

# The Low Countries in the Transition to Capitalism

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*In the most recent phase of the discussion on the historical conditions for economic development, or the transition from feudalism to capitalism, the town-dominated Low Countries have been neglected, because the focus has been to such a large extent on agrarian conditions and agrarian transformations. This article seeks to make use of the cases of the medieval and early modern Northern and Southern Netherlands, the most highly urbanized and commercialized regions in Europe, to show that the rise of towns and the expansion of exchange cannot in themselves bring about economic development, because they cannot bring about the requisite transformation of agrarian social-property relations. In the non-maritime Southern Netherlands, a peasant-based economy led to economic involution. In the maritime Northern Netherlands, the transformation of peasants into market-dependent farmers created the basis for economic development.*

*Keywords:* Brenner debate, economic development, Netherlands agrarian history, transition from feudalism to capitalism, peasant differentiation

## INTRODUCTION: PERSPECTIVES ON TRANSITION AND THE NEGLECT OF THE LOW COUNTRIES

In the new phase of macro-historical and social-theoretical debate about the rise of capitalism that began in the early 1970s, the Low Countries have received short shrift. Why this is so is not easy to say. Part of the explanation is surely to be found in the relative paucity, until fairly recently, of relevant historical material on Dutch medieval history and Low Countries agrarian history more generally. Yet, in view of the centrality of the economic history of the Low Countries to earlier stages of social scientific and historiographic discussion of the origins of capitalist development, the neglect of the Flemish and Dutch trajectories remains perplexing. A fuller explanation, it seems to me, requires reference to a fundamental shift in focus that has characterized the more recent stages of the long-standing debate on the transition to capitalism, with respect to earlier stages of that debate—specifically, the switch in concentration away from urban commercial-industrial and toward rural agricultural economy.

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For a very long period, extending through the first half of the twentieth century, most discussions of the origins of capitalist development in some way took their theoretical inspiration from the work of Adam Smith and, as a consequence, took for granted that the growth of the market was behind economic development and that the driving force behind the transition from feudalism to capitalism was the rise of trade and towns. It was therefore natural that, in those discussions, the growth of European industry and commerce over the course of the medieval and early modern period should take pride of place and that the evolution of urban economy – initially in Flanders and Italy, then in Brabant, and finally in Holland and England – should be a central focus of sociological and economic historical inquiry. This was, it must be stressed, as true of Marxist as it was of non-Marxist social science and historiography. It was symptomatic that, as late as 1950, the Marxist economist Paul Sweezy relied heavily on the work of Henri Pirenne, the great Belgian historian of medieval European economic development, to frame his own town- and trade-centred account of the transition (Sweezy 1950).

Nevertheless, by the time of Sweezy's contribution, a great intellectual sea change had been set in motion, which was bringing about the displacement of historiographical and social scientific attention away from the great centres of medieval European commerce and industrial production and toward the countryside. This shift had several sources. The work of such seminal figures as M.M. Postan (1937, 1950, 1966), Wilhelm Abel (1935) and Emmanuel Le Roy Ladurie (1966) not only established the centrality of the demographic factor in economic history, but also explicitly called into question the univocal role of commerce as progressive and transformative. Indeed, by the mid-1960s at the latest, a new picture of pre-modern economic evolution as essentially cyclical and driven by long waves of demographic growth and decline had taken the place of the long dominant view of pre-modern economic evolution as unilinear and driven by trade. The contributions of Maurice Dobb – his landmark *Studies in the Development of Capitalism* published in 1946, as well the essays in and around his celebrated debate with Sweezy during the 1950s – had an impact analogous to that of the demographic historians (Dobb 1978). Dobb challenged the standard view that the rise of the trade and towns led to economic development by pointing out, as had Postan, that the growth of the market was as likely to go hand in hand with the strengthening of precapitalist relations and the reaffirmation of precapitalist forms of economic non-development – as for example in Eastern Europe – as their transcendence, and sought the roots of the transition to capitalism instead in the transformation of agrarian class structure. Several generations of Marxist economic historians, led by such influential medievalists as Rodney Hilton and Guy Bois, took up where Dobb left off, helping to create the new agrarian history, while attempting to limn out alternative, rural-centred perspectives on the transition from feudalism to capitalism. Meanwhile, over the course of many decades, the influential *Annales* School was stimulating the growth of agrarian history through its encouragement both of massive regional monographs (within France but also outside it) and, especially, via the work of Marc

Bloch early on, of comparative rural history. The upshot, over a long epoch – which can be said to have found its origins during the 1930s with the publication of Bloch's *French Rural History* (1931), Abel's *Agrarkrisen und Agrarkonjunktur in Mitteleuropa vom 13. bis zum 19. Jahrhundert* (1935), and Postan's initial essay challenging the 'commercial interpretation' (1937; cf. 1950) – was a profound refocusing of historical research on patterns of long-term demographic growth and their sources, on the productive response of agrarian society to demographic pressures, and on rural property structures and their transformation. In this context, it is perhaps understandable – though certainly not justifiable – that the new wave of debate on the origins of capitalist development that arose in the early 1970s preoccupied itself with the agrarian kingdoms of England, Western Europe and East Elbia – and also the newly emerging agrarian economies of the New World – and neglected, in relative terms, the heavily urbanized Low Countries (see e.g. North and Thomas 1973; Anderson 1974a, 1974b; Wallerstein 1974).

My own work has, quite obviously, been strongly influenced by the historiographic context of that period, from which it emerged. I have taken the 'merchant capitalism' of medieval and early modern Europe as the indispensable point of departure, the *necessary precondition*, for economic development. But I have conceived of its urban-based industry and commerce as a natural outgrowth of feudal society, particularly the reproductive needs, as well as the initiatives, of the feudal lords, and seen it as regulated and constrained by company, guild and urban-corporate political communities rather analogous to the lordly and peasant political communities that maintained social-property relations in the countryside. I have therefore viewed 'merchant capitalism' as an integral part of feudal society and as far from sufficient to catalyze economic development. This is all the more the case, since instances of (at least roughly) the same sort of trade-based division of labour – involving the exchange of agrarian surpluses extracted from the peasantry by the dominant class for luxury textiles and military goods produced by urban (or sometimes rurally based) artisans, mediated by merchants – repeatedly arose in world history from the rise of settled agriculture, but before the early modern period had always failed to trigger a process of dynamic growth characterized by the increase of per capita output – and even in that epoch did so in only highly restricted regions (Brenner 1977). Indeed, what has seemed to me most striking about the succession of exceptionally dynamic urban industrial economies of medieval and early modern Europe was their apparent *incapacity*, by virtue of their demand for agricultural goods and the allocation of their funds to the countryside, to set off a process of self-sustaining economic development characterized by rising labour productivity in agriculture – even despite their ability to stimulate the growth of rural–urban division of labour by means of involving their hinterlands in their provisioning and also despite the substantial economic activity of their citizens in the countryside, mainly in the purchase of land and reception of rents.

The essential nature of the medieval and early modern growth process in most (though not all) of Europe has thus seemed to me to be exemplified by two great

continuities: first, the long-term tendency of population to outrun resources, issuing in the grand agrarian cycles of Postan, Abel and Le Roy Ladurie; and second, the inability of Western Europe's urban population to grow beyond a highly limited proportion of the total (de Vries 1984). Neither the rising prices for food and other raw materials that characterized the 'up' phases of the long demographic cycles of both the medieval and early modern periods, nor the growing demand from the towns for agricultural products that accompanied the urban expansions that also characterized those phases, was able, in medieval or most of early modern Europe, to call forth a response in terms of agricultural supply sufficient either (i) to prevent the A phases of the demographic cycle from giving way in due course to B phases or (ii) to allow the urban or non-agricultural labour force to continue to grow as a proportion of the total labour force. Put simply, the *supply response* of the medieval and (most of) the early modern countryside to the increasing demands upon it from growing population in general and growing urban population in particular was not only inadequate to sustain growth, but ultimately made for economic involution, characterized by declining output per person in agriculture. It has therefore seemed to me that to comprehend the breakthrough to economic development, it is necessary to lay bare *both* the conditions that prevented the sustained growth of agricultural labour productivity *and* the historical processes that brought about the transformation of those conditions so as to make the sustained growth of agricultural labour productivity possible. For the achievement of regularly increasing agricultural labour productivity has seemed to me the critical condition making possible not only the break beyond the Malthusian cyclical pattern, but also both the provision of a sufficient food supply and the creation of a sufficient domestic market to support industrialization, with the latter defined simply as the movement of an ever-increasing proportion of the labour force out of agriculture and into industry.

My own perspective on the problem thus posed takes as its premise that what has made for the ongoing growth of agricultural labour productivity, and modern economic growth more generally, has *not* been some *once and for all* historical breakthrough. Neither a revolution in technology (like 'the agricultural revolution' or even the 'industrial revolution'), an 'original accumulation of capital' for investment (as was derived, for example, from the gold and silver mines of the Americas or the African slave trade), nor the rise of an elaborate interregional/international division of labour (such as structured both the European medieval and Wallerstein's early modern world system) has in itself sufficed to catalyze self-sustaining development. Such things could – and often did – contribute to *already ongoing* processes of increasing agricultural productivity, or modern economic growth more generally, but they could in no way constitute it or bring it into being. What makes for modern economic growth, particularly in agriculture, is, in my view, something more general and abstract: it is the presence throughout the economy of a systematic, continuous and quasi-universal drive on the part of the individual direct producers to cut costs in aid of maximizing profitability via increasing efficiency and the movement of means of production

from line to line in response to price signals. This phenomenon comes into existence, I submit, only when the individual direct producers are not only free and have the opportunity, but also are *compelled* in their own interest, to maximize the gains from trade through specialization, accumulation and innovation, as well as the reallocation of the means of production among industries in response to changing demand (Brenner 1982, 1985; Wood 1999).

It has thus been my central proposition that this positive *correspondence* between what is required for the ongoing, economy-wide increase of agricultural productivity, indeed modern growth more generally, and what economic actions individuals find it in their own self-interest to choose will prevail only with the emergence of *capitalist social-property relations* – i.e. only where the economic actors have been both freed from any structure of ruling class surplus extraction by extra-economic compulsion and separated from direct, non-market access to their *full means of subsistence* (though not necessarily production). This is because only under such a structure of social-property relations are the economic actors not only left free to act as they deem best, but also – and most fundamental – rendered *dependent upon the market* for their inputs, thus *subject to competition in production to survive*, and therefore *compelled on pain of extinction* to seek systematically to maximize exchange value through specialization, accumulation and innovation, and moving from line to line to meet changing demand, meanwhile subordinating all other goals to exchange value maximization.<sup>1</sup>

By the same token, I would argue that, in the presence of pre-capitalist, specifically feudal, social-property relations – under which, by contrast, the direct peasant producers did possess direct, non-market access to their means of subsistence and the dominant lordly class did maintain itself by taking a surplus coercively – individual economic actors systematically failed to find it in their self-interest to adopt forms of economic activity conducive to economic growth in the aggregate, and this for two basic reasons. First, given precisely the *freedom from the competitive constraint* that was endowed by the system of social-property relations, they were enabled to find it in their own self-interest to forego the full exploitation of the gains from trade in order to fulfil other goals to which they gave higher priority, goals the attainment of which would have been *incompatible* with the maximization of exchange value. Second, given pre-capitalist social-property relations, the members of the dominant class tended to find that the

<sup>1</sup> By possession of the means of subsistence, I mean possession of sufficient land and tools to produce all that is needed to survive, without the necessity to purchase these on the market. By separation from the means of subsistence, I mean lack of possession of the full range of factors of production needed to survive, making recourse to the market unavoidable. It generally implies non-possession of the land that could, in combination with the necessary tools, provide subsistence. Separation from the means of subsistence does not at all imply separation from the means of production and must be strictly distinguished from it. Separation from the means of production means non-possession not just of land that could provide subsistence, but the tools that could produce a product for the market. It implies a proletarian condition, the inability to sell anything on the market except one's labour power. From the standpoint argued here, it is separation from the means of subsistence – *and not necessarily from the means of production* – that is the *sine qua non* for the emergence of a capitalist dynamic, because it implies subjection to competition. For further development of this point, see Brenner (1985, 3–34).

best way to maximize their income in response to trading opportunities was through investing their surpluses in the means to improve their capacity to redistribute coercively income and wealth, rather than in the means to improve their capacity to create it more efficiently.

It follows from the foregoing premises that the breakthrough to the sustained increase of agricultural productivity, and modern economic growth more generally, depends on the transition from feudal to capitalist social-property relations. Nevertheless, since I understand feudal social-property relations to be self-consciously reproduced by communities of lords and peasants in their own interest, and see individual lords and peasants (or families thereof) as tending to adopt non-capitalist economic forms of economic behaviour (what I term ‘rules for reproduction’) so long as feudal social-property relations are maintained, I posit that the emergence of capitalist from feudal social-property relations will occur only as an *unintended consequence* of lords and peasants pursuing feudal type economic behaviour in order to achieve feudal goals.

Given the fundamental role I attribute to the countryside, and the transformation of its social-property relations, in my account of the transition to modern economic growth, as well as the correspondingly dependent (though essential) position I allow to towns and trade in this process, it is perhaps not surprising that my own studies – like those of several of my contemporaries attempting to deal with similar problems – have given insufficient attention to the highly urbanized Low Countries cases. The fact remains that, by virtue of their unusually large urban populations, their extraordinary access to ocean and river transport and the attendant commercial opportunities, the unusual economic flexibility of their populations made possible by their access to the international trade in grain and, finally, their freedom, from early on, from serfdom or the heavy weight of lordship, the agrarian sectors of the Flemish and Dutch economies of the medieval and early modern periods were not only highly exposed to demand pressures, but unusually well-positioned to make a positive supply response. The Low Countries’ economic developmental trajectories therefore constitute an especially demanding test of my contention that the commercio-industrial development of the medieval and early modern towns was, on its own, incapable of bringing into being the conditions for self-sustaining economic growth. Such a test is all the more relevant today, in view of the recent eclipse, after a long period of dominance, of population-centred perspectives within economic historiography and the corresponding return to fashion of self-consciously Smithian perspectives, supplemented by insights from Von Thünen. The fact is that, in recent years, economic historiography has come full circle, back to its traditional position of the first half of the twentieth century: some of its leading practitioners are therefore once again understanding economic growth as a function of market demand, subject to the constraints imposed by transport costs (e.g. Grantham 1989).

In this essay, I would therefore like at least to begin to make up for past failures to deal more substantially with the Low Countries’ cases, stimulated to do so above all by the important contributions in the Hoppenbrouwers and

van Zanden volume (2001a). By presenting my conceptual framework and responding to objections to it by contributors to that volume, I will attempt to make clear the theoretical basis for my doubt that trade and towns, as they developed within agrarian economies structured by pre-capitalist social-property relations constituted by peasant possession and lordly surplus extraction by extra-economic coercion, could catalyze a process of economic development. I will then attempt to demonstrate the utility of this framework by showing how the divergent systems of social property relations that emerged in the different parts of the Low Countries made for correspondingly divergent paths of economic evolution during the late medieval and early modern periods – especially in the northern as opposed to the southern Netherlands, but also within these two regions themselves. I shall conclude with some observations concerning the significance of the agrarian developments that I have sketched for the overall developmental trajectories of the Low Countries, particularly the fate of urban-industrial development.

#### FEUDAL SOCIAL-PROPERTY RELATIONS, FEUDAL ECONOMIC EVOLUTION AND THE TRANSITION (OR NOT) TO CAPITALISM: A CONCEPTUAL FRAMEWORK

What then were the fetters on European agricultural production during the medieval and (in most places) the early modern period that prevented it from responding more favourably on the supply side to the opportunities presented on the demand side by the rise of trade and towns, as well as the growth of population? My general point of departure is that these were inherent in feudal *social-property relations*, characterized by peasants who possessed direct, non-market access to their means of subsistence – i.e. sufficient inputs in land, tools and labour power to maintain themselves directly without the necessity of market purchases – and lords who extracted surpluses by extra-economic coercion from the possessing peasants. Feudal social-property relations fettered the growth of the agricultural productive forces because they imposed certain limits upon and opened up certain restricted opportunities for what lords and peasants could do to maintain and improve their material situation. They did so because individual lords and peasants (or families thereof) could not but regard them as constituting (for themselves as individuals or families) an unalterable social framework, by reference to which they were obliged to choose their optimal economic strategies. They had to be taken by individual lords and peasants, or their families, as givens, because they were *collectively* and *self-consciously* constituted and maintained by the political action of lordly and peasant *political communities* in their own interest. The burden of my argument is therefore that the strategies, or *rules for reproduction*, that individual lords and peasants did choose, against the background of feudal social-property relations, when generalized throughout the economy, brought about certain *long-term patterns of development* and *forms of crisis* that instantiated involution and decline, rather than real growth. To explain why this was the case, I will offer a highly schematic account of the *causal chain* that

I see having proceeded from feudal social-property relations to feudal rules for reproduction to feudal patterns of development to feudal forms of crisis, and attempt to clarify this sketch by responding to the various criticisms of my framework.

*What Rules for Reproduction Made Sense for Peasants and Lords?*

*Peasants*

Precisely by virtue of their possession of the means of subsistence, peasants found themselves shielded from competition on the market, and thus freed from that *necessity* to maximize exchange value competitively in order to survive that would have been imposed upon them had they owned only some of the means of subsistence (say, plant and equipment and labour power, but *not* land) and been obliged to purchase the remainder on the market (say, through leasing and paying a commercial rent for their farms). This insulation from competition was fundamental, for it allowed peasants to find goals other than exchange value maximization to be in their own interest. Of course, *all else equal*, peasants must have wished to maximize the gains from trade, for doing so would have given them the best return for their labour and other inputs. But, all else was not equal. In view of their restricted resources, their small plots and limited investment funds, as well as the nature of the broader economy around them, they could not find it in their self-interest to attempt to appropriate all of the gains from exchange theoretically available to them. This was (a) because a choice for the full specialization that was required to maximize the gains from trade would have implied a choice for dependence upon the market – as opposed to mere involvement in it – and thus subjection to competition and, in turn, (b) because successfully responding to the competitive constraint would have implied certain major *trade-offs* that, as a rule, peasant possessors were unwilling to make.

*Safety first/produce for subsistence*

Because medieval food markets were highly uncertain, peasants found it the better part of valour to adopt the rule for reproduction ‘safety first’ or ‘produce for subsistence’, diversifying to make sure they secured what they needed to survive and marketing only physical surpluses, rather than specializing to maximize exchange value. Subsistence crises were thus common though unpredictable and, when they occurred, not only brought extremely high food prices over several years, but, precisely as a consequence of high food prices, reduced discretionary spending for most of the population, thus unusually low prices for non-essential, non-food items. Peasants who specialized in non-food crops and thus depended on the market for food would therefore face the possibility – the precise probability of which they could not calculate – of finding themselves squeezed between the high prices of their inputs (especially food) and the low prices of their output, and in serious danger of death from famine. Given the unacceptable cost of

'business failure' – viz. the possibility of starvation – peasants had little choice but to avoid *depending* upon the market – even if they *involved* themselves in it by trading their surpluses – and to choose for 'safety first' and 'produce for subsistence'. They thus traded off those gains from trade that they might have attained by fully specializing in favour of economic security by securing what they needed to survive directly from their own plots and not from the market.

Peasants chose to 'produce for subsistence' for the further reason that they had additional top priority goals, the realization of which would have been incompatible with a choice for specialization and the rigours of market dependence and competitive price/cost maximization thus entailed. These included the need and desire to have many children, to subdivide holdings and to marry early (if feasible).

#### *Many children*

Peasants had to provide for their own social insurance against old age and ill health and for the amplification of the family labour force. They therefore had little choice but to have as many children as possible, especially to make sure that some of their offspring survived into adulthood. Their doing so was, however, incompatible with the requirements for profit maximization that went with specialization, because children tended, for much of their lives, to cost more to support than they could contribute to the family economy.

#### *Subdividing holdings*

Peasants also had to respond to their (male) children's demands for the material basis to form a family, and their own interest in seeing to the continuation of the line. They therefore were obliged to subdivide holdings. Nevertheless, doing so was again incompatible with the requirement for profit maximization that went with specialization, because subdivision obviously undermined the productive effectiveness of the resulting productive units.

