with old ones. [33] To a modern observer, the result might seem confusion. To a medieval participant, it may have provided choice. Although harmony among these groups was an avowed value, controversies nevertheless occurred among subgroups. [34]

Medieval guilds illustrate Olson's implication no. 2: "Stable societies with unchanged boundaries tend to accumulate more collusions and organizations for collective action over time." [35] But once again, a correct analysis proves insufficient. Stable societies with unchanged boundaries in China, India, Africa, and elsewhere did not always have the same results as in northwestern Europe and Japan.

Among the groups were labor organizations. These have formed and disappeared since ancient times, but not in lineal progression. Organizations of employers dominated in the medieval period. Peasant revolts were organized as well as spontaneous. Conventionally, each one is treated as specific to the occasion. But the concept of labor organizing may have been reinforced from one occasion to the next, and one group organizing may have inspired emulation.

In the fourteenth century laborers launched organizations to refuse to work unless their terms were met. The plague and the Hundred Years' War displaced many workers, who formed wandering bands capable of bargaining with cities suffering a labor shortage. Members of these bands paid dues, collected treasuries, struck even where it was forbidden to do so, and made alliances for mutual support with similar groups in other territories. [36]

Political and economic pluralism were accompanied by intellectual pluralism. In Bologna in the eleventh century, students grouped themselves into "nations" which in turn combined into two groups, one for north of the Alps and one for the south. Each was a universitas, a Roman term for a corporate group. [37] These organizations negotiated with city governments for charters. They hired their own professors, who also formed an association. Later the name

"university" was applied to the whole company. Such corporations were the precursors to many student and scholastic associations throughout Europe.

Azo, one of the foremost legal scholars at the turn of the thirteenth century, saw in these groups the basis for sovereignty. In an early medieval expression of democracy, he held that the source of the ruler's imperium lay "in the corpus, the universitas, the communitas. Jurisdiction did not descend downward from the emperor but upward from the corporate community." [38]

The growth of nations and nationalism in subsequent centuries is perhaps an extension of this pluralism, for groups banded together under a sovereign for negotiation, compromises, and war making with other nations.

With the dawn of the Enlightenment in Europe, intellectual and literary societies, lodges, and clubs proliferated, becoming a feature of private life in the seventeenth century. [39] They may also have been precursors of the scientific and technical academies associated with the Industrial Revolution and of the political clubs of the French Revolution, such as the Jacobin and the Feuillants.

Thus, pluralism in Europe spread upward, downward, and sidewise in the social scale, just as it did in Japan. The prerogative of making choices became valued on all rungs of all ladders. Over the centuries, the very structure of that scale and of those ladders was altered.

### **Peasant Leverage**

The conventional explanation credits lords with engineering the demise of feudalism. But the lords were not in full command of the manors, and change could not have occurred without the collaboration of the lower classes. Economically, the end of feudalism was a positive-sum move, although powerwise it was not. Instead, power was traded for goods. In their manorial councils and courts, Europeans already possessed the institutions through which this momentous change would be bargained and implemented.

Leverage is the common feature. Peasants allied themselves with groups that, although more powerful than themselves, nevertheless needed peasant support in conflicts with other powerful groups. In this interchange, the power of peasants was enhanced.

The process was already at work at the time of Charlemagne, who "tried to offset the power of the aristocracy by fostering and protecting other classes of the population — notably the common freemen, the free peasantry — who would look to the king as their master and protector and not to their immediate aristocratic lords, as did the servile tenants." [40] In the ensuing centuries, peasants wanting to be liberated from feudal dues would encounter resistance from the lords. Court cases then would decide tenure status. Royal and manorial courts vied with each other for jurisdiction. As each strove to enhance its scope, it might offer more favorable judgments to peasants bringing cases. Instead of bargaining for an improved definition of villein rights, a peasant might ask the court to declare him free.

