

---

# The Instruments of Exchange

AT FIRST SIGHT, the economy consists of two enormous areas: production and consumption. One completes and destroys; the other renews and starts afresh. 'A society cannot leave off producing any more than it can leave off consuming', wrote Marx.<sup>1</sup> This seems a self-evident truth. Proudhon says much the same thing when he asserts that working and eating are the two apparent purposes of man's existence. But between these two worlds slides another, as narrow but as turbulent as a river, and like the others instantly recognizable: exchange, trade, in other words the market economy – imperfect, discontinuous, but already commanding in the centuries studied in this book, and without a doubt revolutionary. In an overall structure which had an obstinate tendency towards a routine balance, and which left it only to revert to it, this was the zone of change and innovation. Marx called it the sphere of circulation<sup>2</sup> a term I persist in finding a happy one. The word circulation, transferred from physiology to economics,<sup>3</sup> does, it is true, cover a multitude of things. According to G. Schelle,<sup>4</sup> the editor of the complete works of Turgot, the latter once thought of writing a *Treatise on Circulation* which would have dealt with banks, Law's system, credit, exchange and trade, and luxury – in other words practically the entire economy as then conceived. But has not the expression *market economy* today, in turn, taken on a wider meaning which goes far beyond the simple notion of circulation and exchange?<sup>5</sup>

Three worlds then. In the first volume of this book, I gave pride of place to consumption. In the pages which follow, we shall be looking at circulation. The difficult problems of production will be tackled last of all.<sup>6</sup> Not that I would challenge the views of Marx and Proudhon that they are essential. But for the historian, looking backward in time, it is hard to begin with production, a baffling territory, difficult to locate and as yet inadequately charted. Circulation, by contrast, has the advantage of being easily observable. It is constantly in movement and draws attention to its movement. The clamour of the market-place has no difficulty in reaching our ears. I can without exaggeration claim to see the dealers, merchants and traders on the Rialto in the Venice of 1530, through the very window of Aretino, who liked to look down at this daily scene.<sup>7</sup>

I can walk into the Amsterdam Bourse of 1688 or even earlier and feel quite familiar – I almost wrote ‘free to speculate’. Georges Gurvitch would immediately object that the *easily observable* may well be the secondary or the negligible. I am not so sure; and I do not believe that Turgot, who had to tackle the whole of the economy of his time, was so very mistaken in paying special attention to circulation. After all, the genesis of capitalism is strictly related to exchange – is that negligible? Finally, production means division of labour and therefore forces men to exchange goods.

In any case, who would seriously think of minimizing the role of the *market*? Even in an elementary form, it is the favoured terrain of supply and demand, of that appeal to *other people* without which there would be no economy in the ordinary sense of the word, only a form of life ‘embedded’ as English economists say, in self-sufficiency or the non-economy. The market spells liberation, openness, access to another world. It means coming up for air. Men’s activities, the surpluses they exchange, gradually pass through this narrow channel to the other world with as much difficulty at first as the camel of the scriptures passing through the eye of a needle. Then the breaches grow wider and more frequent, as society finally becomes a ‘generalized market society’.<sup>8</sup> ‘Finally’: that is to say with the passage of time, and never at the same date or in the same way in different regions. So there is no simple linear history of the development of markets. In this area, the traditional, the archaic and the modern or ultra-modern exist side by side, even today. The most significant images are undoubtedly easy to find and collect, but not, even in the favoured case of Europe, to situate with precision in relation to one another.

Could it be that this lurking problem is also a consequence of the restriction of our field of observation – even though it runs from the fifteenth to the eighteenth century? The ideal field of observation would cover all the markets in the world, from the very beginnings to our own time – the huge area tackled with iconoclastic zeal by Karl Polanyi.<sup>9</sup> But how can one include in the same explanation the pseudo-markets of ancient Babylon, the primitive exchange habits of the Trobriand Islanders in our own time, and the markets of medieval and pre-industrial Europe? I am not convinced that such a thing is possible.

In any case, we shall not begin by immersing ourselves in general explanations. We shall begin with description: first of Europe, a vital witness and better known than any other. Then of countries outside Europe, for no description can even begin to lead to a valid explanation if it does not effectively encompass the whole world.