Simply put, peasants traded off some of the gains from trade that they could have secured through specialization in order to ensure their maintenance in infirmity and old age, as well as to provide for their children (sons) a base for family formation and to secure the continuation of the line. Had they chosen instead to specialize, they would automatically have become dependent on the market, subject to the competitive constraint, and have had no choice but to maximize their exchange value, in which case they could not sensibly have chosen as rules for reproduction having large families and subdividing their holdings.

#### *Early marriage*

It should be added that, in endowing their sons with a plot through subdivision, peasant families relieved those children of the need to engage in the very time-consuming process of accumulating, on their own, the material conditions to

make a marriage. They thereby created, on a society-wide basis, the conditions for relatively early marriage.<sup>2</sup>

### *Lords*

Because the peasantry possessed the means of subsistence, lords could not, ideal typically, appropriate a surplus merely by virtue of owning land, because they could not count on adequate markets in tenants to rent their land or in wage labourers to work it. They could therefore maintain themselves economically only by applying force to appropriate part of the peasant possessors' product. But, to apply force successfully they had to amass sufficient power to overcome (potential) peasant resistance. Moreover, because under feudalism lords initially always took a surplus in some sense individually – rather than collectively via centralized taxation – they faced the problem of peasant mobility or, more precisely, competition among themselves for peasants. This opened the way to peasants to play them off one against the other. To make possible ongoing surplus extraction by exerting sufficient power against peasant communities and by counteracting peasant mobility, lords were thus obliged to construct, and maintain membership in, *political communities* or feudal 'states' that could enable effective coercion and control.

Because they generally had the ability to provision their households directly from their estates, lords like peasants were shielded from the market and thus from the necessity to compete productively on the market in order to survive. Nevertheless, lords could hardly afford to ignore market opportunities to improve their income. This was, in the first instance, because they had to attract and equip a following as the basic condition for exerting power over the peasantry. It was, in turn, because their longer-term viability could very well depend on their capacity to stand up to or profit from the politico-military rivalry that was the natural outgrowth of a society constituted by a multiplicity of separate, uncoordinated lordly groups (parcelized sovereignty). Politico-military competition among lords under feudalism was thus the analogue of economic-productive competition among firms under capitalism. What, then, was the best way to increase their income, so as to be able to make the expenditures on luxury goods and military equipment required for feudal reproduction?

Given their relationship to their peasants, upon whom they depended to work their estates under coercive pressure, lords would have found it very difficult to increase their income by better equipping or improving the skill of their peasants so as to increase demesne productivity. In view of the fact that they possessed their own plots, peasants working on their lords' demesnes had little incentive to make effective use of advanced means of production that lords might provide

<sup>2</sup> It must be emphasized, however, that this mechanism making for early marriage could obtain only so long as plots remained large enough to subdivide. Past a certain point, it was simply not feasible to break up plots further. At that juncture, all children but one would be obliged to accrue the material basis for marriage through their own efforts, with the result that marriage age would tend to rise.

them and lords were in no position to threaten 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 labour in class-divided societies, lords found the supervisory costs of securing satisfactory work too high to justify much agricultural investment or innovation.

Nor could lords, *as individuals or as localized groups*, improve their position by transforming their social-property relationships with their peasants in a capitalist direction, replacing extra-economic by economic exploitation. This they might conceivably have tried to do by freeing and expropriating their peasants, so as to oblige them to take up a commercial lease in order to survive, with the goal of rendering them dependent upon the market, subject to economic competition, and thus compelled to specialize, accumulate and innovate, and ultimately to be both obliged and enabled to pay a higher rent. But tenants thus freed and expropriated could hardly have continued to be exploited, for, in view of the fact that the remainder of the rural producing class would still have been constituted by peasant possessors, they could hardly have been subjected to the competitive constraint in their rent relationship with the lord. They might simply have left the premises. But even had they stayed, they would have faced no danger of being replaced, thus no competitive pressure to pay higher rents, since there were no adequately developed markets in tenants or wage workers.

Lacking the ability to transform production or the social-property relations so as to increase productivity, lords found themselves with two viable rules for reproduction:

#### *Extend the area of settlement*

Lords could increase the output from their estates by expanding production along already-existing lines through extending cultivation to new land, either via simple assarting, i.e. the carving out of arable from waste, or, more grandly, via colonization, the expansion of feudal economy into new regions. Extending in these ways the area of cultivation was the lords' main form of productive investment.

#### *Political accumulation*

Where they lacked access to new land, lords had little means to increase their income except by improving their ability to *coercively redistribute wealth from peasants or other lords* by applying their surpluses to increasing investment in their military and political potential. This they accomplished by constructing stronger political communities, or feudal states – ones that were better armed, larger and more cohesive – to better dominate and control the peasantry and to wage war more effectively. Lordly groups pretty much had to build up their military potential merely for purposes of defence. Still, under conditions where it was difficult to improve or extend production, either stepped-up squeezing of the peasantry or conquest and plunder might very well prove the most cost-effective way to increase income (Anderson 1974a).

*From Feudal Rules for Reproduction to Feudal Developmental Patterns*

The generalization throughout the economy of lords' and peasants' rules for reproduction was responsible for the specific overall evolutionary path that characterized economic (non-) development in medieval and (most of) early modern Europe, because it gave rise to definite society-wide (non-capitalist) developmental patterns, as follows:

*Limited growth of the productive forces*

Given the lack of interest in investment in agricultural improvement on the part of lords and given the 'safety first' approach to production of peasants (and the resulting limitations on the scope for specialization and improvement), as well as peasants proclivity to subdivide holdings, there was only the most limited basis for the growth of the agricultural productive forces.

*Growth of population*

In view of peasants' interest in having many children for the purpose of social insurance and sometimes to supplement the family labour force, as well as male children's ability to marry relatively early as a consequence of their access to their parents' plots upon subdivision (providing that those plots had not become too small to further divide), fertility was relatively high and the population tended to grow relatively rapidly until it came up against certain productive and socio-political limits. Hence, the great waves of demographic growth from the eleventh through the early fourteenth centuries and from the mid-fifteenth through the early seventeenth centuries.

*Colonization and assarting*

The main method by which the feudal agricultural economy could achieve real growth was by way of opening up new land for cultivation. During the eleventh, twelfth, and thirteenth centuries, feudal Europe was the site not only of dynamic efforts to scratch new arable land from forests and wastes, but also the scene of great movements of outward expansion, as settler-colonizers pushed eastward across the Elbe, conquered Spain and reclaimed territory from the North Sea for the Low Countries.

*Feudal state-building*

In view of their limited potential for increasing agricultural productivity and the pressure they faced from the intra-lordly politico-military competition that was built into the feudal structure of decentralized coercive surplus extraction, lords found that investing their surpluses so as to increase the size and sophistication of their political communities or states was, ultimately, an indispensable means to ensure their survival and increase their wealth and power. This is not to say that

military pressure was always so great as to require a high level of lordly political organization. Just because more powerful states were 'required', moreover, did not always determine that they could be successfully constructed. The fact remains that, to the degree that they were internally disorganized, lordly groups would tend to be that much more vulnerable not only to depredations from the outside, but to the erosion of their dominance over peasants. The trend, over the course of the medieval and early modern periods, by way of processes of natural selection resulting from both lord-peasant class conflict and intra-lordly military-political competition, was therefore toward the prevalence of ever larger and more powerful political communities or states – ultimately the 'estates'-type state through much of Eastern Europe and the 'absolutist' tax-office state through much of Western Europe.

*The growth of trade and towns and its limits*

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 by bringing followers around them and equipping them for battle. The growth of exchange thus made possible the rise of a circuit of interdependent production 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 as means of consumption and means of production. Great industrial and commercial cities grew rapidly in restricted regions of northwest Europe and Italy from the time of the origins of feudalism (i.e. the rise of banal lordship) in the tenth and eleventh centuries on the basis of their industries' ability to capture, by virtue of their concentrations of artisanal skill, highly ramified divisions of labour and geographic positions, a disproportionate share of the demand for luxury textiles and armaments emanating from the lordly class of Europe as a whole.

The fact remains that the potential for *aggregate* urban growth within the feudal economy was strictly limited because the growth of urban industry was dependent upon the growth of the demand of the lordly class (as well, of course, as the demand that came from the myriad urban small producers and occupants of service jobs who supplied the lords), which was itself limited by the size of the agricultural surplus and in turn ultimately constrained by the limited growth potential of the agricultural productive forces. A succession of urban manufacturing centres could therefore grow by virtue of their ability to seize, by means of their superior cost competitiveness, significant portions of the trans-European feudal market in luxury goods and weaponry; but, after a point, their gains had to come by means of their rivals' loss, because that market was strictly limited. The proportion of Europe's urban population in its total population could not, and did not, increase beyond a certain limit (de Vries 1984).

*The growing weight of unproductive production*

The growth of the town–country social division of labour within feudal society benefited lords and the urban population which catered to their needs, for it reduced costs by making for increased specialization, thus rendering military and luxury goods, as well as ‘middle class’ consumption goods, cheaper. Nevertheless, in the longer run, it entailed 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, mainly military goods and luxury consumables, but the latter failed to flow back into the productive process as means of production or means of consumption for the agriculturalists. On the other hand, as lords succeeded in increasing their unproductive consumption by means of improving their ability to redistribute income coercively away from the peasantry, they further limited the agricultural economy’s capacity to improve. The lords’ increased levies thus reduced the peasants’ disposable income and, in that way, their ability to support themselves as the agricultural labour force or to make greater investments in tools.

*Declining labour productivity*

The failure of the agricultural economy to develop very much the productive forces made unavoidable a long-term tendency to the declining productivity of labour as a concomitant to the growth of population. The opening of new land did, for a while, counteract and delay this trend. Nevertheless, over time, as demographic increase continued, the labour:land ratio rose, plots became ever smaller and less fertile land was brought into cultivation, with the result that output per person began to fall. The growing weight of lordly exactions on peasant agriculture – at least in some places – only exacerbated the problem. Commercial rents rose, food prices increased and the terms of trade increasingly favoured agricultural as opposed to industrial goods.

*The (partial) separation of peasants from their means of subsistence, the (partial) commercialization of peasant agriculture and the rise in land productivity at the expense of labour productivity*

The long wave of population growth leading to subdivision of holdings could not but eventually leave a significant part of the peasant population with insufficient land to provide fully for their subsistence and thus at least partially dependent upon the market. Such peasants were nevertheless ‘stuck’ on the land, in part because they did not wish to relinquish plots that furnished at least a portion of what they needed to survive, in part because economic opportunities that beckoned them beyond the countryside in the towns remained negligible – ultimately due to the restricted growth of agricultural labour productivity, which limited both the domestic market for non-agricultural goods and the proportion of the population that could be supported outside of agriculture. They had little choice therefore but, in one way or another, to sacrifice their living standards in order to subsist.

Peasants who lacked sufficient land to provide their subsistence directly, but who had access to urban markets, could seek to make ends meet by making more intensive use of family labour, their own and especially that of their wives and children, in commercial activity. They could do so by cultivating such 'labour intensive' commercial crops as flax, dyes and garden vegetables, as well as legumes and other fodder crops. They might turn, in addition, to domestic industry by way of 'putting out' organized by town merchants. Still, to pursue these options peasants had to pay a heavy price. None of the commodities thus produced provided as high a level of output (value) per unit of labour input as did wheat and other food grains, so the turn to their production in place of food grains entailed a decrease in the cost-effectiveness with which peasants allocated their major resource, i.e. their labour. Both the new commercial husbandry and domestic manufacture thus yielded increased output per household or per unit of land – rising land productivity – only at the cost of a further decrease in output per unit of labour – declining labour productivity (Campbell 1991). It is certainly true that the presence of town markets provided peasants with ways to support themselves that they would not otherwise have had. But peasants turned to the commercial agriculture and proto-industrialization that the towns facilitated not as a voluntary, profit-maximizing response to growing market opportunities, but only as a second choice, because they had to do so to survive despite the declining living standards entailed. Paradoxically, commercialization and proto-industry represented for peasants not a movement to capitalist development – let alone a stage in the evolution of modern industrialization leading to industrial revolution – but an unavoidable outgrowth and expression of their fundamental rule for reproduction, viz. to produce for subsistence.

Peasants who lacked enough land to secure their subsistence directly or even through intensifying agricultural and proto-industrial labour for commercial sales were obliged to lease additional land at a commercial rent or to hire themselves out as labourers. Their having to do so offered lords an unprecedented opportunity for increasing their own income. This was because, in view of their need to intensify labour and reduce living standards to the extent necessary to secure a lease or employment, semi-landless peasants could provide lords with unmatched surpluses per acre by way of high rents levied or low wages paid. In other words, lords could secure better returns from their land by investing in the employment of additional peasants than they could by investing in improved means of production. Similarly, they could secure better returns from the land by leasing it to peasants producing with the goal of family survival than they could by leasing it to larger farmers aiming to make a profit through greater investment in means of production. This was even more true in areas with the best access to towns, for in places like this labour intensification could be pursued even further by means of cultivating new commercial crops that were used as industrial raw materials, as well as by engaging in domestic industry. Peasant families' need and capacity to intensify their labour and accept ever lower returns for it in order to survive thus made the increase in the labour:capital ratio the best way for lords to improve their income (Overton and Campbell 1991).

*Forms of Feudal Crisis*

The long-term process of extensive growth – powered by demographic expansion, limited by the weak development of the productive forces, overlaid by the growth of feudal states that supported ever larger, parasitic, urban centres, and issuing inexorably in declining agricultural output per person – had, in the last analysis, to lead to distinctive forms of economic crisis.

*Malthusian crisis*

Given declining labour productivity in agriculture, population growth faced unavoidable limits and, all over Europe, from various points in the late thirteenth and early fourteenth centuries, there is increasing evidence of overpopulation and the ceasing of population growth. In this situation, all else equal, there should have been a straightforward 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 lords' requirements for 'political accumulation' with peasants' potential surplus.

*Seigneurial revenue crisis and seigneurial offensive*

Lordly consumption needs were determined by the growing requirements of intra-feudal competition in an era of increasingly well-constructed feudal states. Lords could not therefore easily adjust downwardly their demand for income, and thus for peasant surpluses, to the reduced capacity of agricultural producers to meet them. While the slowdown of population growth of the late thirteenth and early fourteenth centuries thus meant the deceleration of demographic pressure on the available resources, it also meant a deceleration in the growth of the number of rent-paying tenants and so deceleration in the growth of lordly rents. To maintain sufficient military-political potential in response to competition, lords sought to compensate for the slowdown in income growth that resulted from the slowdown of growth, and ultimately the decline, in the number of their peasants by increasing their demands on the peasants who remained, as well as by initiating military attacks upon one another. Peasants were thus subjected to increasing rents and the ravages of warfare at the very time that their capacity to produce was at its weakest, and this led to further population 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 further lordly demands – resulting in a downward spiral of rising exploitation 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 Malthusian return to equilibrium that could have been

expected in its absence. A general socioeconomic 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 (Bois 1976).

*The Maintenance or Transformation of Feudal Social-property Relations*

In view of the strong system-maintaining bias that I have implicitly attributed to the operation of feudal social-property relations, the sort of general socioeconomic crisis that gripped the European economy in the later medieval period could hardly, in itself, precipitate a breakthrough to modern economic growth, especially in the countryside. I have argued that, given feudal social-property relations, lords and peasants could be expected to adopt feudal rules for reproduction. It therefore follows that, so as long as feudal social-property relations were maintained, the same long-term developmental patterns and forms of crisis – the same form of change, or evolution, *within the system* – could be expected to prevail.

But, how then is one to explain a *change of system*, i.e. the transition from one *type* of system to another, specifically from feudalism to capitalism? In so far as either lords or peasants, as individuals or organized in collectivities, could dictate the outcome in their own interests, there would be no such transition, for feudal social-property relations *would* in fact be maintained. As emphasized, peasants and lords, as individuals or as families, would have found it counter-productive to give up, respectively, peasant possession and surplus extraction by extra-economic coercion in order to move toward ‘capitalist’ forms. By the same token, lords and peasants maintained their communities precisely for the purpose of constituting and strengthening by collective, political means both peasant possession and lordly surplus extraction by extra-economic coercion, respectively. The implication is that, even in the hypothetical (extreme) cases where either lordly collectivities were entirely successful against peasants in consolidating their domination or peasant collectivities were entirely successful against lords in achieving unfettered, unconditional possession of their plots, some form of pre-capitalist social-property relations – embodying lordly surplus extraction by extra-economic coercion and/or peasant possession – would still have been maintained, making for the continuing adoption of feudal rules for reproduction and, as a result, the perpetuation of feudal developmental patterns and forms of crisis. Since I began with the contention that the *sine qua non* for economic development was precisely both 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 – their becoming free, market dependent and subjected to competition in production – the question that thus imposes itself is how could the system of feudal social-property relations *ever* have given way to a capitalist system of social-property relations that represented its total negation.

To this question, there seems to me 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 had to result from attempts by feudal individual actors to carry out feudal rules for reproduction and/or by feudal collectivities to maintain or strengthen 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, then, as an unintended consequence of feudal lords and peasants trying to maintain and improve themselves as such, could economic development ensue, for only there could economic actors find it made sense to adopt the new rules for reproduction imposed by the new system of social-property relations.

The substantive historical implications of these realities were, in my view, profound. Over an extremely long run, the European social economy was continually disrupted by extended processes of class struggle in which peasants sought their freedom and full ownership of the land and lords sought to exploit peasants more intensively. Moreover, these processes of struggle brought significant, and significantly different, outcomes: first peasants, during much of the medieval period, then lords, during most of the early modern period, essentially succeeded in getting their way. But, since the goals sought by peasants or lords did not entail a qualitative change in the system of social-property relations, neither of these outcomes brought about a break from the established patterns of development and forms of crisis throughout most of Europe.

During the medieval epoch, as is still not sufficiently appreciated, peasants through much, though not all, of Europe succeeded through resistance and flight in exploiting the intra-lordly competition that was built into the system of decentralized lordship, so as to undercut lordship/serfdom. By 1300 or so, over broad regions of Europe, they had won their freedom, the right to inherit their plots and low, fixed seigneurial dues. They had achieved, in other words, something close to full property rights in the land, which they further consolidated in the fourteenth and fifteenth centuries under conditions of a declining land:labour ratio. But from the later medieval period, in most though not all of Europe, lords turned the tables on peasants. By this juncture, through most though not all of Europe, peasant possession tending to full peasant property was an irreversible fact of life. To maintain themselves *qua* lords, therefore, lords had no choice but to seek to construct more powerful and effective political communities in order to continue to take their levies by extra-economic coercion. This they were able to accomplish by building larger, more cohesive feudal states that could sharply limit intra-lordly competition for peasants. In most of Eastern Europe, by means of constructing *estates-type states*, lords succeeded in stepping up intra-lordly cooperation, so as to restrict peasant mobility and thereby impose neo-serfdom. In much, though not all, of Western Europe, by means of the absolutist tax-office state, they imposed a new form of *centralized* levy on the peasants' land that rendered the mobility of the peasants irrelevant to their ability to exploit them.

Throughout the length of the medieval and early modern eras, then, peasants struggled for freedom, full rights to their land and limitations on lordly levies,

while lords fought for greater controls over peasants' persons and a higher take. It should therefore be hardly surprising that, throughout most of the continent, the outcome of class struggle represented no qualitative break beyond social-property systems characterized by peasant possession and lordly surplus extraction by extra-economic coercion, but only *restructurings* of such social-property systems. Nor should it come as a shock that, in the face of these restructurings, one witnesses successive run-throughs, over the course of first the medieval then the early modern period, of the same pattern of economic (non-) development issuing ultimately in society-wide crisis. Population increase and extensive growth, overlain by the rise of ever grander and more cohesive feudal states and the accompanying growth of ever larger commercio-industrial towns, issued in declining productiveness, Malthusian ceilings and, ultimately, 'general crisis'.