Peasants were not alone in seeking to better their positions. In the eleventh century, bishops and counts left the French royal household, forcing the king to rely more upon knightly families and villeins for his retainers. [41]

Poly and Bournazel describe the way one such retainer argued before Louis VI that he had been born free, and therefore the king did not have the right to confiscate his possessions as a villein. [42]

The case of Simon de Paris illustrates one way in which peasant status was upgraded. Counted as a villein in his home community at Necton in England, de Paris moved to London, where he became alderman and sheriff. Upon his return to Necton for a visit in 1306, he was apprehended by the lord's bailiff and commanded to become reeve, since as villein he

was still in the lord's service. Taken to trial, the jury found that his residence in London had made him a free man. "The influence of the City of London was powerful and Simon was released," [43] a clear case of leverage provided by Simon's ties with the City.

The church was another source of peasant leverage. In its rivalry with the Holy Roman emperor and the kings of France and England, the church in the twelfth century often favored the peasants. They might become emancipated by joining a crusade or taking holy orders. The church attracted peasants away from other lords by offering more advantageous conditions and freeing slaves on its own domains. [44] Serfs also levered their power by associations with free peasants. The latter cooperated because, in the twelfth century, "the free man living among serfs was always liable to be confused with them." [45]

New towns, in competition with other towns or to gain status visàvis manorial lords, offered freedom to serfs who would register with them and remain for a year and a day. If the manorial lords wished to keep peasants from running off, they had to offer freedom or other advantages. [46] Whichever vertical alliance they chose, peasants were exercising leverage.

Vertical alliances between peasants and bourgeois sometimes enhanced the power of each. "A peasant leader . . . Guillaume Karle . . . organized a council [in the fourteenth century in France] which issued orders stamped by an official seal, and appointed captains elected in each locality, and lieutenants for squads of ten. . . . [His] hope was to win the alliance of the towns in a joint action against the nobles; it was here that the two movements, peasant and bourgeois, came together." [47]

Peasants were the beneficiaries of the battle between nobles and monarch over the right to tax. Had the lords won in France, no peasant would have been free. [48] By establishing its own right to tax, the French monarchy in effect declared the peasants free, albeit paying rents to the lords. Peasant leverage was diminished in the age of absolutism beginning with Louis XIV (1643-1715). But as France approached the Revolution, instances of peasant and bourgeois alliances with upper classes, and leverage, reappear. I will return to these after a digression into England.

In England, tension between monarch and nobility remained fairly steady through the centuries, perhaps a bit higher during the baronial revolts of the thirteenth century, a bit lower after the Wars of the Roses in the fifteenth century, and higher again under the Stuarts.

Peasant leverage also arose serendipitously out of actions by the gentry. The free market in land owes its origin, at least in part, to the desires of gentry to transfer their holdings. Gentry wanting to alien land despite their feudal obligations might do so with court rulings. Once a decision had been made in their favor, legal precedence required that it apply to freeholding peasants as well. I have described this in greater detail in an earlier work. [49]

Instead of deeds, in England unfree peasants held copies of manorial records of their holdings; hence their land was copyhold, and they were copyholders. In the 1550s, when common-law courts began to rule on copyholds, copyholders acquired the same rights as freeholders. [50] The gradual assumption of jurisdiction by royal, or common-law, courts away from manorial courts helped the peasants acquire the right to transfer, a step toward ownership. The difference between freehold and copyhold narrowed so much that manorial records gradually ceased to recognize it. [51] I count this as another instance of leverage, or peasants gaining an advantage through conflict between two greater powers, manorial and royal courts.

Peasant leverage in England was further enhanced by the military needs of the lords. As armies became more mercenary and less feudal-service, lords who needed money to pay soldiers became more willing to yield their arbitrary power over subjects' lands in exchange for money rents. [52]

England's free market in land was coupled with freeing the market in labor. Whereas the "standard holding" was a property of feudalism, once holdings could be transferred, all or in part, the sizes of tracts began to differ from each other, presenting the land manager with greater difficulty in assigning tasks. This helped lead to the emancipation of workers.