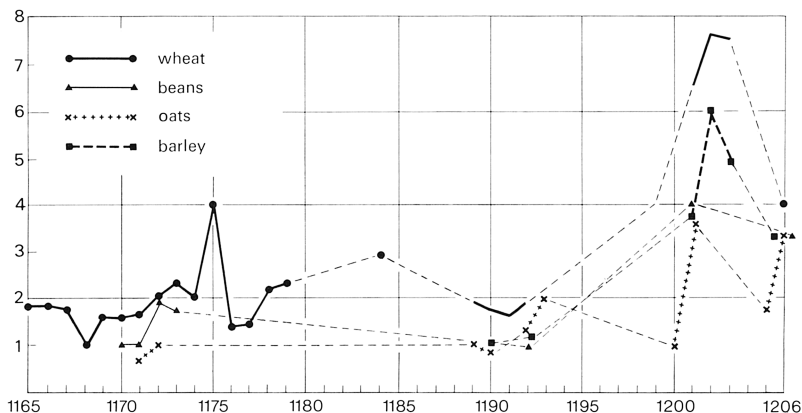
## Europe: the wheels of commerce at the lowest level

Let us begin then with Europe. By the fifteenth century, the most archaic forms of exchange had already been eliminated there. All the evidence relating to prices



Venice, the Rialto. Painting by Carpaccio, 1494. (Academy, Venice. Photo Giraudon.)

as early as the twelfth century indicates that they were already fluctuating,<sup>10</sup> evidence that by then 'modern' markets existed and might occasionally be linked together in embryonic systems, town-to-town networks. For effectively only towns (or very large villages) had markets. Small villages might very occasionally possess a market in the fifteenth century<sup>11</sup> but their number was negligible. The western town swallowed everything, forced everything to submit to its laws, its demands and its controls. The market became one of its mechanisms.<sup>12</sup>



#### 1 EARLY PRICE FLUCTUATIONS IN ENGLAND

From D.L. Farmer, 'Some Price Fluctuations in Angevin England' in *The Economic History Review*, 1956-1957, p. 39. Note how the prices of the different cereals went up in unison following the bad harvest of the year 1201.

### *Ordinary markets like those of today*

In their elementary form, markets still exist today. Survivals of the past, they are held on fixed days, and we can see them with our own eyes on our local market-places, with all the bustle and mess, the cries, strong smells and fresh produce. In the past, they were recognizably the same: a few trestles, a canopy to keep off the rain; stallholders, each with a numbered place,<sup>13</sup> duly allotted in advance, registered, and to be paid for as authorities or landlords decreed; a crowd of buyers and a multitude of petty traders – a varied and active proletariat: pea-shellors, who had a reputation for being inveterate gossips; frog-skinners (the frogs came in mule-loads from Geneva<sup>14</sup> or Paris<sup>15</sup>), porters, sweepers, carters, unlicensed pedlars of both sexes, fussy controllers who passed on their derisory offices from father to son; secondhand dealers, peasants and peasant women recognizable by their dress, as were respectable townswomen looking for a bargain, servant-girls who had worked out, so their employers complained, how to make something out of the shopping-money (to shoe the mule, *ferrer la mule* as they said);<sup>16</sup> bakers selling coarse bread on the market-place, butchers whose displays of meat encumbered the streets and squares, wholesalers ('gros-

sers') selling fish, butter and cheese in large quantities);<sup>17</sup> tax-collectors. And everywhere of course were the piles of produce, slabs of butter, heaps of vegetables, pyramids of cheeses, fruit, wet fish, game, meat which the butcher cut up on the spot, unsold books whose pages were used to wrap up purchases.<sup>18</sup> From the countryside there also came straw, hay, wood, wool, hemp, flax and even fabrics woven on village looms.