Finally, the break beyond the basic pre-capitalist social-property structure, where it occurred, took place only *as an unintended consequence of the actions of feudal lords and peasants*. It is only where there was such a break that one finds a break beyond this pattern of development. In England – to encapsulate crudely a complex process – the peasantry was unable before the late medieval period to weaken the claims of lordship against what had been perhaps the most cohesive and successful lordly class in Europe. But, in the wake of the severe population decline of the fourteenth and fifteenth centuries, peasants did succeed, via resistance and flight, in destroying the prevailing system of decentralized lordly surplus extraction by extra-economic compulsion. Nevertheless, from the fifteenth century onwards, having failed to reinstate serfdom, lords did succeed, by further strengthening their already relatively unified state, in asserting their absolute property in the greater part of the land. They consolidated their hold on what were, in terms of the Western European agriculture of the time, unusually large demesnes, accounting for an unmatched proportion of the cultivated surface. They expanded these already large demesnes by appropriating peasant customary land left vacant in the demographic downturn. They acceded to land held by customary tenants who lacked the rights both to pass on their holdings on inheritance and to invariable fines on the transfer of their holdings. Ex-peasants, now largely separated from their means of subsistence (the land) though still possessing the means of production (tools as well as labour), were thus obliged to maintain themselves through taking up commercial leases. A system of capitalist social-property relations thus emerged in the countryside, in which the direct (mainly tenant) producers were free from surplus extraction by extra-economic compulsion, but rendered dependent upon the market, and thus subject to competition in production in order to survive (Brenner 1976, 1982). The consequences were epoch-making.

Since they were now obliged to maximize their price:cost ratio to survive, market-dependent tenants could not contemplate adopting peasant rules for reproduction, for the latter ran counter to their needs to increase their productiveness and their competitiveness. Producing for subsistence, having many children, subdividing holdings on inheritance and marrying early were now effectively ruled out. Tenants held plots together and 'produced for exchange'. Unable to

accede at an early age to a plot passed down to them by their parents, their sons had to accrue for themselves the wherewithal to form a family; since this took time and was sometimes difficult, it made for higher age at marriage and higher rates of celibacy. The result, in aggregate, was slower demographic growth, which made for the reduced appearance over time of semi-proletarianized peasants requiring land to make ends meet. As a consequence, landlords found it more difficult and less lucrative to adopt a rent-squeezing strategy toward their tenants.

At the same time, to meet competition in production, tenants had no choice, if they wished to survive, but to specialize, invest and innovate. The steady improvement of the productive forces leading to the ongoing growth of labour productivity in agriculture was the result. Part and parcel of the same trend was that larger, more effective producers tended to out-compete smaller, less effective producers, making for a trend to socio-economic differentiation, which brought about the emergence of a class of capitalist farmers, as well as a class of rural proletarians. A long-term process of modern economic growth ensued, through which the English economy broke beyond the Malthusian limits that had been imposed by the now superceded system of social-property relations. By the late seventeenth and early eighteenth centuries, by virtue of the ongoing growth of labour productivity in agriculture, the English economy was able not only to avoid the hitherto inevitable 'phase B', but, by means of the rise of discretionary incomes leading to the growth of the domestic market, to underwrite a large-scale movement of the labour force out of agriculture into industry, a process of capitalist industrialization before the industrial revolution.

## OBJECTIONS TO THE CONCEPTUAL FRAMEWORK

### *Feudal Lords and Development*

The foregoing theoretical-cum-historical framework is obviously designed to lay bare the weaknesses of the version of Smithianism that informs neo-classical economics, that is today once again a dominant force in contemporary economic historiography, and that has classically underpinned the idea that the rise of trade and towns in medieval and early modern Europe was, in itself, the source of economic development. I thus explicitly deny what that theory centrally affirms: that economic actors can be assumed to increase productive efficiency through specialization, investment and associated forms of improvement in response to the appearance of sufficiently increased market opportunities. I argue instead that peasant possessors and lordly surplus extractors by extra-economic coercion will tend to find it sensible – utility maximizing, if you will – to eschew systematic specialization and other forms of cost-cutting aimed at securing the full gains from trade. In the case of peasants, this is because they lack sufficient resources and/or because the costs of specializing are too high in terms of other of their fundamental goals – such as security from bad harvests, social insurance against infirmity and old age, and the endowment of children with family plots. In the case of lords, it is because they are able to maximize their incomes more effectively by coercive redistribution than by improvement of their peasants' productiveness.

Nevertheless, as de Vries points out, neo-classical theorists led by Douglas North have sought to take this sort of critique into account by making their point of departure precisely the idea that ‘institutions matter’ (de Vries 2001). They argue, first, that economic growth takes place only where the structure of incentives leads individuals to find it in their self-interest to take economic actions that correspond to the requirements of growth in the aggregate and, second, that such a correspondence will exist only in certain institutional settings characterized by ‘efficient economic organization’. Nevertheless, it seems to me that the project of neo-classical institutionalism is ultimately self-contradictory. North and his associates want to recognize the formative impact of institutions on individual economic action. But, in true Smithian fashion, they also insist upon seeing institutions as evolving toward greater efficiency as a function of individuals’ rationally self-interested response to changing market conditions. North et al. therefore argue that individuals do find themselves constrained by certain types of economic institutions to make less than efficient economic choices. But they also argue that, to secure the best gains from changing relative prices – set off by population growth, the rise of trade or whatever – individuals will in fact alter such institutions in the direction of greater efficiency, facilitating economically efficient individual responses to those changed relative prices.<sup>3</sup> Yet it seems to me self-evident that, if institutions are so little constraining that they adjust in the direction of efficiency in response to changing factor prices, then they cannot in any meaningful way be said to matter, for in that case it is clearly the changing factor prices that are ‘doing the work’.

It is true that the argument set out by North and Thomas is more complex than I have so far allowed, in that they see individuals and groups frustrated in their self-interested attempts to fashion more efficient institutions by ‘transaction costs’, arising especially from problems of coordination (free riders and the like) and problems of enforcement (for example, of property rights, the gains from the enforcement of which fall short of the costs) (North and Thomas 1973). But in my opinion what fatally flaws the neo-classical conception is its exponents’ inability to grant not just that individuals may at times be unable to realize their self-interest in more efficient institutions due to collective action or enforcement problems, but that individuals and groups may have an interest in or maximize their utility through the maintenance or even creation of more ‘inefficient’ institutions – like peasant possession in the interest of ‘production for subsistence’ or lordly surplus extraction by extra-economic coercion in the interest of more effective redistribution rather than production – and/or that groups and classes have systematically conflicting interests in institutional outcomes. Once this is allowed, it becomes impossible to understand institutional development (and

<sup>3</sup> As de Vries (2001) sums up the argument of North and Thomas: ‘An essentially exogenous force . . . gives rise to an expanding basis for trade’. Society responds to these new trading opportunities ‘in a manner Adam Smith would have predicted’. New secondary institutional arrangements accommodate these responses by reducing transaction costs. ‘[T]he intrusion of the market induces economic agents to move along this path of gradual steps *since they are all guided by a single economic rationality*’ (my emphasis).

economic history more broadly) merely in terms of changing factor costs – produced, for example, by population growth or the rise of trade – because the self-interested response by individuals and groups to those changing factor costs are understood to vary, depending on the system of social-property relations and the balance of class forces, which are themselves incomprehensible as an expression of those changing factor costs *per se*.

The fatal flaw of Northian neo-classical institutionalism is thus its inherent inability to specify a *mechanism* that would lead the economy in the direction of more efficient economic institutions. North et al. take it as self-evident that individual actors' self-interest in improved outcomes is, ultimately, sufficient for such a result. But the whole burden of my argument has been that, *in the presence of pre-capitalist social-property relations*: (i) lords and peasants, as individuals (families), systematically found 'inefficient' responses to market opportunities to be in their own self-interest, but also (ii) lords and peasants, organized as collectivities (communities), found it in their self-interest to maintain (in some form) precisely those pre-capitalist social-property relations and, finally, (iii) lords and peasants had systematically conflicting interests in which *form* of pre-capitalist social-property relations would prevail, lords desiring maximally tightened surplus-extraction by extra-economic compulsion and peasants desiring the end of lordship and their own full proprietorship in the land. It follows that, since no individuals or groups in pre-capitalist society had an interest in installing capitalist social-property relations (at least before they had emerged somewhere else), the emergence of capitalist social-property relations is inexplicable from a neo-classical economic standpoint. Put another way, it is only after capitalist social-property relations have been installed that individual actions and institutional forms can be expected to correspond – in a very rough and ready way – to the requirements of efficiency, for it is only upon the installation of capitalist social-property relations that productive units are subjected to the pressures of the competitive system, with its accompanying unignorable incentives to cut costs and its field of natural selection to weed out the less efficient and higher cost producers. Yet, the transformation (at least in the first instance(s)) of pre-capitalist into capitalist social-property relations can only be understood as an unintended consequence of the actions of pre-capitalist actors in aid of the achievement of pre-capitalist goals.

Now, de Vries wants to argue that neo-classical institutionalism is in fact ultimately sustainable (and my argument is correspondingly undermined) precisely because there *does* exist within the pre-capitalist economy a mechanism that selects out – and forces lords to move toward – more efficient economic institutions and types of economic behaviour: that mechanism is intra-lordly *politico-military competition*. Now, the subjection of the feudal lords of Europe, and their political communities or states, to military-political competition is, of course, a central point of departure for my own analysis of feudal economic evolution, so there is no disagreement between us on that point. However, I think de Vries is mistaken to take for granted that politico-military competition gave rise to competition in production and, more specifically, that lords' optimal

response to the requirement to become more politico-militarily competitive was to attempt to increase economic efficiency.

In order to compete militarily, European lords were indeed obliged to maximize their income so as to be able to finance the construction of ever larger, more cohesive and, more militarily advanced political communities or states. Nevertheless, because the medieval and early modern European economy was, for the most part, structured by social-property relations of lordly coercive surplus-extraction and peasant possession, the lords' best path to income maximization – as I have already argued here at some length – was *not* via improving the productiveness of the agricultural economy. This was because, in the presence of pre-capitalist systems of surplus extraction by extra-economic coercion – decentralized forms of lordship or the tax-office state – lords found themselves unable either to mobilize productively the possessing peasantry through combining improved tools and techniques with peasant labour or to transform successfully the social-property relations in the direction of capitalism. It was, on the contrary, in *political accumulation*, i.e. in building up the means to redistribute income and wealth coercively through increasing levies/taxes on the peasantry and making war with other lords that lords found their most favourable *economic* course. It thus was no accident, in my opinion, that the build-up of the great feudal and absolutist warfare states of early modern Europe went hand in hand, not with economic development, but with the rise of oppressive taxation and military destruction that drastically undermined the underlying agricultural economies.<sup>4</sup>

Finally, it needs to be stressed that whereas capitalist competition in production tends to lead to the replacement of less cost-effective by more cost-effective producers, lordly politico-military rivalry entailed no parallel mechanism. There was therefore no reason to expect that conflict between states resting on more productive economies and states built on less productive economies would automatically lead to the supercession of less productive by more productive economies. States based on more backward economies might easily defeat, or at least badly damage, those rooted in more advanced economies, as did absolutist France *vis-à-vis* the progressive United Provinces. Even when states based on backward economies were completely crushed, as was, for example, Poland on a succession of occasions, the underlying backward economies rarely if ever gave way to more advanced ones.

As Hoppenbrouwers and van Zanden (2001b) understand, I interpret intra-lordly politico-military competition as immanent in the parcellized sovereignty that was part and parcel of the decentralized system of surplus extraction by extra-economic coercion; view intra-lordly politico-military competition as a fundamental constraint upon lordly economic action and understand lords' tendency to adopt 'political accumulation' or state-building as their rule for reproduction as an understandable response by lords to that constraint. For some

<sup>4</sup> It was only in the nineteenth century and after capitalist development had been firmly established elsewhere, that feudal states like Prussia and Russia, under the dual pressure of military defeat and peasants revolts, began to pursue the path of agrarian reform. Even then, because the lordly class itself was generally so deeply rooted in the old agrarian order, such reform was never straightforwardly nor easily accomplished.

reason, however, Hoppenbrouwers and Van Zanden believe it to be an ‘internal contradiction’ of my argument that, in certain instances, such state-building could undermine decentralized lordly surplus extraction, apparently believing that because I argue that political accumulation was the understandable rule for the reproduction of lords who took a surplus in a decentralized way, I must also be arguing that the generalized adoption of political accumulation could have had only positive results for such actors (Hoppenbrouwers and van Zanden 2001b).<sup>5</sup> Now, I can hardly deny that, at the very heart of my conception of feudal evolution are the propositions that: (i) intra-lordly politico-military competition within the feudal economy tended, over the long run, to bring about the outstripping of smaller, weaker feudal ‘states’ by larger, more politico-militarily effective ones and (ii) as one aspect of this process, centralized systems of surplus extraction – i.e. absolutist tax-office states – emerged out of extended conflicts with, and *at the expense of*, more decentralized forms of lordly surplus extraction, as a function of competition between them for peasant surpluses. But it seems to me that the proper conclusion is that the contradiction that Hoppenbrouwers and van Zanden have located resides *within feudal evolution itself* rather than in my conception of it.<sup>6</sup>

#### *Peasants, Capitalist Tenants and Development*

In view of the minimal role of lordship or serfdom in the economic history of the Low Countries, it is not surprising that the main objections raised here to the approach to economic development that I have proposed concern the peasantry, its productive potential and economic fate. Do peasants have a distinctive approach to the economy? Do peasants have sufficient resources to underwrite agricultural development? Does the undermining of peasant possession automatically bring modern economic growth?

#### *Are peasants’ productive aims in keeping with the demands of productive efficiency?*

I must begin by re-emphasizing that, contra Hoppenbrouwers and van Zanden (2001b), I hardly ‘shun’ the concept of the market *vis-à-vis* feudalism, but see

<sup>5</sup> To be obliged to make such an argument would be analogous to having to state that because peasants found it in their interest to adopt the rule for reproduction of subdividing holdings, parcellization must have had unilaterally positive results for them, which of course would be absurd.

<sup>6</sup> To clarify an issue raised by Hoppenbrouwers and van Zanden: I consistently argued, *over and against* Bois, that the process of constructing tax-office states built on centralized surplus extraction was indeed competitive with, and could be undermining of, decentralized lordship (although I also asserted that peasant resistance was the main cause of the erosion of decentralized lordship and that such weakening was in fact the fundamental enabling condition for the rise of the tax-office state in much of Western Europe). I did, on the other hand, accept Bois’ contention that, *in France*, local lords were not only hurt by the weakening of decentralized lordship, but were likely also to have benefited from the rise of the tax-office state by taking up offices within it (Brenner 1982). But, I agree with Hoppenbrouwers and van Zanden that it does not follow – nor did I argue – that such lords were beneficiaries in all cases of the rise of more centralized states and the erosion of decentralized lordship, for example those that emerged in such highly urbanized regions as the Low Countries and Italy. Exactly who constructed and who benefited from the rise of these states seems to me a crucial, but still somewhat open, question.

towns and exchange as absolutely essential to feudalism's functioning from its origins, since urban industry and trade were at all times indispensable to lordly reproduction (e.g. Brenner 1982; also above). Nor do I believe that either lords or peasants sought to avoid the market (or 'push each other way from it'). Lords were, from early on, instrumental in the founding of towns throughout medieval Europe and relied, from the start, on the commercial exchange of agricultural surpluses appropriated from peasants for town-made luxury and military goods. Peasants, for their part, sought as much as possible to exploit the gains from trade through *involvement in the market*, but found themselves significantly thwarted in so doing because full specialization leading to *dependence upon the market* was incompatible with the pursuit of other highly valued goals – security from bad harvests via production for subsistence, social insurance via having many children, the endowment of children with the wherewithal to form a family by means of subdivision of holdings.<sup>7</sup>

De Vries thinks that I am mistaken to believe that medieval and early modern peasants tended to adopt 'produce for subsistence' in order to achieve 'safety first'. This is because, he asserts, where markets were well-functioning, specialization was generally less risky in terms of, say, assuring access to sufficient food, than diversification, and peasants would, under such circumstances, have been ill-advised to choose the latter over the former, were they interested in minimizing the likelihood of starvation. But I have never made the argument that de Vries is here attributing to me – viz., that recourse to specialization is in some general, trans-historical way riskier than diversified, subsistence production. To have done so would have been to imply the obviously untenable conclusion that it is always safer to produce for subsistence today than to buy virtually all one's inputs, and 'do what one can do best' in order to secure the gains from trade. What I do argue is that, *under the conditions that generally prevailed in medieval and early modern Europe*, in no small measure precisely because peasants seeking 'safety first' and producing 'for subsistence' constituted the great bulk of food producers, there was vast uncertainty about the availability of food, with subsistence crises to be expected but their timing unpredictable. Peasants who specialized were as a rule unable to insure themselves against a run of bad harvests – in the way that, for example, rich landlords or wealthy tenant farmers would have been able to do – so had to adopt an economic strategy, a rule for reproduction, that limited their vulnerability, specifically safety first/produce for subsistence. It therefore made a vast difference to the productiveness of medieval and early modern European agriculture that so much of it was in the hands of peasants –

<sup>7</sup> I must here confess my astonishment that Hoppenbrouwers and van Zanden can find that 'a general flaw in the Brenner thesis [is] its disregard of peasant (strategic) behavior' (Hoppenbrouwers and van Zanden 2001b), when the analysis of peasant strategic behaviour is so obviously one of the central concerns of my entire project, exemplified in my analysis of peasant rules for reproduction and resulting developmental patterns. See, for example, Brenner (1985 and 1997), as well as above. At least Hoppenbrouwers and van Zanden do concur in my fundamental conclusions that 'Peasants could – and still can – rationally resist intensive market involvement' [I would say 'market dependence'] and that 'from the perspective of peasant production, commercialisation is not *by definition* a superior strategy' (Hoppenbrouwers and van Zanden 2001b).

rather than of, say, rich landlords and wealthy tenant farmers – precisely because peasants were obliged, in this way, to limit their specialization.<sup>8</sup>

*Are peasants' plots too small to support the growth of agricultural productivity?*

My argument concerning economic development starts from social-property relations and associated rules for reproduction. Therefore, its primary concern is not to contrast the productive potential of large versus small farm agriculture, but of capitalist agriculture carried out by free, market-dependent producers, separated from their means of subsistence (though not necessarily production), and peasant agriculture carried out by possessors of the means of subsistence. It is, once again, subjection – or not – to the competitive constraint that is, from my standpoint, fundamental.<sup>9</sup> But having said that – and having noted in addition that which farms are 'large' and which are 'small' is obviously a strictly relative question – I would indeed want to argue that the peasant farms of medieval and early modern Western Europe *did* tend to be too small to be economically efficient in the most relevant respect, that is to say in the maximizing of labour productivity *in food grains*, which was, after all, the key to supporting an ever greater fraction of the population off the land. For the latter task, much larger farms than peasants generally disposed of were indeed required to underpin the growth of labour productivity.

The definition of a peasant is not, of course, straightforward. But when I use the term, I refer to the run of cultivator-possessors who populated medieval and early modern agriculture in most (though not all) of Western Europe. Something like 80 per cent of the land in late thirteenth-century England was in holdings under 20 acres, and approximately 46 per cent was in holdings under 10 acres (Miller and Hatcher 1978, 143). Such smallholdings were unquestionably even more dominant in most of French agriculture before 1600. On the other hand, a family labour force producing bread grains was quite capable of farming with its own labour (and only minimal seasonal assistance) up to perhaps 56

<sup>8</sup> As I have argued elsewhere, '[W]hat was "the rule" in medieval and early modern Europe cannot be taken to hold good in all times and all places. For the relationships between certain property systems and certain paths of economic evolution, especially of the development of the productive forces, are not governed by trans-historical laws . . . Over time, and especially over the course of the nineteenth century, the significance for economic advance of agriculture based on small owner-operators was altered . . . As the rise of industry made available an ever wider range of commodities at low costs, there were tremendous inducements for the peasants to give up the home production of necessities and to specialize, buy whatever they needed on the market. With ever-expanding world supplies in basic food and improved transportation to make these accessible, there was decreasing risk in specialization. Finally, with the development of artificial fertilizers and the growth of biological knowledge towards the end of the nineteenth century, the small family farm obtained positive advantages in certain types of production' (Brenner 1985, 322–3).

<sup>9</sup> I should perhaps re-emphasize in this context that the aspect of the classic 'three tiered' landlord-tenant-wage labourer capitalist agrarian structure that emerged in England that I have argued to be the key to its productiveness was commercial tenants' separation from their means of subsistence and consequent subjection to the competitive constraint, not wage labour, although wage labour surely did increase the productiveness of English agricultural capitalism. See Brenner (1982, 1985); also above, footnote 1. Cf. Allen (1992).

acres; only on farms above 60 acres would it have had to rely on ever-larger supplies of wage labour (Allen 1992). We may therefore conclude that peasant farms were generally one half or one quarter (or even less) the size that was optimal for basic food production and were thus typically heavily oversupplied with labour. The implication is that peasant agriculture made for a huge amount of disguised unemployment and in this way for relatively low output per person. It follows that the transcendence of the peasantry in agriculture was indeed a prerequisite for that ongoing growth in labour productivity in the production of food grains that was the *sine qua non* for industrialization.