Serfs achieved their freedom in diverse ways. Some paid for it; some received it in a charter from the lords, which might enfranchise a whole village; some ran away; some called themselves free and went unchallenged; some won it by court ruling. [53] Some, holding serf land, sold it as free land, and no one challenged them. [54] Some simply rented land and became indistinguishable from free tenants. [55] All these maneuvers illustrate the working of a free market in institutions.

Whatever their method in attaining freedom, English peasants were not alone in their efforts. Merchants and industrialists quarreling with their own landlords lent them support. Friars and priests would favor them for moral reasons. In his opposition to the established church, John Wycliffe supported peasants in withholding tithes from "unworthy" clergymen, as did John Ball, a priest frequently punished for his utterances. [56] All of these actions constituted leverage.

In the High Middle Ages, peasant leverage in England was confined to sporadic arrangements with a few groups, such as rival courts of law or the church. None of these was a faithful ally under all circumstances. Indeed, in the fourteenth century, "Short of the king, their imagined champion, all officialdom was [the peasants'] foe — sheriffs, foresters, tax-collectors, judges, abbots, lords, bishops, and dukes — but most especially men of the law because the law was the villeins' prison." [57]

By the seventeenth and eighteenth centuries, however, vertical alliances and leverage had become institutionalized in two ways. First, the more successful peasants in England had become yeoman farmers, many cooperating with the nobility in agricultural improvements. Others lost out in enclosures, some drifting to the cities to look for employment. The richer ones were acquiring more social prestige than they had enjoyed in earlier centuries.

Second, common interests of peasants and other groups made for longer-lasting relationships. In pluralist societies, over time a greater number of groups finds more interests in common, and bonds tend to continue for longer periods. For example, the guilds supported the Levellers in England, since both protested monarchical authority as civil war approached; [58] both favored opening the enclosures of the fens and the end of servile tenure. [59] In sixteenth-century Normandy the peasants' natural allies were the nobility: "Peasant self-defence had become normal, condoned and even actively supported by the nobility. . . ." [60] According to Mousnier, peasants, merchants, and craftsmen had common interests in opposing royal taxes. [61] Priests sometimes found common ground with "their" peasants in defense of the estates. They may have felt a sense of mission because their literacy made them natural communicators for illiterate peasants. [62]

Back in France, the twilight of the ancien régime saw a resurgence of peasant leverage: "[T]he throne saw its interests best served by a landed peasantry with secure tenures, with greater personal freedom, and with regulation by the state of the obligations owed to the seigniors." [63] "Sometimes [in the late eighteenth century], with the support of royal law, peasant communities triumphed over the seigneurial tribunals." [64]

Just before the French Revolution, the concerns of the peasants were swept into a maelstrom of denunciations of a whole society: "[D]iscussion of the plight of the peasantry and criticism of seigniorial privilege were minor themes in the assault upon the old order." [65] The bourgeoisie also exercised leverage in revolutionary France. In the Estates General of 1789, "voting by head raised the possibility that the bourgeoisie would be able to act in concert with allies among the lower-ranking clergy and liberal nobility." [66] In local assemblies to elect the Third Estate for its meeting in Versailles in 1789, master craftsmen usually dominated.

However, credible procedures required universal suffrage, including for peasants, who therefore held on to the coattails of considerations more momentous than their own. [67] But there was a limit: suffrage was confined to those who paid taxes.

Peasants often gained from the application to them of benefits for the more powerful that could only be implemented universally. For example, in eighteenth-century France, the justice system needed "to guarantee proper and profitable use of property and talents, so potential aggressors had to be taught that to attack even the most modest of homes, possessions, and persons was fraught with peril. A poor wretch whom some hardy predator had thought to harass with impunity might receive assistance from a personal enemy of the plaintiff." [68]

Instances of peasant leverage could be found throughout northwestern Europe. In Zurich during the Reformation, the Catholics in power and their evangelical challengers competed for the loyalty of the peasants. "Peasants played off the abbot against his rivals by offering their allegiance to any power that gave the best promise of satisfying their rural grievances." [69] In seventeenth-century Netherlands, workers and lower middle class citizens found the Prince of Orange to be their defense against urban patricians. "[T]he Swedish peasant had never been a serf. In part, this was because the monarchical state, an enemy of the nobility, intervened on the peasants' side." [70] The same was so in Finland.

