

Lessons from the Dark Ages of Capitalism

Introduction

Since the end of communism we have been told by academic commentators that we have reached the end of history (Fukuyama). We have progressed to a point of such utter social and economic perfection that we may simply congratulate ourselves and each other, put our feet up (after our twelve-hour workday), and relax (pass the Prozac). Aside from the fact that there seems to have been more history packed into the ?? years since this book was written than the previous 30—which only goes to show that you shouldn't tempt either fate or the unruly impoverished masses—our current status with respect to history cannot prevent us from looking backwards and seeing what earlier eras might have to offer

When I was at school the clever girls studied political history. They had the opportunity to learn the names of a great many men and the precise dates when they ordered other groups of unnamed men to kill each other. The stupid girls studied economic and social history, which was perhaps considered more relevant to future housewives and their domestic economy, or perhaps was intended to provide more refined titbits for dinner-table conversation (notwithstanding the changing of the Pastons' underwear). Whether through good fortune or chronic low self-esteem I chose social and economic history, which was one of the best choices I ever made. The history of these islands is replete with lessons to inform anyone seeking to improve the present human situation. In this paper I want to share just one of these: the operation of the Medieval guild system. I present an account of the Medieval craft guilds, explore the role they played in Medieval economy and society, and suggest drawing some lessons from the experience to inform the sustainable distribution system we may propose to replace the global market.

Before investigating the guilds, by way of introduction I want to spend some time discuss the importance of the relationship between work, especially the manufacture of products, and societal and psychological health. The following section indicates why we should all be very concerned about the effects of the unhealthy work patterns that typify late capitalism.

Alienation from Work and the Growth of Nationalism

A famous critique of the nature of work within a market system is to be found in the writings of Karl Marx. One of his central concerns was the social and psychological effect on the individual of life within the market. As expressed by Terry Eagleton Marx's view was that 'Under market conditions, individuals confront each other as abstract, interchangeable entities; working people become commodities, selling their labour power to the highest bidder; and the capitalist does not care what he produces as long as he makes a profit.' So there is nothing original in the critique of the anti-globalisation protestors, although they may not recognise the source of their complaint.

Marx reserved a special place for work in our analysis: he considered it to be the central expression of what he referred to as our 'species-being'. It is because what we do as a species is to work that the mutation of work into its capitalist form is so socially and psychologically damaging. It is this process which Marx refers to as 'alienation', meaning that the items which

people produce with their work are appropriated by the minority of people who own the means of production, i.e. the employers or in today's terms the global corporations. As Marx puts it in his *Early Writings*:

This fact simply means that the object that labour produces, its product, stands opposed to it as *something alien*, as a power *independent* of the producer. The product of labour is labour embodied and made materials in an object, it is the objectification of labour . . . In the sphere of political economy this realization of labour appears as a *loss of reality* for the worker.

Interesting, in connection with our wish to devise sustainable methods for the distribution of goods, Marx related this sense of alienation to our relationship with nature:

Estranged labour not only (1) estranges nature from man and (2) estranges man from himself, from his own active function, from his vital activity; because of this it also estranges man from his *species*. It turns his *species-life* into a means for his individual life. (Both quotations taken from Eagleton, 1997: 28).

In other words, the process of work and the creation of products that are bought and sold by others, destroys the individual sense of self and radical undermines her or his identity.

I took this point on in connection with research I carried out in the Valley of South Wales in a paper I presented to a conference on identity in 1996. My central point was that the process of alienation and loss of identity has been extended by the globalisation of the international economy. I supported my argument by drawing a comparison between work in an MFI furniture factory with the work carried out by Adam Bede, the eponymous carpenter-hero of a novel by George Eliot. Adam Bede's work links him directly to the other members of his community. He makes an intricate kitchen cabinet for the employer of the women he loves, in the hope that this will catch his beloved's eye and win her heart. How distant this portrayal of identity and relationship in work is from the life of the person who tends the machine that turns the thing, that makes the pin, that joins the leg to the bed, that they sell on the industrial estate. S/he has no idea where the item will be sold or used, never mind by whom. And similarly, when we shop we have little idea where or by whom the items we buy were made. We lose our sense of connection and the producer loses her sense of identity.

In response to this loss of identity, and particularly for those who are too poor to adopt brand-based consumer identities as discussed by Baudrillard (1988), we see a rise in identity groups based on gender and ethnic identities. This unfortunate response to globalisation has long been predicted and yet appears to surprise and horrify the Establishment when it expresses itself in terms of large numbers of votes for politicians who base their appeal on the offer of an identity. In spite of radicals and environmentalists warnings of the imminent depletion of natural resources or the collapse of the financial system, it seems that the most dire threat to globalised capitalism is actually posed by the loss of identity created by the meaningless and exploitative systems of both production and consumption that it feeds off. So the survival of liberal democracy requires a solution to the problem of the alienating market system.

According to Oliver James, therapist and social critic, so does our happiness as a society. His best-selling book identified the competitive ethos

of capitalism as playing a central role in increasing rates of unhappiness and clinical depression.

Importance of cooperative economy: Oliver James, i.e. *not* the competitiveness of capitalist distribution.

As I mentioned in the introduction, the heart of this essay is an examination of the system of production and distribution of goods that operated in Europe during the Dark Ages. This system, particularly the economic and social role played by the craft guilds, offers some lessons for a future cooperative economic system of distribution.

What Economists Mean by a Free Market and by Monopoly

Before discussing the contribution that may be made to a new system of distribution by insights from Medieval trade systems some time should be spent outlining the framework within which the discussion takes place, that is providing an outline of the existing distribution system as viewed by economists.