In this context, it is entirely inappropriate to term the farmers who undertook an agricultural revolution in seventeenth-century England either 'peasants' or 'small', as do, respectively, Allen (1992) and Croot and Parker (1985). On the contrary, the emergence of such farmers obviously represented precisely *the rise of large farms* and the transcendence of the small and peasant farming that had dominated English agriculture in the medieval period. By the early seventeenth century, the *average* farm size in the South Midlands region studied by Allen was 59 acres. Even more to the point, farms of 60 acres or more occupied no less than 71 per cent of the farmland, and farms of 100 acres or more 51 per cent. The pattern found by Allen was, moreover, quite typical of English grain-producing regions in this era. The break from small and peasant agriculture could hardly have been more definitive or self-evident. Indeed, my argument is decisively confirmed by the fact that part and parcel with the emergence of these farms came not only the predominance of capitalist social-property relations dominated by landlords and their commercial tenants, but a major increase in the long-term growth of agricultural labour productivity. The burden of Allen's work on the English yeomen is thus the very opposite of what he contends: it confirms the fundamental role of large farms, not small farms, in the English agricultural revolution (Allen 1992).

To assert that this sort of large, non-peasant, capitalist farm was required to carry through the transformation in agricultural production in bread grains necessary to support a process of industrialization is, as I have elsewhere emphasized, in no way to deny that medium-sized or even small farms could be as efficient as large in agricultural lines in which there were no particular scale economies in terms of labour or land (Brenner 1982). This was true in labour-intensive industrial crops (like hemp or flax), as well as market gardening near the towns. It was also true in dairying. Still, it must be emphasized that specialized dairy farmers were *ipso facto* dependent upon the market, in that they were obliged to purchase their inputs, notably food grains, on the market. As a result, they were subject to competition in production. Since there were definite scale economies to be had in dairy production in plant and equipment (capital) if not in land, they therefore had little choice, if they wished to survive, but to maximize investments in plant and equipment so as to improve as much as possible their cost effectiveness (see below). In any case, the fundamental point is that the rise of regions dominated by such small-scale, specialized production would have been unthinkable without the production of surpluses in grain-producing

areas, which implied, *on a system-wide scale* (though obviously not in those relatively small, privileged regions that had access to cheap grain imports) the growth of labour productivity in food grains, and thus the transformation of agrarian social-property relations somewhere in the system.

*Development through the differentiation of the peasantry?*

It is sometimes implicitly admitted that peasants were insufficiently landed and lacked sufficient capital for efficient agricultural production, but that, *in the presence of the growth of the market*, peasant agriculture tended naturally to give rise to capitalist social-property relations and capitalist economic development, out of a process of economic differentiation. In such a scenario, yeoman farmers would more or less *automatically* emerge on the ruins of the small peasantry to lead the way in underwriting agricultural improvement and, according to its exponents, this was supposedly the path to agrarian capitalism taken in early modern England (Hoppenbrouwers and van Zanden 2001b, citing Moers 1991).

Nevertheless, this argument, which has indeed been put forward by a number of leading Marxist economic historians, including Dobb and Hilton (reprinted 1978), and recently reprised by Croot and Parker (1985), begs the question (Brenner 1978, 1982). In England, from the first part of the sixteenth century, if not earlier, the preponderance of the land was farmed not by peasant possessors, but tenant leasers. Because English agriculture was thus largely in the hands of farmers who were dependent upon the market and subject to competition in production, it did indeed experience a process of economic differentiation in which larger more effective farmers beat out smaller less effective farmers, leading to the rise of a class of capitalist farmers, the famous English yeomen, which did indeed make the running in transforming English agriculture. The point, however, is that this process of economic differentiation was *conditioned upon* a process of competition in production by *already market-dependent* leasehold farmers. It did not therefore bring about the transcendence of a possessing peasantry; rather, it was *predicated* upon that transcendence, in that it depended precisely upon a previous process of separating peasant agriculturalists from their means of subsistence.<sup>10</sup>

By the same token, the mere growth of demand for agricultural products could not be counted upon to set off a process of 'commercialization' in which peasant possession self-evolved through a process of socio-economic differentiation into capitalist farming. In regions where, at the end of the Middle Ages, the countryside was dominated by peasants who had secured full property in land and thus the capacity to *avoid* dependence upon the market and subjection to competition, the dominant trend was not toward the differentiation of the peasantry, but rather toward subdivision and ultimately the pulverization of holdings. Such a process can be found taking place throughout early modern France, including its most commercially advanced regions where the demand for

<sup>10</sup> See above, and below, footnote 12.

agricultural goods was most intense, notably the area around Paris. In the latter region, huge peasant holdings, often running to 60–80 acres, prevailed around 1450, the legacy of the late medieval demographic crisis and sometimes the devastation of war. But within a century, the remorseless subdivision of holdings had brought the most massive parcellization of plots, leaving agriculture largely in the hands of very small and mini-holders. Clearly, *morecellement* had far outdistanced *rassemblement* (cf. Brenner 1985, 300–5; Jacquart 1974). *Contra* Hoppenbrouwers and van Zanden, then, the English yeomanry did not, in my conception, ‘come out of the blue’. It did emerge out of a process of socioeconomic differentiation, but that process was itself only made possible by the previous transcendence of peasant possession. By the same token, in places like France, ‘where peasants got the upper hand’ and emerged from the late medieval class conflicts freed from serfdom and with full property in land, this did *not* in fact generally lead to ‘petty capitalist accumulation’ and ‘social polarization within the peasantry’, but rather the pulverization via subdivision of peasants’ plots leading to the prevalence of vast numbers of micro-holdings, with the result that, in such places, there was, *pace* Hoppenbrouwers and van Zanden (2001b; cf. Moers 1991), precisely *no* ‘continental equivalent of the [English] yeomanry’.

*The superiority of large farms and commercial tenantry?*

Just as I do not argue that small farms were *per se* ineffective, I do not, *pace* Hoppenbrouwers and van Zanden following Cooper (Hoppenbrouwers and van Zanden 2001b; cf. Cooper 1985), argue that large or tenant farms were *per se* productively effective. Once again, it was the social-property system that was, in my view, determining. Unlike those that dominated the early modern English countryside, distinguished as it was by the large-scale reduction of the peasantry, big farms throughout most of Europe during the medieval and early modern periods were commonly ensconced within a broader pre-capitalist context dominated by peasant producers and could, for that reason, hardly be expected to underpin agricultural development. Especially as a consequence of extreme subdivision under the pressure of population growth, peasant farms not only commonly possessed surplus labour, but having become too small to provide full subsistence, had to resort to it to make ends meet. The large units alongside the peasant farms, which were often manorial demesnes or their descendants, thus typically functioned within a sea of small peasant producers, who had insufficient land to provide them subsistence but who had no other place to go. Those large units could therefore generally avail themselves of an endless supply of cheap labour, and they generally found that the most profitable strategies to adopt involved not investment to improve labour productivity, but the intensification of labour and limitations on its pay (Brenner 1976, 1982).

The result was that in places where landlords relied on wage labour to farm their demesnes – as landlords tended to do in those very broad regions of Western Europe where they lost their capacity to impose labour services at some point during the medieval period – they almost always found that they could

secure their best returns by combining intensive labour and low wages, rather than by investing in additional means of production to raise productiveness. Somewhat later, when lords turned to demesne leasing – as they did throughout most of Western Europe from various points in the later Middle Ages – the tenant leasers who took over the operation of large farms followed the same strategy as their demesne farming, landlord predecessors. Especially in the context of the new demographic upturn from the late fifteenth century, they, too, found that, rather than invest in equipping their labour force with greater amounts of plant and equipment, it made most sense to take advantage of the ever-growing supply of cheap labour provided by quasi-proletarianized peasants, who were under pressure not just from overpopulation but rising levels of taxation and who had no alternative source of employment.<sup>11</sup> There was therefore no break toward improvement, even where, as in a significant part of France during the course of the seventeenth century, large tenant farms took over the cultivation of land hitherto farmed by small peasant owners. On the contrary, precisely because they did not carry out much investment, large commercial tenants tended to find themselves vulnerable to having their tenancies subdivided by their landlord and leased to small peasant leasers, who could be expected to provide an even larger surplus as tenants than they did as wage labourers. Such a process was indeed common in late seventeenth-century France, where, in an effort to combat falling rents, landlords replaced their *laboureur* tenant farmers by small peasant tenants, although only after expropriating much of those *laboueurs*' wealth to cover unpaid rental arrears (Jacquart 1974).

I did indeed argue that a more productive and collaborative relationship by this time had emerged between landlord and tenant in significant areas of England, helping to underwrite continuing development. Hoppenbrouwers and van Zanden quote Cooper to the effect that, in so doing, I sound like a Tory apologist for English landlordism (Hoppenbrouwers and van Zanden 2001b; Cooper 1985, 177). But no such thing is implied by my argument. My point is simply that, in the context of the different social-property systems that had come to prevail, respectively, in England and France by the later seventeenth century, landlords in each place found it sensible to adopt different strategies to improve their incomes. In England, capitalist tenant farmers controlled a capital-intensive husbandry. Because the number of surrounding peasants had declined drastically, landlords were deprived of the option of turning to peasants needing additional land to make ends meet to lease their land at high rates of exploitation. Landlord incomes thus depended upon the competitive success of their tenants, and that success ultimately depended upon tenants' ability to invest in plant and equipment, including animals. In this situation, English landlords would have found that a resort to the kind of rent squeezing of tenants practiced by their counterparts in

<sup>11</sup> Analogously, in the case of the great estates of Andalusia adduced by Cooper (1985, 189), landowners could not find it economically rational to invest in their labour forces on their huge holdings, because they could endlessly exploit great masses of landless proletarians, huddled in large agricultural villages, with no alternative source of subsistence. It was therefore natural that they pursued a labour-intensive, rather than a capital-intensive, agriculture.

late seventeenth-century France was counterproductive, but that advancing sums to help their tenants improve production and/or get through bad years made good economic sense.<sup>12</sup> By the same token, given that French large tenants (*laboureurs*) engaged in little investment and secured their income precisely by taking advantage of the low wages and intensive labour of their land-hungry, semi-proletarianized peasant wage-labourers, landlords needed to have few qualms about gouging those tenants and ultimately replacing them with peasants (Brenner 1982).

The same general point holds, I think, for merchants and other townspeople who purchased land. These were, *per se*, neither progressive nor reactionary. As with landlords, the economic strategy that they chose in any given region could not be deduced from 'their nature', but only from the constraints imposed by the situation in which they found themselves, in particular whether the system of social-property relations best rewarded investment or rent squeezing.

#### SOCIAL-PROPERTY RELATIONS AND AGRARIAN EVOLUTION IN THE LOW COUNTRIES

What is the relevance of the foregoing considerations to historical processes of socio-economic development in the Low Countries? Here, of course, urban development was more intense than in any other region of Europe throughout the long epoch from the ninth and tenth centuries into the eighteenth. It was driven during the medieval period by the meteoric expansion of the Flemish textile export industries; it received a new impetus from the end of the Middle Ages from the rise of the Antwerp entrepôt as well as Brabantine industry more generally; and, then, from the latter part of the sixteenth century, it was massively amplified by the Dutch urban commercio-industrial explosion. The outcome was great, sustained demand pressure on agriculture over a very extended period, the reply to which by Low Countries' agriculturalists was, moreover, very much facilitated by access to the international grain market. What I wish to bring out is that, even in this most urbanized and commercialized of all European territories, the incomparably powerful demand for agricultural goods could *by itself* in no way determine the nature and extent of the supply response of agriculture. On the contrary, the divergent responses to urban markets of the different districts of the Low Countries – and the divergent paths taken, more generally, by those districts' rural sectors – were shaped by the systems of

<sup>12</sup> That said, I should re-emphasize that, in my account, landlords' decisive contribution to the rise of capitalism in the English countryside was certainly not, *pace* Overton, to be found in their investment and innovation in agriculture, which they very often eschewed (Hoppenbrouwers and van Zanden 2001b). It was found, rather, in their seeing to the separation of the direct producers from the means of subsistence in English agriculture and thus their subordination as tenants to the competitive constraint – by holding onto their large demesnes through the length of the medieval epoch, by adding abandoned peasant customary land to their demesnes (especially in the period of population drop-off of the fourteenth and fifteenth centuries), and by standing in the way of the claims of customary tenants (who lacked rights to inheritance and to fixed fines) to full property in the land, in order to consign their land to commercial tenantry.

social-property relations that had emerged in these districts. Lords and peasants, individually and collectively pursuing feudal goals by feudal means, brought about, by the later medieval period, the consolidation of different systems of social property relations in different districts of the Low Countries. In turn, the differing systems of social-property relations that came to structure the economy of each district held the key to that district's subsequent agrarian-productive trajectory.

The powerful influence exerted by the established system of social-property relations upon the long-term trajectory of agriculture can be seen most clearly in the 'archetypal' districts of the southern and northern Low Countries regions, respectively: the inland south (typified by central Flanders) and the maritime north (typified by maritime Holland). In these contrasting districts, following the disintegration of lordship/serfdom in both places fairly early in the medieval period, the success and failure, respectively, of peasants to consolidate property in their full means of subsistence<sup>13</sup> conditioned diametrically opposed, classically peasant and classically capitalist, paths of agricultural development. In inland southern Low Countries, classically peasant social-property relations issued in parcellization, diversification and labour intensification, making for declining labour productivity, poverty and restricted rural markets. By contrast, in the maritime northern Netherlands, producers' loss of possession of their means of subsistence, combined with their retention of their means of production, issued in socio-economic differentiation, specialization and investment, making for rising labour productivity, prosperity and dynamic rural markets. Analogous results can also be gleaned, though admittedly less clearly and definitively, from other, 'non-classical' districts of each region. In maritime southern Netherlands (Flanders, as well as Zeeland), in sharp contrast to the inland districts, the social-property system that had consolidated itself by the later medieval period was dominated by large landowners who rented large plots to big tenants, with peasant possessors prevented from establishing much of a presence. The agricultural trajectory that thus resulted in this district was, in keeping with its capitalist social-property framework, one of dynamic development. By contrast, in inland districts of the northern Low Countries, a recognizably (if weakly) feudal social-property system emerged, dominated by peasants possessing their full means of subsistence and strong communities to defend their control over the land, as well as (not very present) lords who took (not terribly onerous) feudal rents. Here, despite the call of the Low Countries' urban markets, the direct producers continued to orient their arable production to diversification for subsistence so as to avoid subjection to the market and assure 'safety first', which prevented their offering much in the way of food surpluses to provision the towns. But having

<sup>13</sup> To avoid confusion, it needs to be emphasized at the outset that producers' separation from the means of subsistence did not, in the case of the maritime northern Netherlands, necessarily mean loss of property ownership, but could rather imply retention of property in land, but separation from the means of subsistence as a consequence of the loss by that land of the capacity to provide subsistence (as with the later medieval peat lands). In other parts of the maritime northern Netherlands, separation from the means of subsistence could, more standardly, simply imply tenantry. See below.

in this way avoided *dependence* on the market, these producers were nonetheless anxious to enhance their incomes from *involvement* in it: they therefore used their surplus resources – specifically, unusually ample pastoral lands – to supplement their production for subsistence by producing and exporting horses and cattle to various markets throughout the Low Countries and beyond. In this setting, sending physical surpluses to the export market was thus the natural complement to production for subsistence.

In what follows, I shall attempt to demonstrate this pattern for each of the aforementioned agrarian districts, then conclude the essay by asking about the implications of the diverging agrarian evolutions of the different districts of the Low Countries for overall economic development, and particularly the process of industrialization.

### *The Inland Southern Low Countries*

#### *The consolidation of the peasant-dominated system of social-property relations*

What turned out to be the more or less permanent structure of social-property relations in the Flemish countryside was established very early, and subsequent evolution over the late Middle Ages and the early modern period can be understood to a remarkable extent as a function of that structure. The county of Flanders was, with Anglo-Normandy and Catalonia – and in a different way Germany – one of the handful of principalities to avoid the politico-economic disintegration that elsewhere accompanied the rise of banal lordship in Europe in the tenth and eleventh centuries. In all of these places, princes prevented the breaking up or division of the power of the ban and continued to exercise authority themselves.<sup>14</sup> Flanders thus assumed a place among the most powerful political entities of medieval Europe. Also like the others, it witnessed, at least at first, the cohering, despite major intra-lordly struggles, of a relatively collaborative lordly class around the prince (Brenner 1996), specifically the Count of Flanders, whose political followers projected the Count's power throughout the land from town-based castles. Nevertheless, as Thoen explains, the pattern of political organization of the lords of Flanders ultimately diverged from that of Anglo-Norman England and Catalonia, as Flemish nobles sought from the early part of the twelfth century to challenge the Count's hegemony, leading to the sort of competitive lordship that typified most of Western Europe in this epoch. What accounted for this turnaround – why the Flemish development diverged from the Anglo-Norman and Catalan – is not perhaps entirely clear, but it seems almost certainly to have been closely bound up with the towns' enormous presence in this region as a source of both autonomous power and of income and wealth. The towns, with their power, opened up to the Count of Flanders a range of political alternatives, in terms of alliances and strategies, such as were available to other princes in few, if any, other regions of medieval Europe

<sup>14</sup> Fourquin (1975, 379).

outside of Italy (Thoen 1990, 2001). Simply put, the Count sought to build his own power by means of allying with the towns, leading to the weakening of the Flemish lordly class, with profound implications for the region's subsequent economic evolution.

In the inland southern Low Countries, the classical domainal regime, which had in any case developed only to a limited extent during the Carolingian period, disintegrated in the course of the tenth and eleventh centuries as a consequence of great seigneurs' inability, in the wake of the collapse of the Carolingian empire, to maintain their domination over peasants. The latter asserted their freedom, achieving lightened dues and the right to inherit and subdivide. In response, insurgent banal lords sought to found a new mode of exploitation based on their direct domination by imposing newly 'privatized' authority, and they might have succeeded over the longer term had they managed to maintain their cohesion through closer adherence to the Count. But, as through most of Europe, the divisions within the class of banal lords gave peasants a fundamental opening, room to manoeuvre that they never were able to enjoy in England or Catalonia before the fourteenth century (Verhulst 1990; Brenner 1996). Peasants were advantaged further, as elsewhere, by lords' competition among themselves to attract them to newly reclaimed land, the lords' 'population policy'. Peasants also benefited, at least early on, from the availability of plentiful unsettled land, which peasants themselves reclaimed from the wilderness, escaping in the process the claims of lordship. Finally, more substantial peasants were able to make use of the powers won by the towns by claiming the right of *bourgeoisie foraine*, which limited lords' judicial prerogatives, thus lordship, over them. The outcome, by the thirteenth century if not before, was that peasants, through village-by-village struggles for charters, by playing lords off one against another to secure improved tenures, by opening up new land themselves and by exploiting lords' ever-present need for tenants for colonization, had, as had their counterparts throughout neighbouring northwest France, forced lords to relinquish arbitrary levies, achieved fixed dues and rights to inheritance and, in the face of inflationary food and land markets, secured what amounted to full property in their holdings (Lyon 1957; Ganshof and Verhulst 1966; Thoen 2001b).

#### *A peasant-driven agrarian evolution*

Flemish peasants' success in winning their freedom from serfdom and full property in their means of subsistence created the conditions for a classic process of peasant-driven economic evolution along the lines limned out earlier (above). The growth of population led to the opening up of new lands, the break-up of holdings, the partial loss of means of subsistence and growing commercialization to compensate, with the latter taking place by way of the intensification of labour through the adoption of new labour-intensive crops and the sacrifice of labour productivity in the interest of increasing the productivity of land.

*De facto* peasant proprietorship and highly attenuated lordship enhanced the potential for population growth in the region. Demographic increase was further

facilitated by urban markets, which offered peasants an opportunity to turn to commercial crops matched in few other places. By the end of the thirteenth century, the fragmentation of holdings, already a strong feature of the twelfth century landscape, had thus been pursued to extremes, making for the densest occupation of the land in Europe of that period, manifested in the widespread prevalence of mini-holdings. Fewer than 30 per cent of Flemish farms possessed a horse (Pounds 1970, 1971; Thoen 2001). In this context, there emerged the famous 'advanced husbandry' of medieval Flanders. Flemish farmers pushed the intensification of cultivation to unparalleled levels, especially over the course of the thirteenth century, ultimately aided by increasing commercialization, which was itself facilitated by relatively easy access to grain imports. The old infield-outfield system disappeared, as the outfield was rendered indistinguishable from the infield. The three-field system, itself an expression of more intensive farming, was increasingly infringed upon, as fallows were increasingly cultivated. Fodder crops were also grown ever more widely, and peasants cultivated legumes, like peas and vetches. Ultimately, peasants turned to flax, as well as to dyes, such as madder and woad, required as raw materials by the growing urban textile production (Verhulst 1985; Thoen 1990, 1997).