If this elementary market has survived unchanged down the ages, it is surely because in its robust simplicity it is unbeatable – because of the freshness of the perishable goods it brings straight from local gardens and fields. Because of its low prices too, since the primitive market, where food is sold 'at first hand'<sup>19</sup> is the most direct and transparent form of exchange, the most closely supervised and the least open to deception. Is it the most equitable? Boileau's *Livre des Métiers* (Book of Trades), originally written in 1270,<sup>20</sup> insists that it is: 'For it is clear that the goods come to the open market and there it can be seen if they are good and fair or not ... for of things ... sold on the open market, all may have a share, poor and rich.' The German expression for this is *Hand-in-Hand*, *Auge-in-Auge Handel* – selling hand to hand, eyeball to eyeball;<sup>21</sup> in other words immediate exchange: the goods are sold on the spot, the purchases are taken and paid for there and then. Credit is hardly used between one market and another.<sup>22</sup> This very ancient form of exchange was already being practised at Pompeii, Ostia or Timgad, and had been for centuries or millennia before that: ancient Greece had its markets, as did classical China, or the Egypt of the Pharaohs, or Babylonia where exchange made its very earliest appearance.<sup>23</sup> European travelers have described the multi-coloured splendours and the organization of the market 'of Tlalteco next to Tenochtitlan' (Mexico City)<sup>24</sup> and the 'regulated and policed' markets of Black Africa, where they were struck by the orderliness of the market, if not by the abundance of goods on offer.<sup>25</sup> The origins of the markets of Ethiopia go back into the mists of time.<sup>26</sup>

### *Towns and markets*

Markets in towns were generally held once or twice a week. In order to supply them, the surrounding countryside needed time to produce goods and to collect them; and it had to be able to divert a section of the labour force (usually women) to selling the produce. In big cities, it is true, markets tended to be held daily, in Paris for instance, where in theory (and often in practice) they were supposed only to be held on Wednesdays and Saturdays.<sup>27</sup> In any case, whether intermittent or continuous, these elementary markets between town and countryside, by their number and indefinite repetition represent the bulk of all known trade, as Adam Smith remarked. The urban authorities therefore took their organization and supervision firmly in hand: it was a matter of vital necessity. And these were on-the-spot authorities, prompt to react or devise regulations, and always keeping a sharp eye on prices. In Sicily, if a vendor asked a price a single *grano* over

the fixed tariff, he could be sent straight to the galleys! (One such case occurred on 2 July 1611 at Palermo.)<sup>28</sup> At Châteaudun,<sup>29</sup> bakers who were third-time offenders were ‘brutally tipped out of tumbrils, trussed up like sausages’. This practice dated back to 1417, when Charles d’Orléans granted aldermen the right to inspect the bakeries, and the community did not succeed in having the torture banned until 1602.

But supervision and penalties did not prevent the market from growing to meet demand and taking its place at the heart of urban life. Since people went there on set days, it was a natural focus for social life. It was at market that the townspeople met, made deals, quarrelled, perhaps came to blows; the market was the source of incidents later reflected in court cases which reveal patterns of complicity, and it was the scene of the infrequent interventions of the watch, sometimes spectacular, sometimes prudent.<sup>30</sup> All news, political or otherwise, was passed on in the market. In 1534, the actions and intentions of Henry VIII were criticized aloud in the market-place of Fakenham in Norfolk.<sup>31</sup> And was there any English market down the ages where one would not have heard the vehement pronouncements of preachers? The impressionable crowd was there to hear all sorts of causes, good and bad. The market was also the favourite place for all business or family agreements. ‘At Giffoni, in the province of Salerno, in the fifteenth century, we see from the lawyer’s records that on market days, apart from the sale of produce and local artisans’ wares, a higher percentage [than on other days] is recorded of land sale agreements, emphyteutic leases [i.e. those providing for fixed perpetual rent] donations, marriage contracts and dowry settlements.’<sup>32</sup> The market was a stimulus to everything – even, logically, the trade of the local shops. William Stout, a Lancaster shopkeeper at the end of the seventeenth century, hired extra help ‘on market and fair days’.<sup>33</sup> This was no doubt a general rule – unless that is the shops were officially closed, as was often the case, on fair or market days.<sup>34</sup>

One has only to sample the wisdom of proverbs to see how central the market was to a whole world of relationships. Here are a few examples:<sup>35</sup> ‘One can buy anything in the market but silent prudence and honour’; ‘a man who buys fish while it is still in the sea may only get the smell in the end’. If you are unskilled in the arts of buying and selling, ‘the market will teach you’. Since no man is an island in the market, ‘think of yourself but think of the market too’, that is of other people. The wise man, says an Italian proverb, ‘*val più avere amici in piazza che denari nella cassa*’, will prefer to have friends on the market-place than money in a chest. To resist the temptations of the market-place is the image of wisdom in the folklore of Dahomey of today: ‘When a seller calls “Come and buy”, reply if you are wise: “I spend only what I have”’.<sup>36</sup>

### *Markets increase in number and become specialized*

Taken over by the towns, the markets grew apace with them. More and more markets appeared, overflowing from the small town squares which could no