Rising nationalism in the eighteenth and nineteenth century often boosted the peasants' position, for peasants were needed in the struggle against foreign overlords. The Irish struggle for independence was carried on mainly by urban interests, but early in the twentieth century it resulted in land for the peasants. [71]

With the blossoming of democracy and parliamentary horse trading, small-farmer support (the word peasant is no longer appropriate in the twentieth century) has led to political concessions. For example, in 1980, President Valéry Giscard d'Estaing announced a development program for southwest France to woo the farmer vote for the admission of Spain to the Common Market. [72]

In these many ways, vertical alliances and leverage were a principal means of enhancing the power of peasants from the tenth century to the present day. Evolution toward free markets in both land and farm labor was part of the process. All this unfolded step by step, mainly in a free market for institutions.

### **Peasant Rebellions**

Like Japan, northwestern Europe from the fourteenth century into the eighteenth was studded with peasant rebellions. As in Japan, many of these rebellions were on-and-off outbreaks, combined with negotiations. As in Japan, most peasant violence was put down, in some cases brutally, with execution and torture. As in Japan, negotiations frequently were fruitful, and peasant power was enhanced, often through the leverage of vertical alliances. As in Japan, many authors have commented on the reasonableness of peasant demands. [73]

As in Japan, peasants for the most part did not insist on radical changes in political or landholding structures, the Diggers in England being an exception. "The objectives of all these protesters were strictly limited, and those who wished to turn such violent upheavals as the Jacobite rebellions [of eighteenth-century Britain] into national revolutions were disappointed." [74] Mainly, peasants sought specific improvements in their work conditions, such as lower rents, fewer work days a week on seigniorial farms, exemption from specified work details or payments, greater mobility, and political freedom.

The best known of peasant rebellions are the French Jacquerie of 1358, the English peasant revolt of 1381, the Zurich revolt of 1489, the German Peasants' War of the 1520s, the English Pilgrimage of Grace of 1536, Ket's rebellion in England in 1549, violence by the Diggers and Levellers in England in the seventeenth century, and the Irish tithe war of 1831-38. In other

years, violence ranged from sporadic to endemic. The generalizations of the preceding paragraph are supported by the histories of these rebellions, which can be found in encyclopedias.

### **Leverage by Other Groups**

Peasants were not the only ones who enhanced their power by leverage. Throughout the period under review, rivalries among king, nobility, town governments, and church spurred vertical alliances among many groups, such as rear-vassals (vassals of vassals), merchants, traders, and laborers. For example, Philip II of France (r.1180-1223) "played off clergy, feudal lords, and town authorities against one another, favoring especially the towns, to which he granted considerable self-government, and the great merchants, to whom he granted trading privileges and monopolies." [75]

In the thirteenth century, a rear-vassal might take a complaint against his seignior to the king for settlement. If the king were in any kind of rivalry with the seignior, the rear-vassal might win. Hughes de Lusignan complained to Philip II that John, his seignior, had married Hughes's fiancée. As king of England, John was a rival of Philip's. Philip took advantage of this complaint to call John to account, for John was Philip's vassal for his lands in France. Upon his failure to appear, Philip confiscated John's French lands. [76] In a similar episode in the fourteenth century, citizens of Beauvais in France, which had been a bishopric for centuries, complained against their grand seignior, the bishop. Endorsing their complaint, the king granted the town the title of commune. [77]

The powers of towns and villages relative to nobility, clergy, and king were further strengthened as Philip IV of France (r.1285-1314) called upon them in national assemblies to support him in his fight with the pope over taxation and his struggle with the Knights Templars over power. The first Estates General in 1302 was one of these assemblies.