There can be no doubt that an extraordinary transformation through technical innovation took place in the inland Flemish countryside during the later twelfth and thirteenth centuries. But we should be careful about assessing its significance. The changes entailed have sometimes been called an 'agricultural revolution', but this term must be used with caution. The new techniques were no doubt often made viable by the rise of urban consumer and producer demand to levels which had no parallel elsewhere, and would have been impossible to introduce without the extraordinary urban-industrial expansion. On the other hand, from the standpoint of the countryside, they 'were not so much the cause as the consequence of the demographic explosion of the eleventh, twelfth, and thirteenth centuries' (Verhulst 1989a, 14). 'The yields of 20 hl/ha . . . [were] not therefore the effect of an imperious demand. They [were] the result of the efforts of the peasants to cultivate well land that was their *gagne-pain*' (Derville 1987, 1422). The new techniques thus enabled farmers to secure ever-increasing value from their land, but at the expense of proportionally even greater additions of labour input. Gains in land productivity were thus won at the cost of even greater losses in labour productivity. They were achieved by peasants aiming to take advantage of growing markets not so much to maximize profits by raising their price:cost ratios, as to secure subsistence under conditions where their plots had become too small to allow them to produce it directly themselves.

As part and parcel of the same process by which they were obliged to intensify their agricultural labour and to accept lower rewards for it, peasants also turned to domestic industry, especially in areas just outside the towns. Already in the thirteenth century, peasants are found producing cheaper, coarser sorts of woollens, notably in the outskirts of Courtrai and Lille, but also elsewhere. And from the end of the fourteenth century, there is also the rise of linen industry in the environs of Ghent. In all these areas, the motivation to take up domestic

industry was the same: to supplement, under the whip of parcellization of holdings leading to ever smaller plots, the earnings of commercial agriculture by making even more thorough use of the household labour supply in order to eke out subsistence (Thoen 2001b).

In typical villages, alongside the sea of peasant small and mini-holdings, there existed one or a few large farms that might occupy as much land as all of the peasant holdings taken together. These often originated as old manorial demesnes, which were, from the second half of the thirteenth century, for the most part leased out to large tenant farmers. Additional large holdings were created in the late fourteenth and fifteenth centuries, especially in the wake of the population downturn and desertion of farms and these, too, were generally leased out. There is little evidence, however, that these larger holdings were the scene of much in the way of investment (at least before the population downturn of the fourteenth century). Instead, the weight of the peasantry was telling. With huge numbers of peasants having little choice but to accept low wages and intensify labour to make ends meet, large tenant farmers – like demesne farmers throughout Europe in this period, whether landlords or leasers – appear to have eschewed any major turn to more capital-intensive husbandry in order to maximize returns by organizing production so as to increase the labour:capital ratio. By the same token, the plethora of land-hungry peasants anxious to lease smaller parcels to make ends meet, clearly weakened the position of the larger tenants by forcing up the price of land, obliging the latter to accept more onerous terms from landlords than they would otherwise have had to, as condition for taking up their leases (Thoen 2001b).

By the late thirteenth and early fourteenth centuries, Flemish lords appear to have begun to experience the same sort of crisis of seigneurial revenues as was widespread among their counterparts at this time in neighbouring northern and western France, and throughout most of Europe. They did enjoy increasing returns from their leasehold farms. But they nonetheless experienced increasing indebtedness as a consequence of the need to make ever-greater expenditures on luxury and military consumption, in the face of their incapacity to raise feudal dues to adjust to inflation, as well as the exhaustion of the opportunities to reclaim new land. Lords' income in real terms dropped and they sought, in compensation, to impose novel levies on the peasantry. Flanders was thus the scene of a version of the seigneurial reaction that struck wide swathes of Western Europe at various points in the fourteenth century (Verhulst 1963; Thoen 2001b). It was also the scene of the initial rise of roughly the same sort of tax-office state that began simultaneously to emerge under similar conditions of weakened local lords and strong possessing peasantry in neighbouring France (Brenner 1982). In response, as elsewhere too, peasants rose in a series of revolts, notably the large-scale rising of 1323–7, which brought about the effective end of feudal lordship in Flanders.

During the later fourteenth and fifteenth centuries, large landowners took advantage of the population fall-off to add unoccupied peasant holdings to their farms, increasing the weight in the countryside of big farms and larger tenants.

With the rising land:labour ratio now pushing wages up and tipping the terms of trade in favour of animal over and against bread grain production, they also found reason to raise investment and to increase labour-extensive pasture production at the expense of labour-intensive arable. In these circumstances, there was also a different kind of inducement than previously to adopt the new husbandry (Verhulst 1963).

Nevertheless, with the 'turn of the conjuncture', which was delayed in Flanders until as late as 1500, the secular trends previously associated with the 'A phase' of the medieval economy reasserted themselves. Peasant holdings became ever smaller under the pressure of parcellization on inheritance. Especially after around 1600, moreover, as a result of both subdivision and increasing levels of taxation, Flemish peasants gradually were obliged to yield ever more of the land they owned and to take up leases instead, so that the proportion of land in the hands of leaseholders compared to owner-operators grew steadily. Still, there was no tendency to the build-up of ever-larger leaseholdings. On the contrary, peasants showed that they could compete with larger farmers in the market for leases, and the proportion of leased land in the hands of small and mini-leaseholders actually grew, as landowners saw that peasant tenants who intensified their labour and reduced their consumption levels could pay a higher rent per acre than could farmer tenants with the potential to invest. Even if capital-investing farmer tenants could increase labour productivity more than could peasants, peasant tenants could out-compete them for leases by offering landlords a larger share of what might have been a smaller pie by adding labour inputs (including proto-industrial labour) and lowering their effective earnings (Thoen 2001a, 2001b).

Over the long run, then, surpluses that could be produced by lowering living standards and intensifying labour were higher than could be secured through increasing the capital:labour ratio. As Thoen shows, there is, in secular terms, a close correlation between the rise of land productivity and fall of labour productivity (Thoen 2001a; cf. Dejongh and Thoen 1999). This was very much facilitated by peasants' turn to the 'new husbandry'. Moreover, small and mini-tenants improved their ability to compete for leases by adding the benefits of proto-industry. In this context, extensive land purchases by the bourgeoisie could in no way reverse the direction of the agrarian evolution. For townspeople who bought land, like anyone else in their position, would find that they could secure the highest rents, not by seeing to the increase of investment in agricultural plant and equipment, but through the hyper-exploitation of a massive semi-proletarianized peasantry that was stuck on the land (often with only micro-plots that they actually owned) and with nowhere else to go. The rise of the Flemish peasants' 'productiveness' (land and household productivity through labour intensity) and competitiveness was thus part and parcel of their declining living standards. In the words of Slicher van Bath, the rise of intensive husbandry in Flanders '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' (Slicher van Bath 1960, 153). As van der Wee accounts for the rise

of proto-industry, 'it should be viewed as an autonomous response of an area trapped in a cycle of relative overpopulation and the ensuing parceling out of agricultural land and pressure on agricultural income, coupled with the inability of the surrounding towns to absorb emigration from the countryside' (van der Wee 1988, 347).

*The Maritime Northern Low Countries*

The evolution of agriculture and the emergence of a significant non-agricultural and urban population in the maritime northern Netherlands followed a trajectory heavily influenced by the process of reclaiming land at this sea-fringed *margin* of the European landmass.<sup>15</sup> In terms of character and timing, the region traversed a path that was unique in medieval Europe. Because recovering the land in this waterlogged terrain was a slow and difficult process, and the peasants who undertook it were hard to dominate and exploit, feudal lords were not strongly attracted to the region. Consequently, and in contrast with the experience of most of the rest of feudal Europe, lordly initiatives and lordly demand played little part in calling into existence towns, trade or industry. Indeed, precisely because feudal lordship was so weak, towns as centres of luxury and military production for the European ruling class, such as found their apotheosis in the medieval southern Low Countries and in Italy, were largely absent from the medieval maritime northern Netherlands.<sup>16</sup> On the contrary, a significant labour force outside of agriculture within towns seems to have begun to emerge only extremely late, during the second half of the fourteenth century, when what turned out to be a very large – and rapidly growing – part of the rural population suddenly found itself, due to profound ecological disruptions, unable to make a living by arable farming and compelled to find productive activities in which they could successfully compete on the market. Unlike anywhere else in Europe, the subjection of the agricultural producers to dependence on the market and the rise of a large market-dependent population involved in trade and industry in towns occurred to a very great extent as part of *a single process of agrarian transformation*. The emergence, on the one hand, of Dutch clothmaking, brewing, shipping, shipbuilding and peat digging – much of which was oriented to export – and, on the other, of Dutch dairy and cattle raising, were thus two sides of the same extraordinary process of ecologically driven separation of the direct producers from their means of subsistence leading to the transition to capitalism, and they must be understood together (Jansen 1978; van Zanden 1993; de Vries and van der Woude 1997).

<sup>15</sup> I wish to thank Bob Fitch for helpful discussions of the general process of 'innovation at the margin'.

<sup>16</sup> 'Until well into the thirteenth century the province of Holland . . . was still an agrarian country, with hardly any towns and . . . no trade or commerce either with the German Hanse towns, or with England and France.' (Jansen 1978, 4, 8–9).

*The transition to capitalist social-property relations in the countryside*

*The weakness and disintegration of surplus extraction by extra-economic coercion.* The maritime provinces of the northern Low Countries were not totally lacking in institutions of lordship in the medieval period. In expanding their power in the region during the thirteenth century, the Counts of Holland, as Hoppenbrouwers (2000) emphasizes, could not but depend on noble followers, whom they had, in some way, to endow with land and rights in the area. Nevertheless, because peasants dominated the colonizing process, especially on the peatlands, which initially covered more than half of the territory of the region, seigneurial influence was never strong, and turned out to be ephemeral. In the northernmost parts of this district, which were colonized by the Frisians – the areas now known as West-Friesland, Friesland and Groningen – feudal seigneuries were unknown, and the same was pretty much true for the northernmost parts of Holland itself. The Counts of Holland did claim the vast tracts of peat bog, which covered most of central Holland, and played an indispensable part in initiating the process of their reclamation during the medieval period, just as did the Bishop of Utrecht in the peatlands of his district. But, while continuing to exercise political hegemony in these areas, especially through the control of justice, the Count and the Bishop sold their land to nobles and clerics, who in turn granted it to settlers, while retaining, in some cases, limited rights of jurisdiction and privileges to operate ferries and mills, erect bridges, to fish and the like. In the peatlands, peasants thus assumed essentially untrammelled property in land, in the form of farms typically of 16–18 hectares. Since it was the peasants themselves who undertook the process of tearing the land from the peat marshes, they could, no more than in other regions where peasants opened up the land, be easily subjected to lordly feudal exactions. It should be added that, in the process of colonizing the district, and especially in defending their land from incursions by the surrounding rivers and the sea, peasants not only formed village communities that assumed extensive local jurisdictional rights and administrative powers, but also developed – often in cooperation with the seigneurs – their own institutions for water management. These associations could not but have increased their ability to organize themselves against unwonted lordly demands. The upshot was that feudal lordship, in the sense of lordly surplus extraction by extra-economic compulsion, could barely be said to have existed in this maritime section of the northern Netherlands, and quickly vanished. By the fourteenth century, the peasants held ownership of the overwhelming majority of land in the reclaimed peatlands (de Vries 1974; Hoppenbrouwers 1997, 2001).

*The short-circuiting of peasant possession of the means of subsistence.* As throughout medieval Western Europe, peasants' purpose in opening up the land of the maritime northern Low Countries to cultivation was to establish arable production, to make it possible to directly produce the run of goods they needed to maintain themselves. In fact, they succeeded fairly well in setting up arable farms on the previously uninhabited peatland, which yielded regular harvests of bread grains

like wheat and rye (Hoppenbrouwers 1997). Nevertheless, starting as early as the thirteenth century, the very winning of the land for cultivation set in motion an extended process of ecological degradation that would end up undermining the very foundations of arable farming. Reclamation naturally issued in the lowering of the ground water level. The higher-lying peatlands that were thereby exposed to the atmosphere were thus subject to aeration, which caused the peat to oxidize, become more compact and begin to settle. The peasants were obliged to try to defend these lands against the surrounding rivers, with their relatively higher water levels. The problem was made more acute due to the rise of the sea water level after 1350, the so-called 'late medieval transgression', which resulted in a sharp increase in the number of storm tides and river floods. A true agricultural crisis ensued after 1400, in which the peat soils, due to their continuing subsidence, as well as assaults from surrounding bodies of water, became too moist to allow the continuation of arable production (van Zanden 1993; de Vries and van der Woude 1997).

The consequences of this undermining of arable production were nothing short of revolutionary: 'The farmers in Holland were virtually *forced* to shift to cattle farming [and dairying] and/or to the extensive cultivation of summer grains, since it became impossible to cultivate bread grain (outside the clay areas and the dunes). This *forced* transition . . . definitively *closed off* the prospect of subsistence farming for Holland's peasants' (van Zanden 1993, 30–1, my emphasis). Through ecological processes strikingly analogous in their effect to 'the so-called primitive accumulation' that deprived agricultural producers of their land in England, Dutch peasants were thus separated from direct access to their means of subsistence.<sup>17</sup> Paradoxically, in the peatlands of maritime northern Netherlands, *this separation of the agricultural producers from the means of subsistence most often took place in the face of the agricultural producers' continued ownership of the land*. The same process of ecological degradation that deprived the peatlands of sufficient fertility to support diversified, arable production thus deprived the peasants of their means of subsistence, despite their continuing land ownership. The agricultural producers of the peatlands were thus forced into dependence upon the market for their inputs, thereby subjected to competitive production and obliged, as a result, to enter into lines in which they could hold their own in terms of price-cost maximization.<sup>18</sup> The peasants of the maritime northern Low Countries had no

<sup>17</sup> At risk of belabouring the point, by 'so-called primitive accumulation' I here mean the separation of the direct producers from their *means of subsistence*, which renders them dependent on the market, but not necessarily also from their means of production, which turns them into proletarians obliged to sell their labour power, i.e. to work for a wage. This usage, I realize, deviates from the standard one, which generally does refer to the creation of proletarians, thus separation from both means of subsistence and means of production.

<sup>18</sup> So, although Hoppenbrouwers is quite right to point out that the peat reclamations 'hampered [peasants'] subsequent expropriation from [ownership of] the newly acquired land', it ironically remains the case that they also led to peasants' expropriation from their means of subsistence. As Hoppenbrouwers concludes, 'Without wanting to ascribe magic qualities . . . to the peat reclamations, we have to admit that they carried the seeds of some typically *non-feudal* evolutions: as a result of the early commodification of land in the wake of the peat reclamations, the peasantry of Holland was relatively early subject to (internal) polarisation and . . . accumulation of land.' (2000).

intention of bringing about a transition from pre-capitalism to capitalism. But, as an unintended consequence of the acts of reclamation by which, in keeping with feudal rules for reproduction, they had sought to extend cultivation for the purpose of production for subsistence on to terrain at the ecological margins of the European feudal economy, they ended up undercutting the ability of the soil to support production for subsistence and transforming themselves into market-dependent *capitalist farmers*.<sup>19</sup>

*From capitalist social-property relations to economic development*

It is difficult to exaggerate how distinctive, indeed extraordinary, was the economic transformation thus entailed for the late medieval maritime northern Low Countries. At this juncture, in the wake of the late medieval population catastrophes, classical subsistence peasants throughout most of the rest of Western Europe were experiencing a golden age, in which they gained possession of large plots that enabled them not only to diversify for subsistence/safety first, but to produce in addition significant surpluses to send to market (see, for example, Neveux 1975; Bois 1976). But, in sharp contrast, the agriculturalists of the maritime northern Netherlands were experiencing an iron age in which they were compelled to ‘compete or go under’. They now had to buy, rather than directly produce, the bread grains they needed to survive, and so were obliged to find products that they could successfully sell on the market. That they would be able to do so was not a foregone conclusion. As it turned out, they were able successfully to switch into more labour and land extensive breeding of cattle and production of dairy products, as well as the growing summer grains to supply the nascent beer industry, because they had the good fortune to find huge markets for all these products in the great towns of neighbouring Brabant and Flanders. In this process, their way was very much smoothed, especially as time progressed,

<sup>19</sup> It is crucial to note that a different structure of social-property relations from that which obtained on the peatlands consolidated itself relatively early in the medieval period in the districts of maritime northern Netherlands covered by clay soil, which were to be found mainly along the Frisian coast, on the Zeeland archipelago, and beside the area’s numerous rivers, although, the ensuing agricultural trajectory was rather analogous to that on the peatlands, if perhaps even more dynamic. In these districts, not peasants but larger landowners, in many cases originally feudal lords, appear *from the start* to have claimed, and held on to, the proprietorship of most of the land, which was of higher quality and with greater agricultural potential value than the peat soils. These landowners were not, in this region of near-total peasant freedom, able to subject peasants to feudal surplus extraction by extra-economic coercion. On the other hand, they were not obliged to accede to the possession of their land by peasant customary tenants. They turned, therefore, to leasing their land and, in view of the lack in these districts of a massive, semi-landless peasantry – such as was produced by population growth and subdivision of holdings in inland Flanders – did so to larger, commercial tenants, who were apparently able to market their produce in the big towns of the southern Netherlands. These tenants, though in a different situation with respect to the ownership of land from that of the small owner-operators of the peatlands, were fundamentally like them in one crucial respect: i.e. they too had been separated from their means of subsistence, thus dependent on the market, and thereby subject to competition for survival. As a consequence, one finds in these districts the emergence of a capitalist pattern of agricultural development, marked by high levels of specialization, investment and innovation (de Vries and Van der Woude 1997; Hoppenbrouwers 2001; B. van Bavel personal correspondence). See below.

by the meteoric rise of the trade for rye from East Elbian Europe, which made for increasingly low food prices not only for themselves but for most of the region's population, thereby increasing the discretionary income available to buy their output. From the very beginning, then, Dutch commercial farmers were not only reliant upon their domestic market, but heavily dependent as well upon the European feudal 'world market' (Blockmans 1993; van Zanden 1993, 2001; de Vries and van der Woude 1997).

The fact remains that in the initial phases of the agrarian transformation probably a majority of the farmers were unable to muster sufficient levels of productivity to secure a full living on the basis of their dairy and livestock (or summer grain) production. They were therefore obliged to take up a wide variety of additional, complementary pursuits in their ample free time in order to make ends meet, including shipbuilding, freshwater fishing, brickmaking and the like. It cannot be over-stressed, however, that these were all, in keeping with their market dependence, commercially oriented, not subsistence-oriented (van Zanden 1993).

Meanwhile, a huge and growing part of the population was obliged to leave agriculture entirely and seek its fortune in other lines. Their doing so successfully required discovering already existing demand that they could supply at a competitive rate. The producers of the northern Netherlands could not yet have possessed skill advantages in many industries. On the other hand, they did possess other kinds of supply-side advantages *vis-à-vis* rivals elsewhere in Europe, especially the southern Netherlands. First, because so much of the population had been so rapidly separated from their means of subsistence in the maritime northern Netherlands, the labour market was loose and wages were relatively quite low and falling. This was all the more the case because almost everywhere else wages were at this point unusually high and rising, as the sharp late medieval decline in population had made land widely accessible, leading to tight labour markets. Second, as merchants and shippers built up what came to be the enormous trade in grain from Eastern Europe, the non-agricultural population of the maritime northern Netherlands enjoyed the powerful subsidy to their living standards (and especially their wages) derived from food grain prices that eventually dropped well below those anywhere else in Europe. As to demand, the producers of the maritime northern Low Countries were fortunate in both the timing and location of the agrarian crisis and transformation: as a consequence of the generalized fall in grain prices during the late medieval period following the demographic downturn, discretionary expenditure could grow dramatically in many places, especially in the urban areas of the southern Low Countries, where the huge concentration of 'middle class' consumers constituted the perfect market for the sort of non-luxury, not high skill-requiring goods that the producers of the maritime northern Netherlands could make (Blockmans 1993; de Vries and van der Woude 1997; van Tielhof 2001).

