

*THE ROLE OF INSTITUTIONS IN THE
PROTO-INDUSTRIALISATION OF THE
BLACK FOREST OF BADEN-WÜRTTEMBERG*

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1 ABSTRACT

For much of the Medieval Period, Europe was largely indistinguishable from the rest of the world. Families were rooted in self-subsistent communities, where taxation from the local landlord represented the sole outside contract. Life, including consumption, production, and reproduction, was strictly regulated by the village. Any industry or commerce was controlled by guilds and merchant companies.

However, some theorists claim that by the turn of the 16th century, much of this was eroded at the hands of “proto-industrialisation.” Family controls broke down, village communities no longer regulated settlement, feudalism collapsed, guild control over industry diminished under cheap rural competition, and ultimately – production and consumption were entirely determined by market forces. In the 1970s, it was argued that this proto-industrialisation ultimately installed the incentives for population growth, capital accumulation, and entrepreneurship. These, they claim, were the prerequisites for the Industrial Revolution of the 18th century, where regions moved beyond subsistence and towards export-orientation.

The argument can be summarised succinctly: wherever proto-industries arose, so did markets – destroying older social institutions, which therefore played only an insignificant role in subsequent economic development.

The original proto-industrialisation theory failed to address a central conundrum: what caused such enormous economic variation across societies in the same continent? Why do average Austrians earn three times as much as their neighbours in Hungary?

In this essay, I shall challenge some of the key suppositions of the proto-industrialisation theory by considering the small region of Baden-Württemberg in southwest Germany. I shall argue that proto-industries arose in spite of repressive landholding institutions, communal power, and guild control. However, I shall assert that these repressive institutions were not conducive for sustained economic growth – so whilst proto-industries may have developed, they did not translate into long-term social wellbeing. It is for this reason that western Europe diverged from eastern Europe.

2 INSTITUTIONS

2.1 Landholding Institutions

In the early 1560s, the inhabitants of the Swabian Black Forest, a wooded region of the Duchy of Württemberg, began to weave light worsted cloths and export them to markets across southern Europe. This export became the most important livelihood in many villages in the region for the next 240 years. The industry was identified as the quintessential example of a proto-industry by the theorists of the 1970s.

The proto-industrialisation theory assumes that such an industry arose from a breakdown of the feudal powers of landlords. However, in Württemberg, the powers of landlords had already all but disappeared – and by 1450, most peasants began to enjoy secure tenures and the right to sell their holdings. There was no restriction on marriage or mobility, and the prince collected feudal dues of just ten percent of output. Württemberg was no exception; in England, Switzerland, and the Rhineland – the institutional powers of landlords had long disappeared in advance of the proto-industries.

Equally the contrary remains true. Proto-industries expanded rapidly in areas of classic feudal production, such as Russia, Bohemia, Moravia, and Silesia. In these regions, landlords reduced proto-industrial costs through forced wage labour, forced sales at fixed prices, and restricting peasants' alternative options. In areas of northern Italy, some feudal landlords created guild-free enclaves to encourage proto-industry – whereas, in the Bulgarian province of Eastern Rumelia, some landlords restricted access to farmland to coerce the population into the proto-industry. Even as late as the 18th century, landlords in Lombardy worsened the terms of lease contracts to restrict the options of the rural population.

Thus, it appears as if there is very little correlation between the strength of landlords and the growth of proto-industry. What truly matters is the impacts of their institutional powers on industrial costs in the local context. In Russia, Bohemia, Moravia, Silesia, and Bulgaria – strong landlords encouraged proto-industry by weakening guilds, extorting raw materials, and preventing peasants from earning a living elsewhere. In England, Switzerland, Rhineland, and Württemberg, very weak landlords encouraged proto-industries by not intervening in markets – thereby creating lower costs.

It has thus been established that low costs can arise from both weak and strong landholding institutions. However, we have only considered the short-term. The divergence of western and eastern European societies suggests that whilst institutional privileges for landlords were compatible with initial proto-industry, they were incompatible with sustained economic growth.

2.2 Communal Power

The proto-industrialisation theory requires the breakdown of community controls over socioeconomic and demographic behaviour. However, such was not the case in Württemberg – where substantial community power persisted into the 19th century. Community officials controlled the use of common land, regulated raw material markets, approved loans and credit, resolved familial conflicts in a church court, and further supervised work, schooling, religion, and even celebration. It appears as though both agrarian and proto-industrial communities shared similar levels of local control. Whilst other proto-industrial regions across Europe had weak communities, such as in Flanders and the Rhineland; these communities had become weak long before proto-industry.