In these many ways, leverage was applied by middle-class groups as well as peasants, not always successfully and sometimes to concentrate power. But for the most part, the power of weaker groups grew relative to stronger ones, and thereby the diffusion of power was promoted. Further historical references to the use of leverage by groups other than peasants appear in Appendix 4.1.

### **Other Ways of Diffusing Power**

Even without vertical alliances, economic development and the diffusion of power were mutually reinforcing. As private agriculture, towns, and markets enhanced production and trade, power became still more diffuse and institutionalized. Increased trade in the eleventh and twelfth centuries diminished the power of kings to control it. Earlier a king would travel, with an itinerant court, to render justice throughout his kingdom. As economic life became more complex, he could no longer do this efficiently. So local decision-making expanded. For example, Henry II of England (r.1154-89) lacked a police force and could raise only temporary armies of knights. [78]

The growth of towns brought new classes — merchants and craftspeople — who could bargain for rights from lords and kings without allying themselves with other groups. Their strength lay in the material wealth they could create and share with those who bestowed the privileges. [79] "[T]he middle classes as a body were accorded a higher, more responsible position." [80]

E. L. Jones has argued that the shift to "money fiefs" as opposed to "service fiefs" occurred when lords, who previously had consumed only the produce of their lands, now needed cash for imports. Therefore, they demanded cash rents from their peasants, who could pay only by selling their products. [81] While this may be so, it is not clear why the lords could not raise cash by seizing peasant produce, as had been their wont, and selling it themselves.

More likely, the peasants were becoming traders on their own account, leaving the lord no choice but to demand his share in cash. If this is indeed what happened, it would signal increasing power of peasants relative to lords.

The growth of corporations also helped disperse power. "A corporation could easily avoid rendering customary feudal services and payments. A corporation never rides out fully armed and prepared for battle in the service of an overlord." [82] Local dynasties, a legacy of the Hundred Years' War, limited the powers of French kings Charles VII (r.1422-61) and Louis XI (r.1461-83) in ways that had not been possible under Philip IV (r.1285-1314). The baillis and sénéchaux sent out as local officials by Henry II (r.1547-59) and other kings were generalists, whose power was eclipsed by specialists in water and forests, and the like. [83] "The process of land reclamation [in the Netherlands, c.1600-1750] established a set of drainage institutions that gave peasants some voice in local affairs and a vehicle to secure cooperation in improvement schemes." [84] Further references to nonleverage ways by which weaker groups enhanced their power relative to stronger ones are listed in Appendix 4.2.

### **Middle Class Power: Its Effect on War**

By refusing to fund them, parliaments and estates decreased the capacity of kings and princes to make war. The military prowess of the ruler was not always to the advantage of the middle classes. Partly because of this, European wars became periodic rather than endemic. Thus, the dispersion of power promoted institutions of trust in two ways: (1) through the demand for them as such by the middle classes, and (2) through the diminished capacity of rulers to destroy them by war.

### **Balance of Power**

#### **Balance of power emerged in Europe in three senses.**

First was the political-international. From the sixteenth to the nineteenth centuries, under pressure primarily from England, the major European governments gave up the quest for individual dominance and strove instead for balance, such that no country might overwhelm the others militarily. [85]

Second was the political-national. As parliamentary democracy evolved in northwestern Europe, political groups sought to ensure that no ruling faction should dominate all others. Thus came the countervailing powers of executive, legislature, and judiciary; multiparty government; and the division of authority among bureaucratic departments and offices.

Third was a less well-known balance of power among interest groups. But "balance" must be understood intuitively, for measurement would run afoul of the vague borders of groups and the problems of weighting. Should groups be weighted according to the size of their membership or by their organizational purposes — social, political, economic, and the like — some being deemed, subjectively, more important than others? Furthermore, balance does not mean equal power. It means a set of tensions by which unequal groups nevertheless inhibit each other's excesses.