The subsequent process of interconnected agricultural, industrial and commercial development, in which the expansion of one industry tended to bring increased demand and lower costs for others, could hardly have been more

capitalist in its essence, despite the fact that it was pursued at a relatively primitive level in terms of productiveness. Dairy farmers sending their output to the southern Netherlands helped provide revenues to pay for grain imports. So did inhabitants carving out inland waterways to attract foreign commerce and shipping to and from the North Sea region, the German Rhineland, and Flanders and Brabant. The growth of the grain trade, as well as inland fishing – which was itself facilitated by the improvement of inland waterways – fostered the growth of shipping, shipbuilding and ocean fishing, which, over time, became internationally competitive. The shift to summer grains stimulated the development of a local brewing industry, which ultimately entered in to exports. Finally, it cannot be overstressed that the very separation of a growing part of the population from their means of subsistence and its corresponding turn to the market in order to secure the goods and services needed for survival created a large (and ultimately massive) consumer demand in multiple lines. This may have helped initially in fostering a local cloth industry that eventually also became capable of exporting (Blockmans 1993; de Vries and van der Woude 1997). All told, the transition was cataclysmic. By 1350, some 23 per cent of the population of Holland was located in the towns, already a very high proportion, given how almost totally agricultural the economy had been just a half century earlier; by 1500, the proportion had reached almost 50 per cent (Jansen 1978; Blockmans 1993; van Zanden 1993, 2001).

Over the course of the early modern epoch, the imposition of competitive production on agriculture as an effect of the emergence of capitalist social-property relations, in the context of growing domestic and external demand, brought a process of real economic development in the countryside that was in sharp contrast with the peasant-driven evolution simultaneously taking place in neighbouring inland southern Netherlands under similarly intense market pressures. In the areas reclaimed from the peatlands, in the early sixteenth century the typical dairy farmer on large plots of 16–18 hectares (40–44 acres) could not come close to absorbing the full family labour force, due to the poor drainage. On the other hand, to have subdivided holdings on inheritance as in the past would have been entirely counterproductive, for it would have drastically undermined the farm's competitive potential. The subsequent period thus saw a classical process of socio-economic differentiation, in which already substantial farms, rather than being subdivided as in the peasant-dominated inland southern Netherlands (and much of the rest of Western Europe), were held together and even grew, providing an adequate site for long-term processes of investment, specialization and improvement. It is true that farms in the peatlands did not generally become all that large, since economies of scale in land in livestock and dairying were, past a certain point, quite minimal. Even so, by and large they dwarfed their counterparts in the inland southern Netherlands, and furnished the base for the exploitation of scale economies in farm plant and equipment. Meanwhile, a fully-fledged proletariat was completely separated from agriculture and the land, and obliged to find non-agricultural employment elsewhere (de Vries and van der Woude 1997).

It should be emphasized that processes rather analogous to those that took place on the peatlands, also occurred on the more fertile clayey soils to be found along the coasts and along the inland rivers – classically in coastal Frisia – where farming by large tenants on commercial leases had come to prevail.<sup>20</sup> In these places, the pressures entailed by market-dependent competitive production induced, to a much greater extent than in dairying on the peatlands, a secular trend toward the beating out of smaller by larger producers, a process that was accelerated with farmers' increasing turn to arable production (in preference to grass) in response to the rising food grain prices of the sixteenth century. The picture that emerges is one of large-scale investment on large farms, leading to ever-greater specialization in high-value crops, and the dramatic introduction of agricultural improvements, highlighted by the bringing in of new nitrogen fixing crops (Bieleman 1993). Here, once again, the market dependence of the direct, commercial-tenant producers – combined with the lack of opportunity for rent squeezing – provided the fundamental condition for real development.

Those farmers that ultimately won out did so, throughout the maritime northern Netherlands, by pursuing specialization to the greatest possible extent. They focused on particular agricultural products and shed all non-agricultural sidelines. This they accomplished by making ever-greater investments on improving the land, farm buildings, agricultural implements and so on. They had no possibility, it should be stressed, of engaging in the sort of labour or rent squeezing pursued by their counterparts in the inland southern Netherlands, for there was no mass of semi-landed/semi-proletarianized peasants stuck on the land in need of rounding out their means of subsistence by taking up wage labour or leasing a plot. On the contrary, as part and parcel of the deepening processes of specialization through investment that drove the economy, landless proletarians were drawn to rural towns, where they were employed in industries and services that catered to the growing demand of the farmers of the area. Moreover, as de Vries and van der Woude (1997) emphasize, the Dutch countryside distinguished itself from just about everywhere else in Europe by producing for the market a full range of specialized, intermediate inputs for agriculture that in most other places had to be produced directly by the agriculturalists who used them.

Ultimately, in the seventeenth century, wealthy citizens from the towns helped to bring the process of agricultural development in the maritime northern Netherlands to a culmination. In contrast to their counterparts in the inland south who entered the countryside mainly as rentiers, but in keeping with the requirements of profit-making in this region where improvement and investment were indispensable for competitive survival, they organized huge, capital-intensive reclamation projects, which made for massive additions to the maritime northern Netherlands' cultivable land (de Vries and van der Woude 1997; van Bavel 2001).

When deep depression gripped the northern Netherlands after about 1660 or 1670, as a consequence of the development of the general, European-wide crisis of the seventeenth century, the response of Dutch agriculture showed how

<sup>20</sup> See above, footnote 19.

entrenched the capitalist dynamic had become. With agricultural prices collapsing, tenants often could not pay their rents. In this situation, landlords realized that if their farms were to maintain their competitiveness, there was often no alternative but to accept a build-up of arrears and/or simply lower rents, and to subsidize capital investment on the farms. Alternatively, they expelled their failing tenants and built up even larger farms in search of additional scale economies, renting their plots to bigger, richer tenants (de Vries and van der Woude 1997; Hoppenbrouwers 2001). These processes were in sharp contrast to developments in most of France or the inland southern Netherlands in this period, where landlords tended to divide up plots and rent them out to semi-landless peasants in need of tenancies (often, at least in France, after having seized the holdings of the larger tenants, to cover unpaid rents). But they were very similar to those simultaneously taking place in the capitalist agriculture of England, where capital investment, landlord subsidies of tenants and the build-up of even larger farms were normal responses to the low agricultural prices of this period (see above).

*The economic trajectory of the maritime northern Netherlands:  
conflicting interpretations*

The broad outlines presented above of the evolution of the countryside in the maritime northern Netherlands do not seem controversial. Nevertheless, their interpretation remains highly contested.

*Merchant capitalism based on proto-industrialization?* Jan-Luiten van Zanden (1993) has interpreted the Dutch evolution as a case of merchant capitalism, the first phase of capitalist development. He understands merchant capitalism as distinguished by its inability to advance the productive forces and therefore dependent for its capacity to underwrite economic expansion upon access to labour power that could be purchased below its cost of reproduction. From that perspective, he interprets the early modern Dutch economy as having gone through two phases. In the initial phase, it achieved success and dynamism because it could root itself in proto-industry. In the second phase, it experienced an impasse because proto-industry was obliged to give way to the rise of specialized agriculture in the countryside and specialized industry in the towns.

According to van Zanden, the Dutch rural economy could grow dynamically throughout the sixteenth century because, based in proto-industry, it could benefit from secularly low wages. Because cottage industry brought high fertility, it made for rapid demographic growth and a permanently overstocked labour market. Because cottage industry meant the merger of industry with other rural by-employments, returns from agriculture subsidized rural industrialists' living standards, allowing merchants to pay industrial wages below the cost of workers' reproduction. But the very process of development deprived it of its own essential material base. Especially after 1580, fast-growing agricultural investment brought specialization, separating industrial workers from agriculture and reducing them to full proletarian status. The high fertility regime was now left behind

and merchants had to pay workers wages commensurate with their full cost of reproduction. As a consequence, Dutch 'proto-industry' lost its primary condition for existence – low wages – and economic decline became unavoidable (van Zanden 1993, chapter 2).

Now, van Zanden is entitled to define proto-industrialization as he pleases. Nevertheless, in extending its purview to the Dutch case – and in thereby treating the Dutch and Flemish cases under the same rubric – he seems to me to blur a fundamental distinction, with vast conceptual consequences. What defines proto-industrialization in its classical form, such as was found in medieval and early modern Flanders, and what endows classical proto-industrialization with its distinct dynamic, is its association with the possessing peasantry and the latter's distinctive pattern of economic reproduction. As emphasized, peasants subordinated price-cost maximization to the goals not only of production for subsistence/safety first, but having large families, subdividing holdings and (thereby) permitting early marriage. Peasants' initial turn to industry tended to occur, therefore, not as a response to opportunities created by urban market demand, under competitive pressure to maximize returns, but as an effort to maintain living standards as plots became ever smaller as a result of subdivision. In turn, by the time that the further pulverization of holdings effectively separated peasants from their means of subsistence and subjected them to competitive pressures to survive, they had generally seen their economic resources so reduced that, as a rule, they had no possibility of responding through investing so as to increase labour productivity, but were required to do so through reducing their own wages and living standards and intensifying labour through pushing diversification to its limit. Flemish proto-industry does, then, in sharp contrast to Dutch industry, seem to have expanded more or less indefinitely, involving an ever-growing population of peasants ever more profoundly. But far from having underpinned a developmental trajectory that was more positive or self-sustaining than that of the Dutch, its main accomplishment – and main *raison d'être* – appears to have been to make possible the survival of those ever more numerous peasants, who could offer neither the agricultural surpluses nor the domestic market to support a true process of industrialization, which would have been distinguished by its movement of an ever-greater proportion of the labour force out of agriculture and off the land.

The process that occurred in Holland could not have been more diametrically opposed. It did, as van Zanden emphasizes, involve at the start the widespread combination of agricultural with nonagricultural pursuits, but with a fundamental difference. Because the maritime Dutch agriculturalists had been separated from direct access to their means of subsistence, they were from the first dependent upon the market in all of their activities – dairying and breeding as well as the multifarious 'proto-industrial' activities that van Zanden rightly notes were initially associated with them, including fishing, small-scale shipping services, and peat-digging. As a consequence, to stay in business they had to maximize the *combined price:cost ratio* for the multiple pursuits they brought together within their enterprises. For this reason, it does not seem appropriate to see agriculture as subsidizing industry, as van Zanden would like to on the analogy with

the subsistence agriculture of classical proto-industrialization. Not only did the owners of the combined agricultural-industrial 'firms' have to secure returns *from the market* on the *sum* of their activities, agricultural and industrial, sufficient to fully guarantee the *full* cost of their reproduction. In addition, to stay in business as competitive dairy farmers or cattle breeders, they had to make a surplus to invest. Thus, the long-term pattern in the maritime northern Netherlands entailed the eschewing of subdivision of holdings, the deepening of specialization and the shedding of nonagricultural pursuits, all of which was only made possible by rather impressive amounts of investment. In sharp contrast, the participants in the classical proto-industrial 'enterprise' of inland Flanders could indeed accept a wage way below their cost of reproduction for their industrial labour because they were securing the remainder of their reproductive requirements beyond the market from their subsistence plots.

But even leaving aside the technical question of whether agriculture somehow subsidized the industrial wage in combined agricultural/rural-industrial enterprises, it is difficult to grasp the basis for van Zanden's argument concerning the indispensability of proto-industry in the first, successful stage of Dutch development. This is because it seems fairly clear not only that merchants had, from the start, to pay Dutch workers *outside of the countryside in the towns* their full cost of reproduction, but that their doing so posed no problem for Dutch economic growth. By 1500, the maritime northern Netherlands must already have housed a rather massive class of fully-fledged proletarians, totally dependent upon wage labour. As a result of the same late medieval agrarian development that undermined arable production on the peatlands, a large part of the population had been not only forced into livestock, dairy farming and the like, *but separated from agriculture entirely*: half the population resided in the towns and another significant fraction lived apart from the land in the countryside. Some of these people must have owned means of production of some sort, but a large proportion must have been fully-fledged proletarians, their employment therefore *fully capitalist in the technical sense of the word*.

No doubt, the workers of the maritime northern Netherlands, initially in massive oversupply in the wake of the subsidence of the peat and the collapse of arable farming, earned low wages, at least by Flemish standards. But unlike the real proto-industrial peasantry, they had to be paid at least their full costs of reproduction. As time went on, moreover, and especially as the pace of capital accumulation sharply accelerated after 1580, the demand for labour sharply increased, bringing the level of Dutch wages during the first half of the seventeenth century well above those anywhere else in Europe. But high wages hardly spelled disaster; quite the contrary. Over the same period exports rose, attesting to the capacity of van Zanden's merchant capitalism to raise productivity in keeping with rising labour costs. Rising wages must indeed have contributed rather significantly to the economy's growth, for so long as they were offset by rising productivity and were prevented from squeezing profits, and so long as the products that were produced could find sufficient demand, rising wages could provide the sort of dynamic domestic market available in few if any other

locations in Europe in this period. In addition, rising wages must have spurred the substitution of capital for labour, the introduction of labour-saving technological changes that, in many instances, must have accelerated the growth of overall productivity.

*Capitalist development based on the peasantry?* de Vries chides me for denying that the Dutch case could ‘stand as a model for *peasant based agrarian capitalism*’ (de Vries 2001, my emphasis). He charges me with doubting on conceptual grounds that the peasantry could provide a base for capitalist development and with affirming on empirical grounds that Dutch agriculture could develop because it was based on farmers, not peasants. In direct contrast, de Vries denies that small peasant property formed an obstacle to rural capitalist development and argues that what the maritime Dutch case reveals is that ‘peasants *could* participate actively in the construction of a capitalist economy’ (de Vries 2001). I cannot but plead guilty to affirming the propositions attributed to me by de Vries. In my opinion, they are indispensable to understanding the ‘modern’ Dutch developmental trajectory that de Vries himself, and in collaboration with van der Woude, has so effectively charted.

De Vries distinguishes, in theory, ‘two models of development from a smallholder base, the peasant model and the specialization model’ (de Vries 1974, chapter 1). But, as Hoppenbrouwers rightly observes, although de Vries clearly describes two distinct trajectories, he does not specify under what conditions we should, as a rule, expect each of them to prevail (Hoppenbrouwers 2001). It is therefore not surprising that when de Vries characterizes Dutch development as following the specialization model, he is at best inexplicit about the reasons for its doing so.

Since his peasant model entails diversification (not specialization), subdivision of holdings and declining productivity growth, de Vries might have been expected to account for the Dutch economy’s following the specialization model *as opposed to the peasant model* in terms of its *non-peasant* agriculturalists. This is especially so since, by insisting on seeing not just his peasant model but also his specialization model as based on peasants, he introduces more than a small bit of confusion. For just what is ‘peasant-ish’ about the peasant model, if the specialization model can be equally peasant? But, de Vries is adamant that the agriculturalists responsible for Dutch development were in fact peasants. It is therefore perfectly clear that de Vries’s explanation of why the Dutch economy took the specialization path has nothing to do with the dominance of non-peasants as opposed to peasants, but is ultimately – and classically – a Smithian explanation. According to de Vries, the prevalence of two fundamental conditions determined this outcome: (i) Dutch agriculturalists were *free from feudalism*, and the forms of coercive extraction, threats to property rights and limitations on personal freedom associated with feudalism; (ii) Dutch agriculturalists were presented with *powerful demand* for their goods from urban centres at home and abroad. As de Vries puts it, ‘society existed in a post-feudal, pre-capitalist situation . . . The demographic expansion and new commercial possibilities that grew in

strength from the end of the fifteenth into the sixteenth century triggered a forceful response'. Two things are once again decisive for de Vries: *sociopolitical freedom* (entailing free contract and the protection of property rights from feudal/state interference and arbitrary exactions) and *market opportunity* (entailing rising demand) (de Vries and van der Woude 1997, 159–60, 196, 665–6).

The question, however, that immediately imposes itself is two-fold: (i) whether freedom and the market are in general *sufficient* to set peasants on a path toward development and (ii) whether this was in fact the Dutch road to the first modern economy. If peasants could have been expected to take the capitalist road to modern economic development (i.e. the 'specialization path') wherever they were offered sufficient market incentives and were not prevented from responding to these incentives by feudal barriers, it would be hard to understand the agrarian evolution of the inland southern Netherlands and, in particular, why this region did not embark on the trajectory specified by the specialization model. Lordship had ceased to be a factor in Flanders at approximately the same time it had in the maritime northern Netherlands and the impact of urban demand on agriculture in the inland southern Netherlands was, for a whole epoch extending right through the sixteenth century, far more intense than in the northern Netherlands – indeed probably the most intense in all of Europe.<sup>21</sup> But it should not, at this point, need much reiteration that: (i) under precisely the sort of 'post-feudal and precapitalist' conditions that de Vries sees as having been so promising for economic development in the maritime northern Netherlands, the inland southern Netherlands experienced not economic development, but economic stagnation, perhaps involution; and (ii) the peasant-dominated system of social-property relations that prevailed in inland Flanders, with its associated peasant rules for reproduction, accounts for that stagnationary pattern, as it led to population growth, the subdivision of holdings, declining living standards, the intensification of labour through the turn to labour intensive commercial crops and cottage industry, and the sacrifice of labour productivity for land productivity. *Pace* de Vries (2001) 'small peasant property', properly understood, did thus 'form an obstacle for change'.

By the same token, it is simply not the case that the Dutch agriculturalists who took the capitalist road were peasants in any helpful sense of the term. During much of the medieval period, at least through the first part of the fourteenth century, Dutch agriculturalists generally did possess the means of subsistence and therefore *can* properly be termed peasants. But, throughout this period, the maritime northern Netherlands were chiefly distinguished by a *lack* of response to commercial opportunities (Jansen 1978). Its peasantry did, moreover, have to be 'short-circuited' if development was to take place. It was thus only *after* they had found themselves forcibly separated from direct, non-market access to their means of subsistence that Dutch agriculturalists were prepared

<sup>21</sup> As de Vries emphasizes, it was powerful impulses of demand emanating from the towns of the southern Netherlands that set off the productive response of Dutch 'peasants'. But obviously Flemish peasants felt those same impulses, which arose in their own neighbourhood, much more strongly.

to embark upon the path to modern development that de Vries quite properly attributes to them. But this did not happen before the late Middle Ages when the peasantry's attempts to continue to carry out arable farming for subsistence on the peat soils brought about its own self-undermining through its loss of its means of subsistence as a consequence of the subsidence of the peat. At that point, agriculturalists of the peatlands did take the 'specialization path', not because they were peasants who were free from feudal constraints and who had access to ample market demand – this after all had been equally true of their brethren to the south who took a very different path – but because they had *ceased to be peasants*. Having been *rendered market-dependent producers* who were obliged to buy their basic needs on the market, they were compelled to specialize, accumulate and innovate in order to survive in the face of competitive pressure.

Dutch owner-operator agriculturalists did not, then, freely choose to embark on the road to capitalism. They were coerced to do so, both coerced to become farmers and coerced to act like farmers. They were forced into market dependency by their forced separation from the means of subsistence under the pressure of ecological degradation. They were impelled by their subjection to productive competition, which resulted from their market dependence, to invest so as to specialize in order to survive. Had they managed to hold on to their means of subsistence – i.e. maintained their status as peasants – there is no reason to assume that they would have embarked on de Vries's specialization path, and the Dutch agricultural trajectory would have almost certainly have turned out very different. As it was, there was a breakthrough to economic development in the agriculture of the maritime northern Netherlands because, as an unintended consequence of peasants seeking to reproduce themselves through peasant rules for reproduction, there was a transition from pre-capitalist agrarian social-property relations to capitalist social-property relations.

#### *Maritime Flanders and Zeeland*<sup>22</sup>

The economic evolution of the maritime district of the southern Netherlands was as different from that of the inland region of the southern Netherlands as was that of the inland region of the southern Netherlands from that of the maritime district of the northern Netherlands. Indeed, much like the coastal areas of the northern Netherlands, maritime Flanders and Zeeland saw their economic trajectory dually shaped, first, by the reclamation processes by which it was torn from, and kept from, the sea, and second, by its capacity to take advantage of the huge markets in the nearby towns of Flanders and Brabant. The outcome was, as in the maritime northern Netherlands, the transcendence – indeed complete by-passing – of both lordly surplus extraction by extra-economic coercion

<sup>22</sup> As will be self-evident, this and the following section are rather speculative in nature. They are designed to limn out further possible implications of my general framework for the analysis of the Low Countries' economic evolution, as well as to stimulate further debate and research. I wish to express my thanks to Jan de Vries, Erik Thoen, Bas van Bavel and Jan-Luiten van Zanden for their help and advice with this material.

and peasant possession. What emerged from the start was a peculiarly modern, capitalist system of social-property relations, which constituted the foundation for a long-term process of agricultural improvement.