Thus, it appears that weak communities in themselves were neither necessary nor sufficient in the promotion of proto industry. Rather, once again, it is the impact of institutions on production costs that determines the outcome. For instance, in Württemberg, the local community prevented young men without guild licenses from setting up households – coercing them to emigrate or enrol in military service. Consequently, large numbers of unmarried women were prohibited from working in the mainstream – and became a cheap source of spinning labour for the worsted industry. Similar regulations were also deployed in the Netherlands and northern Italy.

2.3 The Role of Guilds

The role of guilds was primarily that of enforcing barriers to entry. They reported unlicensed practitioners, ensured that only weavers' sons were given admission, monitored output volume and quotas, and invested vast resources in lobbying the state to extend its privileges.

As per the classical proto-industrialisation theory, proto-industry arose due to the collapse of guilds and companies as a result of rural competition. The historians of the 1970s largely generalised this phenomenon from case studies of English and Flemish experience – however, Württemberg suggests otherwise.

As the worsted-weaving industry burgeoned, weavers immediately began to lobby for guild privileges from the state – and by 1611, all Black Forest districts had obtained their own guild. Anyone weaving worsteds had to gain admission to their district guild, and submit themselves to their regulation. Such a system endured until 1864, long after the collapse of the worsted industry. Indeed, whilst guilds declined in England, the Low Countries, and the Rhineland – these were very much the exceptions. Almost everywhere else in Europe, proto-industries were regulated by both urban and rural guilds – such as in the Bologna silk industry, the Catalonia woollen industry, the Rouen linen and cotton industry, and so on.

The establishment of guilds brought about a myriad of benefits. They overcame capital market imperfections, upheld quality standards, and represented some of the first instances of the defence of intellectual property rights.

2.3 The State

By now, we have established that some regions of Europe saw their proto-industries burgeon in spite of powerful guilds, communities, and landlords. However, why were these institutions strong in some regions, but weak in others? We must now consider the hitherto ignored party: the central state.

In Württemberg, the role of the state was to provide legal enforcement for the privileges of the aforementioned corporate groups – as opposed to creating a framework for market transactions between individuals. The back-and-forth lobbying of the guilds against the merchant companies made such a stance incredibly lucrative. Had there been any willingness to create a framework for free market transactions, the state would find themselves facing incredibly entrenched local communities – many of whom were responsible for the collection of taxes. Consequently, there was rarely the willingness or the ability to develop such a framework between individuals.

In summary, in most European proto-industries where the landlords, guilds, and communities retained power – this was largely due to fiscal and political support provided to the state, or due to a lack of ability to break them down. Often, it was a combination of the two.

Only in the late 1700s would most European states become powerful enough to dispense support from landlords, communities, and guilds. However, the fiscal incentive persisted – and in the Habsburg lands, the Theresian reforms of the 1750s withdrew support for proto-industrial regulation by guilds, and instead granted guild-free “Fabrik” privileges by increasing state

regulations and subsidies. Similar paths were taken by France, Sweden, Italy, and most German states. In effect, producers had just exchanged the privileges of traditional institutions for a new set of non-market institutions with more political enforcement.

3 CONCLUSION

We have established that most proto-industries across Europe began irrespective of the strength of their landholding, communal, or guild institutions. However, let us now attempt to answer the question we had set out to tackle: what caused such enormous economic variation across societies in the same continent?

There appears to have been an underlying pattern that occurred throughout eastern and central Europe: economic wellbeing was constrained by corporate privilege. These privileges gave their beneficiaries the incentive and power to resist change – as practices that would increase wealth would also alter its distribution. Consequently, when faced with an opportunity or a threat, proto-industries with powerful communities, guilds, and landholding institutions would be averse to change. Therefore, whilst initial opportunity may have sprouted proto-industrial growth (principally by keeping costs low), few proto-industries with such repressive institutions could sustain this growth due to the prohibitively slow process of intergroup bargaining and state action. Consequently, it was impossible to adjust to long-run changes in the economic environment. A similar line of argument can be applied to much of sub-Saharan Africa in the 21st century.

The men and women of the Black Forest made the best living they could given their constraints – but these constraints inevitably limited economic growth. By 1750, output levels had stagnated as new techniques were rejected and markets were lost. Thousands of men, having been denied guild licenses, left for America or enrolled in the bloated European armies. The women left behind, unable to marry, were left with the choice of either begging or spinning at the rates set by the weavers. By the 19th century, emigration had reached epidemic proportions. It was certainly not the success story painted by the theorists of the 1970s.

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