Compare a labor union in North America, able to stand off employers and bargain for a favorable settlement, with one in Latin America that must accept its government's verdict. [86] In the former, labor power is balanced against employer power; in the latter it is not. Since no way exists to measure the power of one group relative to the other, the balance of power of interest groups must be understood intuitively.

Balance of power is an abstract concept learned through experience, in which balance in one arena may foster its acceptance in others. Just as the twentieth-century concept of equality among races (say, blacks and whites in the United States) may later extend to other ethnic groups and to gender, so also in earlier centuries, the balance of military power among European countries may have strengthened the idea that power should be balanced among executive, legislative, and judicial branches. These two types of balance may have increased

the acceptance of balance among interest groups; say, between peasants and nobility or laborers and employers. Alternatively, the causation may have occurred in a different order, or they may all have been mutually reinforcing. Finally, the relative balance among interest groups probably encouraged bargaining for positive-sum, or efficient, solutions, which are the essence of durable economic growth.

### **Institutions of Economic Growth**

The major institutions of economic growth in northwestern Europe — such as money and finance, law, corporations, labor organizations, and parliamentary democracy — were created through an emerging free market of ideas, [87] even though each institution was to some extent limited by monarch or government. Although coin was minted by the sovereign, the financial system was mainly one of promissory notes and banking instruments arranged by traders and financiers. Although guilds controlled or were controlled by town governments, they also were shaped by merchant and producer groups. Business organizations ranging from the Hanseatic League to the giant staples, the royal monopoly trading companies, and the modern corporation, all were molded by producing and trading groups, though often in concert with a government. Because the history of these institutions is well known in the West (unlike the history of Japanese institutions), they are mentioned only cursorily here.

Each of these organizations has wanted a monopoly over its own products, and some for awhile succeeded. But monopolies for all were impossible. Bargaining among them — towns with other towns, guilds with other guilds, merchants with competing merchants, bankers with other financiers, employers with unions — led toward a market in goods and services which, while not completely free, was relatively so compared with that of less-developed zones.

All these institutions are sustained by a balance of tensions among the groups supporting them. No government is capable of emasculating them or even of changing them significantly. The European Union is today being fashioned by negotiation among somewhat equal partners. No one group can indefinitely dominate the monetary system, manipulating it to transfer product to itself, although governments or businesses may do this for awhile. Nor can any group totally command the pricing and marketing policies of business corporations. Even the strongest "monopoly" is subject to competition, if not for its own products at least for substitutes or for the consumer's money. Nor does any one group control the law. All these institutions contain some built-in accountability, either to others or to the constraints of the market. For the most part, this degree of accountability is unique to Japan and northwestern Europe and its descendants (North America, Australia, and New Zealand). Only a few elements of this system are found outside those areas.

### **Notes**

1. North 1981:5.
2. North and Thomas 1973.
3. North 1981, 1990.
4. Strayer 1992: chapter 1.
5. Representative authors of the "prevailing orthodoxy" include Habakkuk (1958), Postan (1966), and North and Thomas (1973).
6. Bloch (1961, English translation) is the principal author to discover this relationship, although Weber 1964:374 (originally *Wirtschaft und Gesellschaft*, 1922 and 1925), among others, had mentioned it earlier.
7. Hilton 1973:216; 1978:9.
8. Berman 1983:555-56; Hilton 1973:70-71, 74-75.
9. Hilton 1973:216.
10. Genicot 1966:733-34.
11. Hogue 1966:133.
12. Goodell 1980:298.
13. Postan 1966:611.
14. de Tocqueville [1856] 1955:47.