*The consolidation of large-scale, commercial tenantry in the Late Middle Ages*

Maritime Flanders appears to have been at least partially reclaimed from the sea at a very early date. Already, in the tenth century, peasants are found keeping large herds of sheep in the dune-protected salt marshes, supplying wool for the nascent Ghent cloth industry. The initial settlement pattern was, however, disrupted by a long series of storm surges, which opened the way, ultimately, to a total transformation of the social-property arrangements in the area (Verhulst 1962–3).

The Count of Flanders, along with lordly followers, led the new reclamation process, constructing major dikes, locks and the like to protect the territory from the sea. Having established themselves in this manner as large landowners, the Count and his associates faced a distinctive set of constraints and opportunities, arising from their position within a late-developing district, at the geographical, socio-political and economic margin of medieval Europe. On the one hand, because they had to entice cultivators to settle the area, they were unable to subject them to any sort of feudal controls, especially in view of the high degree of freedom already secured by the peasantry throughout the whole Netherlands region, north and south. They could thus in no way enjoy the fruits of feudal surplus extraction by extra-economic coercion from enserfed, possessing peasants. On the other hand, because they owned the land outright – *and* because their districts had easy access to the great, already existing markets in tenants and commodities of inland Flanders and Brabant – they could, from the start, seek to devote it to commercial farming. Because, finally, the area, as newly reclaimed by themselves, was devoid of the sort of semi-proletarianized, land-hungry agriculturalists that emerged in peasant-dominated inland Flanders, they had no choice but either to farm their demesnes themselves or to lease them out to large, market-dependent tenants with the capacity to invest. In so doing, they established, willy-nilly, a system of capitalist social-property relations, opening the way to agricultural transformation. A similar landholding pattern, with similar results, came to prevail by the later Middle Ages in the neighbouring coastal region of Zeeland, although its origins have still to be researched (Hoppenbrouwers 1997; Thoen 2001).

*A capitalist developmental trajectory*

With their late medieval legacy of what can only be called capitalist social-property relations, maritime Flanders and Zeeland distinguished themselves fundamentally from inland Flanders, with its peasant-dominated social-property system, and these districts experienced an economic evolution that sharply contrasted with the peasant-driven pattern that prevailed in inland Flanders. By the middle of the sixteenth century, leases covered 70–90 per cent of the land of maritime

Flanders (Thoen 2001b). Dependent as they thus were on the market for their central input, i.e. their land, tenants had little choice but to maximize their price:cost ratio, so as to remain competitive for their leases. Given the absence from the region of a large semi-landless peasantry, successful competition required regular and substantial investment to improve labour productivity.

Perhaps the most striking outcome was a process of concentration of holdings, which was, of course, just the opposite of the process of parcellization giving rise to mini-holdings that prevailed in inland Flanders. Clearly, the break-up of plots would have been counter-productive in terms of economic efficiency, and could not have been seriously considered, given the competitive pressures. From the end of the Middle Ages, the size of holdings grew ever larger, averaging over 20 hectares (50 acres) at the end of the sixteenth century, and more than that in the seventeenth and eighteenth centuries (Thoen 2001b).

During much of the medieval period, the maritime southern Netherlands appear to have been devoted to large-scale cattle breeding, supported by investment in farm buildings and equipment, as well as drainage works, dikes and so on. It is not clear the degree to which this continued in the early modern period throughout coastal Flanders. But in the Zeeland archipelago at that stage there developed a notable commercial arable agriculture, directed especially toward the production of high-value bread grains, apparently supported by heavy capital investment (Bieleman 1993, 164; Hoppenbrouwers 1997, 101; Thoen 2001b). Overall, there was an evolution toward increasing labour productivity, made possible by growing scale, increasing investment and the introduction of improvements, pretty much the same pattern that obtained in the better-documented clay districts of maritime northern Netherlands, especially Friesland, where large capitalist tenant farms also prevailed, having emerged in a similar way (see above).

### *The Inland Northern Netherlands*

The inland northern Netherlands – comprising the present-day Dutch provinces of Drenthe and Overijssel, the Veluwe and Achterhoek (regions of the province of Gelderland), and the province of North-Brabant, as well as the northern part of the (Dutch) province of Limburg – sharply differentiated themselves from the coastal areas, whether in the south or in the north. They were marked by a system of social-property relations of a sort that had emerged barely, if at all, in the maritime northern Netherlands and had been long surpassed throughout the southern Netherlands – viz. strong and persistent peasant possession (at least in some districts), though also (fairly weak and petrified) lordly surplus extraction by extra-economic coercion. From the standpoint of this paper, what especially distinguished the inland northern Netherlands from the other districts of the region was the persistence into the early modern period of strong communal regulation of the open fields and ample wastes, which seems to have made a decisive contribution to the maintenance of peasant possession and peasant rules for reproduction.

*The consolidation of a pre-capitalist social-property system*

The inland districts of the northern Netherlands shared the relatively poor, sandy soils that covered the long strip of land running northward from inland Flanders and Brabant. Throughout this region – as indeed throughout much of medieval Western Europe – settlement was centred on traditional nucleated villages, surrounded by open fields, which were divided among the villagers. Beyond the arable fields lay vast stretches of common wastes, which were distinctive of this region and which came to constitute a crucial element in the farming system. To exert communal control over the access to and use of these wastes, the farmers had early organized themselves in what were called *markegenootschappen*. The farmers used the wastes to support large herds, which were brought onto the open fields after the harvest to maintain their fertility. They also dug up humus-rich soil from them, and placed it on the open fields to increase their fertility (de Vries and van der Woude 1997, 16; van Zanden 1999).

By means of their access to plots in the open fields and the huge wastes, the farmers throughout much of the district appear to have enjoyed full possession of their means of subsistence. On the other hand, by the later medieval period, lords seem to have ceased to be very present in the area. Still, they did collect rents in kind, which could amount to one-quarter or one-third of peasant output (van Zanden 1999, van Zanden personal communication).

*The limited development of agriculture*

Agriculture on the sandy soils of the diluvial northern Netherlands experienced neither the dynamic development – marked by high levels of specialization, investment and growth of labour productivity – that took place in the maritime northern Netherlands, nor the extreme processes of intensification and commercialization – marked by unending additions of labour and the introduction of labour-intensive crops, as well as the introduction of cottage industry – that occurred in the inland southern Netherlands. In this region, throughout the period between 1500 and 1650, production on the open fields – mainly of rye – appears to have been primarily oriented to subsistence, and there was very little in the way of investment, technical progress or even increase in market orientation, except in the Veluwe and Salland, where buckwheat spread as a new crop (de Vries and van der Woude 1997, 54, 196, 207). Even by the nineteenth century, yields throughout the region were rarely much more than 60 per cent of those of the maritime provinces, and labour productivity barely half (van Zanden 1994, 11–15).

The limited development of agriculture in the open fields in the inland northern Netherlands has been attributed to a combination of the region's distance from markets and its poor sandy soils (Bieleman 1993). But the question that immediately imposes itself is how these factors could have had such a deleterious effect on agricultural development in the inland northern Netherlands, in view of the fact that they weighed even more heavily in other regions where the significant development of agricultural production nonetheless took place in

one form or another. As de Vries and van der Woude emphasize, although the decline of the IJssel towns of Gelderland and Overijssel must have dampened market incentives, and although certain parts of the region in the east and south were isolated from the main trade routes and had no effective access to cheap waterborne transportation, ‘in general these disadvantages are striking only in comparison to the unique maritime provinces, certainly not in comparison to the norms prevailing generally in western Europe’. Indeed, ‘the numerous provincial cities and the rapid growth of the nearby cities of Holland *endowed the region with market possibilities that most European regions would have envied*’ (de Vries and van der Woude 1997, 207; emphasis added). As to the soil, poor as it surely was, it was probably better than that of the peatlands in the maritime northern Netherlands to the west, which were ultimately made to support some of the most dynamic dairy and cattle farming in Europe. It seems, moreover, to have been basically similar to, and perhaps not qualitatively worse than, that in Brabant and inland Flanders to the south, which was made to support some of the highest yields registered anywhere in medieval and early modern Europe. What seems to have lain behind the stagnation of agriculture in the inland northern Netherlands during the early modern period is less the relative weakness of market opportunities or the relative poverty of the soil, than a population of peasants that was relieved from the *necessity* to improve yields or labour productivity, by their possession of – and *continuing hold on* – the means of subsistence. Thus shielded from the *need* to go to market to survive and thus from *subjection* to competition, they found insufficient incentives to step up their arable production to take advantage of market opportunities, *in view of the costs of doing so*.

In the peatlands of the maritime northern Netherlands, as has been emphasized, at the end of the Middle Ages Dutch farmers faced soils that had deteriorated to such an extent that they were insufficient any longer to provide them full subsistence. Obligated to turn to the market for the inputs that they needed to survive, they could do little better than scrape out a living. Nevertheless, *over time*, the compulsion to specialize and invest to survive brought *those that survived the competition* far higher labour productivity, and in turn living standards, than their counterparts in the inland northern Netherlands could secure from more promising soil during the same epoch. But it is understandable that the latter, in possession of their full means of subsistence, eschewed the market dependence and the forms of specialization that were *forced* upon the peasants of the peatlands. Their interest in economic security led them to production for subsistence, while their concern to secure the highest return for their labour inputs, in the face of their lack of investment funds, induced them to produce their own food grains directly.

On the sandy soils of the inland southern Netherlands, of course, a peasantry that early won essentially full property in its holdings, with fixed rents and the right to inherit, found itself, as a consequence of the inexorable growth of population and concomitant subdivision of holdings, in possession of plots that were ever less able to provide them their full means of subsistence. Increasingly market dependent but also increasingly short of capital or land, they had little

choice but to increase agricultural labour inputs on their plots and industrial labour inputs in their households in order to survive. In so doing, they naturally sought to avail themselves of the nearby urban markets for the output of especially labour-intensive crops, and ended up deriving from the soil far higher yields than did their counterparts in the inland northern Netherlands by means of the application of ever greater amounts of labour. But it is understandable again that the peasants of the inland northern Netherlands eschewed such a path, in part because of the risks entailed by market dependence, but also in part because the increased yields of inland Flanders and Brabant could be secured only through disproportionately increased labour inputs leading to disproportionately *decreased* productivity of labour.

The farmers of the inland northern Netherlands seem never to have faced the *necessity* to trade off falling productivity of labour to achieve rising productivity of land, at least before the end of the seventeenth century, because they continued to hold arable plots that yielded full subsistence in the face of only very minimal pressure on the labour:land ratio from rising population. Between 1500 and 1650, in the Veluwe, Overijssel and Drenthe population increased only from 105,000–110,000 to 130,000, while it was tripling in Holland and Friesland (figures from de Vries and van der Woude 1997, 51, 54). The devastation of warfare, which struck the area particularly hard, was no doubt partly responsible for keeping population growth so low. But the retardation of demographic increase in the district appears to have been the result, as well, of the difficulties faced by new arrivals in gaining access to land there. In at least some parts of the region, then, collectivities of peasant possessors enjoyed powerful *communal* controls over the land, and they were able to use them to prevent the subdivision of holdings and the over-stocking of the common fields that tended to take place in districts where peasant possession predominated. As a result, most children, unable as elsewhere to accede to subdivisions of the family holding, were obliged to leave the land, and apparently the district, to secure their livelihood. The build-up of the labour:land ratio was thus avoided, as was the resulting pressure on the peasantry to intensify agriculture through greater applications of labour (cf. Hoppenbrouwers and Van Zanden 2001b).

The point, then, is that, in possessing holdings that could continue to yield them full subsistence, the peasants of the inland northern Netherlands found 'safety first' to be the best way to meet their needs. But this was not because they had an aversion to the market; it was rather because the trade-offs required to secure the gains from arable specialization and labour intensification were too great. But where the gains from trade were available to them on favourable terms – i.e. without requiring them either to relinquish economic security by entering into *dependence upon the market* or intensify labour unduly to secure these gains – the peasants of the inland northern Netherlands did not fail to pursue them. On the unusually large common pastures at their disposal, we find them moving to enhance their income by raising huge herds of horses and cattle for the market (de Vries and van der Woude 1997; van Zanden 1999). Since production for subsistence/safety first and farming for the market were thus perfectly complementary

in the inland northern Netherlands, it can hardly be surprising that its peasantry systematically pursued both simultaneously.

CONCLUSION: AGRARIAN SOCIAL-PROPERTY RELATIONS AND URBAN-INDUSTRIAL DEVELOPMENT IN THE LOW COUNTRIES FROM THE MEDIEVAL THROUGH THE EARLY MODERN EPOCH (TO 1750)

By the seventeenth century, the southern and northern Netherlands represented the most highly urbanized, most highly industrialized regions in Europe. But, from the latter part of this century until points in the nineteenth century, both these economies experienced stagnation or outright decline. The medieval and early modern processes of dynamic industrial development exhausted themselves and the modern processes of industrial development that succeeded them got under way only after significant intervals, and on new foundations. Why did these economies cease to progress, and fail to sustain an ongoing dynamic toward full industrialization, entailing the movement of an ever-greater proportion of the labour force out of agriculture into industry (and services)? What, if anything, did this have to do with their agrarian social-property relations and their paths of agricultural evolution?

Although these economies differed sharply from one another in their agrarian social-property relations and paths of agrarian economic evolution, the answer, in the first instance and speaking schematically, was similar in both places. Each had found the indispensable driving force for its development in the growth of exports. But from the later seventeenth century neither could find the means to continue to expand along export-based lines. Their leading industries found themselves blocked, in the first instance by 'intensified competition'. But the ultimate source of the intensified competition was the saturation of a trans-European, mainly luxury market that could expand only within definite limits as a consequence of the restrictions on the growth of production and population inherent in a European agriculture still mainly structured by pre-capitalist social-property relations of peasant possession and lordly surplus extraction by extra-economic compulsion. Put another way, the industrial export economies of the Netherlands, *and of Europe more generally*, reached their outer limit with the onset of the 'general crisis of the seventeenth century', just as they had done with the onset of the 'general crisis of the fourteenth century'. The reason why the constraint on the growth of the external market loomed so very large in both places was that neither economy could succeed in reorienting sufficiently to the domestic market. Barriers to the expansion of the domestic market – though barriers of very different sorts – thus constituted the ultimate obstacle to ongoing industrial expansion in both the southern and northern Netherlands.

*Urban-industrial Development in the Southern Netherlands*

As is well understood, the industries of medieval Flanders (and later, Brabant) achieved spectacular industrial growth by virtue of their ability to capture hugely

disproportionate shares of the trans-European market in luxury goods, especially luxury textiles. Their competitive dominance was no doubt initially conditioned by their highly favourable geographic-cum-commercial position, at the intersection of multiple trade routes and with access to ample industrial raw materials. It was realized through the unsurpassed skill of their guild-organized artisans on the one hand and, on the other, the highly evolved divisions of labour organized by their entrepreneurs, especially in the production of relatively standardized textile exports, which brought major external economies (van Werveke 1949; van der Wee 1988, 320–1; Lis and Soly 1997). Production for export could grow impetuously into the early fourteenth century because the trans-European market for luxury goods continued to expand significantly up to this point. Lords across the continent thus enjoyed, in aggregate (though not in every region), secularly rising incomes due to the multiplication of peasant rent payers that resulted from the long-term growth of population and, in some places (e.g. England), as a consequence of their ability to take a growing share of peasants' agricultural output.

Nevertheless, at various points in the fourteenth century, Flemish exports began to come up against a sharp intensification of international competition. But since the same problem of intensifying competition was felt by export industries universally throughout Europe at this juncture, it is evident that the underlying difficulty was with the market. Between the late thirteenth and late fourteenth centuries, population throughout Europe stagnated, declined and ultimately collapsed, bringing a corresponding decline in agricultural output. Meanwhile, widespread peasant revolts partially limited lordly claims. The unavoidable result was a 'crisis of seigneurial revenues' and, in turn, a contraction of trans-European demand for luxury goods. Simply put, the 'general crisis of the fourteenth century' – which was itself ultimately rooted in the inability of the agrarian economy to sustain ongoing increases in the productivity of labour – could not but precipitate a profound crisis of the aggregate trans-European demand for urban, luxury exports. With its onset, one sees in operation the fundamental constraint upon the classical forms of urban-industrial development that prevailed in medieval and early modern Europe: its ultimate dependence upon an agriculture structured by pre-capitalist social-property relations. This is not to say that there was not, for *individual local* industries, any way to adjust. It is simply to state that even the most successful adjustment, such as was indeed ultimately achieved by the textile industries of the southern Netherlands, could take place only within certain definite limits. Beyond a certain point, moreover, the gains for one local industry had to come at the expense of other local industries in a zero-sum game that could not be transcended.

The difficulties facing the urban industries of the southern Netherlands in the late fourteenth and fifteenth centuries were of two sorts: not only (i) the system-wide problem of the fall in the European luxury market, but also (ii) the local problem of high labour costs, which was the natural outcome of a long period of industrial success, combined with determined artisan resistance to reductions in their living standards. To the first problem, there was a *partial*, and temporary,

solution, which was actually built into the nature of the late medieval crisis itself. Just as the combination of the collapse of population and peasant resistance had made for the decline of lordly rents (and thus the decline of the luxury export market), it simultaneously made for the reduction of the price of food and the rise of the price of labour for the urban 'lower middle class', thereby for a rise in discretionary spending and the expansion of the domestic market for goods for the 'urban lower middle class'. Urban industry in the southern Netherlands could thus partly compensate for the crisis in its markets for luxuries for the lordly and merchant elites by re-orienting to the demand from artisan producers, shopkeepers and members of service occupations in the towns. Still, this path of adjustment obviously had its own limits. The growth of the population of artisan producers, shopkeepers and members of the service occupations, and the growth of the market for industrial goods more generally, was itself ultimately dependent upon the growth of lordly purchasing power, which remained in the end limited by restrictions on the growth of agricultural productivity. Population and food prices were bound, moreover, to rise again when the economy entered into a new long phase of expansion, cutting once again into the discretionary incomes of the urban 'middle class'.

The core textile industries of the Flemish towns attempted to counter the second problem, of relatively high wages, by attempting a series of adjustments aimed at mitigating their impact – adjustments that were also to be undertaken in the next epoch of 'general crisis' during the seventeenth century. On the one hand, they sought to compensate for high wages by exploiting their comparative advantage in skills, through turning to products requiring the very greatest craft competence. In parallel manner, they incorporated higher quality raw materials, in order to reduce the proportion of total costs represented by labour costs. On the other hand, they sought to directly reduce labour, as well as raw material, costs by moving production to smaller, cheaper centres of production in order to produce lower quality products more competitively, particularly the 'new draperies' (bays, says, fustians). As it turned out, neither of these approaches was all that effective either in preventing the decline of the traditional cloth industry or in securing the take-off of newer lines, due to the overwhelming competition of English producers, who had superior access to the best wool (especially in the wake of the English government's harsh protectionist measures to reduce English wool exports) and who could rely on cheaper, though relatively skilled, labour in the countryside. In the century after 1450, English old drapery exports, which were finished in Antwerp for re-export throughout the continent, came overwhelmingly to dominate the European market. After a fairly extended period of attempted adaptation, the traditional Flemish cloth industry for export entered into terminal crisis at the end of the fifteenth century (van der Wee 1975, 1988; Lis and Soly 1997; Stabel 1997).

It remains the case that, overall, urban industry in the southern Netherlands proved remarkably resilient over an extended period despite its high wages (Lis and Soly 1997). From the end of the fifteenth century until late in the seventeenth

century, it succeeded in maintaining itself, and flourishing, by 'moving up the product cycle' into the production of an extremely wide range of high quality products that relied upon the application of the elevated levels of craft skill possessed by much of the labour force, and indeed its refinement. From various points in the fifteenth century, urban producers in the southern Netherlands, increasingly based in the Brabantine towns, above all Antwerp, were thus able to prosper by entering into the arts and crafts sectors of the textile industry, including embroidery and carpet weaving, as well as curtains and bedspreads; by building up the clothing fashion industry, comprising hat making, hosiery, shoemaking and glove making, as well as silk, lace and ribbons; and by developing such finishing industries as cloth dyeing, cloth shearing and cloth dressing. These industries were able to find a competitive advantage, because of the historically evolved competence and creativity of the region's craftspeople. They were able to expand and prosper, mainly because, with the new turn of the conjuncture of the late fifteenth century, they could exploit a new, long phase of growing markets in luxury goods. The European economy thus entered into another long period of demographically driven expansion ('Phase A'), which brought rising elite income not only as a consequence of rising population and agrarian output, but also elites' increased capacity to redistribute income from the direct producers, especially through increasingly powerful tax-office ('absolutist') states, not least the Burgundian-Habsburg state itself. The producers of the southern Netherlands were, moreover, able to secure unexpectedly enhanced market opportunities, as a consequence of the success of Spain and Portugal in expanding into the New World. These nations suddenly had massively increased wealth and thus purchasing power, but they lacked the industrial capacity to meet it, and the industrialists of the southern Netherlands moved in to fill the gap (van der Wee 1975, 1988; Lis and Soly 1997).

In the end, however, the urban industries of the southern Netherlands were unable to transcend the limitations inherent in their dependence upon a trans-European market that was itself reliant upon a trans-European agriculture that could, for the most part, expand only by adding land or labour, and was incapable of increasing output per person very much. During the second half of the seventeenth century, southern Netherlands manufacturers once again ran up against intensified international competition. But, yet again, the structural or systemic character of the problem could hardly have been more evident, since no major export industry of any nation was able to maintain its dynamism during this period. The long-dominant English old drapery industry had entered into deep crisis as early as 1618–21, and experienced a decline in exports of more than 50 per cent between 1614 and 1640. Crisis for the Dutch new drapery cloth producers of Leiden came later, but was equally profound. The English and the Dutch cloth industries made partial adjustments by moving into lines that the other had hitherto dominated – the Dutch turning to the old draperies and the English to the new. But neither was able to avoid significant decline. Meanwhile, the Italian industry, which had enjoyed something of a revival in the second half

of the sixteenth century, entered into collapse. All these export industries, as well as many others throughout Europe oriented to the domestic market, thus became victims of 'the general crisis of the seventeenth century' (Brenner 1993). Population growth came to an end, agricultural output reached a ceiling on a trans-European scale and ruling elites found it ever harder to increase the redistribution income from direct producers to themselves. Like those of the rest of Europe, the export industries of the southern Netherlands could not but be badly damaged by the resulting stagnation and decline of trans-European aggregate demand.

The urban manufactures of the southern Netherlands did experience a notable comeback during the first half of the seventeenth century, following the disruptions induced by war and politics during the later sixteenth century. But after mid-century they entered into secular decline. As had the general crisis of the fourteenth century, the general crisis of the seventeenth century was itself able to provide some compensation, in that the reduced prices of agricultural commodities made for higher discretionary spending on the part of the lower middle classes. But in the southern Netherlands, as throughout much of Europe, the positive impact of this trend on urban industry was counteracted by the growing competition of industry based in the countryside, producing the same sorts of less refined goods, but at low cost. To make matters worse, Flemish and Brabantine, as well as Dutch, manufacturers now found it more difficult to gain access to their traditional markets, due to the emergence of local industries based in the countryside, as well as the spread of protectionism in an age of rising mercantilism (van der Wee 1988). The long-term industrial decline manifested itself in a decline in the proportion of the urban population, from 32 per cent in 1570 to 25 per cent in 1806 (Thoen 2001a).

Faced with declining international markets, the urban producers of the southern Low Countries could, in principle, have sustained their growth had they been able to recur to an expanding home market. Rising labour productivity in agriculture could, in theory, have made that possible either by directly raising rural incomes and/or reducing food grain and other prices so as to increase discretionary expenditures by the non-agricultural population. But any long-term rise in labour productivity was ruled out, as has been argued, by the character of the region's agrarian social-property relations. Unable to raise labour productivity through increasing investment, Flemish and Brabantine peasants who possessed their own property were, on the whole and in the longer run, obliged increasingly to intensify their labour in order to secure their subsistence (through a combination of production for consumption and production for market sales), thereby compensating for the ever smaller holdings that resulted from population increase and subdivision on inheritance. Declining returns to labour and stagnating or declining income, leading to strict limitations on market purchases, was the unavoidable result. Simply put, the peasants of the southern Netherlands were incapable either directly, or indirectly, of supporting an expanding domestic market for industry, and there was really no other possible source for such a market.

*Urban-industrial Development in the Northern Netherlands*

The path of urban industry in the northern Netherlands, like that of agriculture, diverged sharply from that of the southern Netherlands. During most of the medieval period, urban industry was prevented from arising by the weakness and small size of the lordly class and its consequently restricted demand for luxury products. The possessing peasants who occupied most of the land of the region produced mainly for subsistence and could hardly compensate. When production for the market finally did begin to emerge in a major way, in the fourteenth and fifteenth centuries, it was from the start oriented to exports to an astonishing degree. Over the subsequent two centuries, during the whole course of its long and extraordinary expansion, it remained ever more profoundly dependent upon international commerce, and this, in the long run, proved its Achilles heel.

The catalyst for the rise of Dutch industry, as well as Dutch commercial agriculture, was the ecological crisis of the later Middle Ages. Dutch peasants were 'pushed' out of arable production for subsistence and into dependence on the market. Because such an unusually large part of the population was thereby impelled to purchase its means of production and means of subsistence, the size of the domestic market was, in potential, enormous. Nevertheless, in view of the very low standards of living that must, at the start, have prevailed, the actually existing domestic market was necessarily restricted, all the more so since domestic agriculture was decreasingly able to supply bread grains, in the wake of the widespread decline of arable production with the subsidence of the peat. Dutch producers could not therefore avoid, from the first, an unusually high level of dependence upon *international* markets, both to dispose of their output and secure necessary inputs. They were therefore fortunate in that they found, readily available, both ample sources of demand and supply that they could access.

The Dutch economy derived its dynamism, in the first instance, from the new expansion of the urban-industrial economy of the southern Netherlands from the end of the Middle Ages. It was very much amplified by the rise of the Antwerp entrepôt and, more generally, the European-wide demographically driven 'Phase A' secular upturn. As de Vries and van der Woude write, 'the emergence of Antwerp as a center of northern trade, as well as the demographic revival of Europe transmitted price and market signals that called for a response' (1997, 666). Still, given the region's late start, its manufactures faced severe problems establishing and maintaining international competitiveness. As we know, such major industries as textiles and brewing simply could not muster the requisite combination of skill and wages, and experienced serious decline during the first quarter of the sixteenth century, especially under the impact of competition from the southern Netherlands. On the other hand, those industries that had managed to experience a relatively long period of incubation on the domestic front and whose international activities grew directly out of successful local ones tended to prosper. These included shipping, fishing and shipbuilding, as well as peat digging, all of which evinced remarkable technological dynamism (de Vries and van der Woude 1997). Perhaps most important of all, butter and cheese producers,

forced into existence in the later medieval period on the ruins of arable farming, went from strength to strength, making use of high levels of investment and productivity growth to invade successfully their 'principal markets [which] were outside the region, notably in Antwerp' (de Vries and van der Woude 1997, 201).

The ability to complete successfully the cataclysmic transition from arable subsistence economy to market dependent, export-oriented economy was greatly facilitated by the spectacular growth of grain imports from the Baltic. From the end of the fifteenth century, prices for grain in the northern Netherlands went from being the highest to being the lowest in Europe, as Amsterdam emerged as the central grain market in Europe (van Tielhof 2001). This made for a tremendous subsidy to living standards, facilitating the growth of discretionary spending and specialization. Cheap grain played an especially important role in enabling Dutch agriculture to successfully pursue its specialization for the world market in dairy production and cattle raising. Indeed, by the seventeenth century, in an economy in which perhaps half the population was out of agriculture, Dutch non-food agricultural exports were almost covering the full cost of grain imports.

With the Dutch Revolt and the consolidation of the Dutch Republic in the 1580s, the northern Netherlands took a great leap forward, entering its 'Golden Age'. This, too, was based on the 'fruitful interaction of domestic supply with international demand', although it is undeniable that the ability of the northern Netherlands economy to mount an effective supply response at this juncture was developed very much at the expense of the capacity of the southern Netherlands economy to do so (de Vries and van der Woude 1997). With the large-scale immigration of skilled artisans from the southern Netherlands, Dutch textile producers were finally able to secure a level of international competitiveness sufficient to conquer European markets, especially for new draperies, which were produced largely in Leiden. Meanwhile, with the collapse of Antwerp, Amsterdam was able to consolidate its position as the primary European entrepôt. Aided to no small degree by Antwerp financiers and merchants, Amsterdam emerged as the financial capital of Europe. On the basis of the mercantile capital that was now accumulating at an unheard of pace, Dutch traders were prepared, finally, to launch the rich, new long distance trades to the Eastern Mediterranean and the Far East, to Africa and the New World.

The fact remains that even as the Dutch urban economy was reaching its height, its underlying foundations began to crumble. Following the continent-wide commercial crisis of 1618–21, markets across Europe grew more slowly or declined, precipitating, as already noted, insoluble problems for even some of the most powerful industrial exporters, notably the English traders of traditional broadcloths. With the 'turning of the trend', and the onset of an epoch of reduced prices, in the early 1660s, the Dutch economy entered into crisis and, soon, secular decline (de Vries and van der Woude 1997).

It is standard to see Dutch decline in terms of declining competitiveness, resulting from high taxes and the highest nominal wages in Europe, and this view clearly has much to recommend it, so far as it goes. Once again, however, the competitiveness problem of Dutch industry, agriculture and commerce manifested

a more fundamental difficulty: that of the stagnant and shrinking European-wide markets that came with the 'general crisis of the seventeenth century'. Not only did Dutch exports encounter an impassable barrier, but, as has been seen, so also did those of its most formidable competitors, including those of the southern Netherlands. Even English manufacturing exports to Europe could not move forward, and essentially stagnated for a century and a half, from 1600 right through 1750 (Davis 1954, 1962; Brenner 1993).

De Vries and van der Woude are, I think, quite right to insist on the essentially modern character of the Dutch economy. In terms of the conceptual framework of this essay, the Dutch economy as it emerged in the early modern period thus appears to have been quite fully capitalist. It was unburdened by systems of ruling class surplus extraction by extra-economic compulsion (either lordship/serfdom or the tax-office state). Moreover, its producers, notably its agricultural producers, were entirely dependent on the market and subject to competition in production to survive, so had no choice but to maximize their price:cost ratio by specializing, moving from line to line in response to market signals, accumulating their capital and seeking to bring in the latest technique. High levels of investment obtained, which issued in rising capital:labour ratios, rapid productivity growth and, ultimately, high wages and income per person more generally.

Nevertheless, the underlying weakness is not hard to discern. From the end of the Middle Ages, Dutch producers had, on the basis of their modern, capitalist social-property relations and institutions, responded exceedingly well to the steadily growing opportunities that were presented to them. But these opportunities emanated, in the first instance, and during the entire course of Dutch economic expansion, fundamentally from beyond the northern Netherlands itself, from the surrounding economy of Europe. They were therefore, for the reasons rehearsed already, bound in time to exhaust themselves as 'Phase A' gave way inexorably to 'Phase B'. This could not have been more true of shipping, rooted in the 'mother trade' in grain, and fishing, which together launched the Dutch economic expansion, but which could not sustain their dynamism in the face of the major fall in trans-European food prices of the second half of the seventeenth century; or of dairy production, which depended on the maintenance of middle-class incomes across Europe, but which was obliged to confront a long epoch of trans-continental urban stagnation; or, of the new draperies, which represented the continuation, in a new setting, of the classic export trade of the southern Netherlands, and shared its ultimate limitations; or, finally, the great Amsterdam entrepôt, the economic health of which was directly dependent upon the prosperity of the European economy as a whole.

The Dutch economy thus differentiated itself from the leading economies that preceded it (Flanders, Brabant, the city-states of northern Italy) in its capitalist modernity, manifested most tellingly in its advanced, capital-intensive agricultural sector. But it shared those economies' imbrication in, and dependence upon, the pre-capitalist economy of Europe as a whole. The Dutch economy itself decisively transcended the Malthusian dynamic of overpopulation rooted in declining agricultural productivity. Nevertheless, it was fatally bound up with the

surrounding European economy that remained unshakably Malthusian and could not but stagnate profoundly when the growth of population outran resources and ultimately fell back, so that 'Phase B' succeeded 'Phase A'. The Dutch economy was not simply a 'feudal business economy' (Hobsbawm 1954), but it could not achieve self-sustaining growth because its fate was inextricably bound up with a European economy – and especially a European agriculture – that was almost entirely pre-capitalist (Schoffer 1966).

In this context, it is fairly evident why the Dutch economy could not retain its dynamism by re-orienting itself to its extremely large domestic market. Rising levels of investment leading to rising levels of productivity throughout the producing population, as well as profits from monopoly merchant and financial activity, had brought rates of growth and of levels of income for workers and employers in industry and services, for owner-operator commercial farmers, and for traders and financiers that were unmatched anywhere else in Europe (de Vries 1975; de Vries and van der Woude 1997). It was, of course, this income that was responsible for the maritime northern Netherlands' huge home market. But because the levels of investment and productivity that underpinned the home market were ultimately dependent upon European demand for Dutch goods and services, the home market was to a very large extent dependent on the foreign market. With the onset of trans-European stagnation and the associated decay and decline of international demand, it was simply no longer possible for the Dutch economy to maintain the extraordinarily high levels of specialization possible only through exploiting a 'world market'. Because it was therefore no longer possible to maintain former levels of investment and productivity, the domestic market stagnated, as declining demand abroad was inexorably transmitted homeward.

A very brief and schematic comparison with the English economic trajectory over the same period can clarify the point. From the later Middle Ages, the transformation of agrarian social-property relations had generated long-term agricultural transformation and the growth of agricultural productivity in England, just as it had in the maritime northern Netherlands. However, because it was far less able to orient itself to the European economy than was the Dutch, and was therefore obliged to depend upon the home market, the English economy could not grow remotely as rapidly as the Dutch. On the other hand, precisely because it did base its long-term development fundamentally on the home market, the slow but steady growth of agricultural productivity could provide the basis for the growth of discretionary expenditure and thus the long-term growth of demand for manufactures and services. It could do so, moreover, right through the trans-European 'general crisis of the seventeenth century' or 'Phase B'. During the sixteenth century, English real wages suffered far more than did Dutch, in the face of rising population, in large part (no doubt) because the English economy was able to turn to specialization for export and thereby to support rising productivity and employment far less effectively than was the Dutch. During the first half of the seventeenth century, moreover, the English economy could obviously achieve nothing remotely like the astounding expansion achieved

by Dutch industry and commerce, as well as agriculture, on the basis of its domination of international markets. It is nevertheless striking, and symptomatic of the distinctive English economic dynamic, that even as the huge, traditional English broadcloth export trade entered into profound crisis during the second quarter of the seventeenth century, bringing unemployment and dislocation to the clothing counties of East Anglia and the West Country, English real wages continued to grow, and the English home market continued to expand impressively. Over the century after 1650, as the Dutch economy, along with that of most of the rest of Europe, entered into crisis, and as its own trade in manufactures for the most part stagnated, the English economy, especially its urban industrial sector, continued to expand. It could do so because it could base itself on a home market that the continued growth of agricultural investment and agricultural productivity continued to subsidize. Even during the first half of the eighteenth century, the English economy still lagged behind the Dutch, in terms of either overall productiveness or real wages. Nonetheless, it was not only catching up; more to the point, it retained the capacity for overtaking it, on the basis of self-sustaining development rooted in the growth of domestic demand for industrial goods, leading to ever-increasing industrialization marked by the movement of an ever-increasing proportion of its labour force out of agriculture.

The Dutch economy had grown much faster than the English, but, articulated as it was with an untransformed trans-European economy that could not sustain the growth of its markets, it found itself stymied. It had, in a real sense, become 'over-developed', in that the profound deepening of commercial, industrial and agricultural specialization – at the root of the productivity growth that was in the end responsible for the spectacular rise of its domestic market – found its ultimate basis in the unsustainable growth of aggregate demand of the whole European economy. The Dutch economy had reached great heights by taking a disproportionate share of the European market as that market grew throughout 'Phase A'. But it could not continue to expand as it had, because it lacked the capacity to transform its own ultimate foundations in Europe's pre-capitalist economy. The fact remains that the 'seventeenth century crisis' was, for the Dutch economy, nothing like the cataclysm that it was for many of its neighbours across Europe. By virtue of its capitalist dynamic, the Dutch economy was able to stagnate at a high level for an extended period, and ultimately to find a way to regenerate itself on a new basis.

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## CORN (COMPARATIVE RURAL HISTORY OF THE NORTH SEA AREA) AND ITS PUBLICATIONS

CORN is a research network founded in 1995 on the initiative of the University of Ghent. It is composed of different research units in France, the UK, the Netherlands and Belgium that primarily study long-term development of rural society from the Middle Ages to the twentieth century. It focuses on the North Sea area from a comparative and interdisciplinary viewpoint. It organizes conferences, workshops and the exchange of researchers and has its own publication series.

General editorial board: Erik Thoen (Co-ordinator) and Eric Vanhaute (both University of Ghent); Erik Buyst and Leen van Molle (both University of Leuven).

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## THE PUBLICATION SERIES

No. 4. *Peasants into Farmers? The Transformation of Rural Economy and Society in the Low Countries During the Later Medieval and Early Modern Periods in Light of the Brenner Debate*, Peter Hoppenbrouwers and Jan Luiten van Zanden (eds). Turnhout: Brepols Publishers, 2001. ISBN 2-503-51005-X

Since his first article in 1976, the American historian Robert P. Brenner has tried to come to terms with an issue first raised two centuries ago: how can we explain the differences in growth patterns of North Western European countries in the transition from feudalism to capitalism. In a frontal attack on both the '(homeostatic) demographic' and 'commercialization' models, Brenner traced the roots of the divergent evolutions back to rural and feudal 'social-property relations'. In the debate that immediately followed Brenner's first article, and in subsequent exchanges, the Netherlands were sorely neglected, although areas such as Flanders and Holland played a decisive role in the economic development of Europe. This was partly because of too few publications in international languages on the relevant Dutch rural history. This important book, edited by two of the most respected Dutch rural historians, and with contributions by several distinguished historians, seeks to fill this lacuna. It draws upon substantial research, confronts the Brenner thesis with new results and hypotheses, and contains a powerful and detailed response by Brenner himself.

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### *Published Volumes*

No. 2. *Marriage and Rural Economy. Western Europe since 1400*, Isabelle Devos and Liam Kennedy (eds). Turnhout: Brepols Publishers. 1999. Eur 55 VAT excl. ISBN 2-503-50962-2

This volume examines rural marriage patterns in the long run, relating these to changing economic conditions in the North Sea area, from c.1400 to the present. More than 30 years after Hajnal's path-breaking publication, it is a state of the art study of European marriage patterns in Ireland, Scotland, England, Belgium, the Netherlands, Germany and Scandinavia. By examining different forms of rural economy, such as peasant farming, capitalist farming, proto-industry and other systems of production, with differing implications for marriage and family formation, it allows demographic and economic mechanisms, to emerge more clearly. A complex of interacting factors that regulate the formation of new households is identified and new directions in the research of this phenomenon are suggested. This is a work of richness, subtlety and historical depth, which is essential reading for those interested in the evolution of marriage patterns, in both the distant past and in more recent times.

No. 3. *Land Productivity and Agro-Systems in the North Sea Area, Middle Ages–20th Century. Elements for Comparison*, Bas van Bavel and Erik Thoen (eds). Turnhout: Brepols Publishers. 1999. Eur 63 VAT excl. ISBN 2-503-50963-0

This book deals with what can be considered as one of the most important topics in economic history: land productivity. The 1963 study of B.H. Slicher van Bath on yield ratios across Europe was epoch-making. But more recent studies point to the necessity of placing and analysing land productivity more clearly within agricultural, ecological and socio-economic contexts. This publication, produced by the CORN research team, reflects new developments and findings in this field, for the North Sea area from the Middle Ages to the twentieth century. It consists of three sections: the first contains national long-term overviews for each of the North Sea countries; the second presents several case studies which examine the relationship between land productivity and agro-systems; and the last consists of general comparative studies.

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