15. Kriedte 1983:16.
16. Powelson 1988:53-65. There I quote other authors than those mentioned above:  
Barraclough 1946:148; Berman 1983:321ff; Bloch 1966b:170; Brenner 1976:55; Geiger 1973; Gregg 1976:90; Wunder 1978:55.
17. North and Thomas 1973:31, 61, 79, 92.
18. North 1981:130.
19. Tuchman 1984:39.
20. Black 1984:55.
21. Tuchman 1984:269.
22. Duby 1988b:57.
23. For example, Chartier 1989.
24. Gilles 1986:104.
25. Berman 1983:107, 212.
26. Geiger 1973. Van Werveke 1963:3-41 stresses these essentials in medieval European towns but does not compare them with the rest of the world.
27. Van Werveke 1963:40.
28. Holborn 1959:100.
29. Berman 1983:300.
30. Gilles 1986:114.
31. Berman 1983:394.
32. Epstein 1991:78.
33. Black 1984:46.
34. Black 1984:71.
35. Olson 1982:74, 124.
36. Tuchman 1978:69, 286, 365.
37. Berman 1983:124.
38. Berman 1983:292.
39. Chartier 1989:17.
40. Barraclough 1976:30.
41. Poly and Bournazel 1991:187-88.
42. Poly and Bournazel 1991:189.
43. Hibbert 1987:30.
44. Berman 1983:320.
45. Braudel 1982:257.
46. Blum 1957:810.
47. Tuchman 1984:177-78.
48. Brenner 1985:56.
49. Powelson 1988:67-76.
50. Harvey 1984:328.
51. Harvey 1984:331.
52. Rosenberg 1986:120.
53. Hibbert 1987:29.
54. Harvey 1984:347.
55. Gregg 1976:290.
56. Hibbert 1987:35-6.
57. Tuchman 1984:373-74.
58. Black 1984:126.
59. Gregg 1961:71.
60. Nicholls 1984:110.
61. Burke 1984:76.
62. Nicholls 1982:115.
63. Blum 1978:197.
64. Furet and Ozouf 1989:688.
65. Blum 1978:305.
66. Richet 1989:537.
67. Lefebvre 1947:59.
68. Castan 1989:47-48.

69. Broadhead 1982:162.
70. Braudel 1984:254.
71. Clark 1979:263.
72. New York Times, 10/19/1980.
73. For example, Nicholls 1984:120, dealing with peasant risings in Normandy; Braudel 1982:257, writing of several rebellions; Blum 1978:197, 206, on France; Broadhead 1982: 162, with reference to Zurich.
74. Hibbert 1987:478.
75. Berman 1983:464.
76. Gilles 1986:118; Barber 1992:289.
77. Mousnier 1974:590.
78. Berman 1983:407, 450.
79. Rosenberg and Birdzell 1986:55.
80. De Tocqueville 1856/1955:85.
81. Jones, E.L., 1981:86.
82. Hogue 1966:74.
83. Sicard 1986:218.
84. de Vries 1976:70.
85. This quest for balance of power is well known and requires no explanation here. Every attempt to destroy it, such as by Louis XIV, Napoleon, and Hitler, was met by a combination of other powers.
86. Although government may intervene in labor disputes in both the United States and Latin America, in the former case intervention is the exception while in the latter area it is the usual condition for all major disputes. The minister of labor may supervise the negotiations, declaring some strikes legal and others illegal, or approving the settlements. Poblete and Burnett (1960) provide a concise history of the Latin American labor movement.
87. Their histories have been amply written by economic historians and are well known in the West. I do not repeat them here.

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*'It seems strange to be writing one's own obituary, but that's the way life and death go. When I was in college I chauffeured an elderly retired judge who wrote his own obituary for the newspaper. The least I can do is write mine for The Quaker Economist, the journal I founded eight years ago. Yes, this is an obituary. I died on January 1, 2009, after a brief illness. I had a good life, and it had to end sometime.'*

**John P. Powelson, 1920-2009**

The purpose of *The Quaker Economist* is to combine Quaker values and concern for the poor and oppressed with the best of hard-headed economics and social science.

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