Arguments for the superiority of the market system of distribution are based on several assumptions that cannot be validated in the modern, global economy (see Steph's paper). The concept suggests that buyers and sellers freely choose to come to 'the market' to exchange their goods at a mutually beneficial price. It is important to notice that these buyers and sellers might once have been producers and consumers, but it is very unlikely that this will any longer be the case. This paper looks back to a time when the producers of goods organised the selling of their own products through a producers' organisation called a guild. As will be explained later, one of the central roles of the guild was to exclude middlemen who did not produce but merely extracted some of the value of the product made by somebody else. By contrast, in the modern economy this extracted, non-earned wealth sustains most of those in employment, whether they are advertisers, chief executives, or shop assistants.

The important consideration in an economic analysis of markets is who has the power to determine the price of the product sold, and its quantity. Economists are generally less concerned with the 'quality' of the product, simply building in a usually unrealistic assumption that all examples of a given good are 'homogeneous', i.e. the same. In the neoclassical explication of the ideal type of market, which operates under a system of 'perfect competition', neither the buyer nor the seller is able to influence the price. This is a consequence of the large number of buyers and sellers. So if the seller sets the price for his item too high, buyers will be able to find somebody else selling it cheaper and can buy it from her/him. This explains the economic objection to any kind of price-fixing, which we will see later was another central function of the guild, but it fails to take into account the tendency for producers to consolidate into fewer, large groups, a tendency that has become particularly pronounced over the past 30 years. In a situation where there are, for example, only a few significant manufacturers of mobile telephones, five large supermarket chains, or four clearing banks, it costs the managers of these concerns little to ensure that their prices are relatively comparable and it would be against the interests of all to cut prices drastically, even if that might attract more customers.

Economists will admit that few markets approach the perfection of the freely competitive market, preferring to describe a system of 'imperfect competition'. (How imperfect from the perspective of producer and consumer

alike may be judged from some consideration of the work of Corporate Watch.) They are particularly concerned to limit the extent to which producers in any market can operate a system of monopoly, and we will see that this is another central criticism of the system of the Medieval guild as viewed by contemporary economists. Monopoly is the term used to describe 'a market situation with only one seller'. Since such a situation rarely exists in practice (the obvious exceptions being natural monopolies such as the distribution of electricity or water, which have, contrary to conventional economic sense, been privatised and allowed to function without state control) economists tend to use instead the phrase 'monopolistic competition', describing a situation where there are several sellers who each have some ability to fix the price of their products. In spite of the free-market rhetoric, this seems to be the phrase best suited to describe the system of distribution for the distribution of most of the goods for sale in our high streets.

Stephanie Findlay identifies several reasons why in the free-market system of the advanced economies producers (as opposed to 'sellers') cannot control the price of their products, but these bear repetition here. These are different forms of what economists refer to as 'barriers to entry', meaning mechanisms that prevent others from entering the market to offer their goods at a lower price, if the existing suppliers are making unfair levels of profit. The first is the barriers created by the high cost of developing and marketing a new product. In a simple, local market, the only barriers to a person's setting up as a shoe-maker would be the need for them to learn how to make shoes, and the acquiring of the necessary tools (we will see later that in the Medieval city, the guild controlled both these routes of access to the market). Such a route is still possible, as is proved by the existence of local, sustainable shoe manufacturers such as Green Shoes in Totnes. But for most aspiring shoe-makers there only chance is to apply for a job at the local Clarks factory. After all, how could they afford to compete with the multi-million-pound *New Shoes* television advertising campaign?

This campaign represents an attempt to 'rebrand' Clarks, a family-owned company that has suffered from a 'dowdy' image and consequently lost sales. In a world where consumption identities have replaced production identities, we purchase images rather than products, and creating a new image, and marking it with the company's brand, is an expensive business, as we have heard in the case of the disastrous rebranding of the Post Office as Consignia. For a new producer, breaking into the world of brands is financially impossible.

But what about if your product is not a simple shoe but a technologically sophisticated product such as a lawnmower or a computer? As products become more sophisticated and the R&D costs escalate, market become closed to all except the most dedicated or well-funded entrepreneurs. (James Dyson is the exception that proves this rule: see his description of the difficulties he faced in producing his cyclon vacuum cleaner.) And even if you do succeed in making the product it is likely that you will either be paying back the venture capitalist who backed you, or, in the case of the computer manufacturer, the company that provides the dominant world operating system, Microsoft.

The concept of the seller having any control over price is even more bizarre. In the traditional market, and even today in oriental street markets and even in the dark corners of our own economy, buyers can affect the price of the item by haggling (a process Chris Busby includes in his

consideration of the relationships inherent in the process of purchasing). But other than this the power of the individual buyers is minimal: you

In the next section we'll look at what the craft guilds actually did, but to complete this section I want to address some prejudices against guilds which have come to dominate the view of them by contemporary economists. It has been frequently noted that in many ways economics resembles a religion more than a science, and in the liturgy of sins that of 'monopoly' arouses particularly fervent distaste. This is the term of disparagement chosen for the Medieval guild, enough in itself to consider it a mere historical aberration in the onward march towards freedom and the market system.

According to a critic writing at the high-point of capitalism, guilds:

Shackled free commercial intercourse . . . blindly aimed to reduce free competition to a minimum, regard what we now consider legitimate speculation as a crime, deflected from the town every powerful current of trade, mercilessly obliterated the spirit of mercantile enterprise, and crushed out every stimulus to extensive production. The municipal atmosphere was surcharged with the spirit of rigid protection.' (Gross, 1890, cited in Richardson, 2001).

This is a weighty list of sins. A US educational website is more succinct: 'The essential purpose of guilds was to create monopolies.' (

Yet according to a recent reanalysis of the evidence on Medieval guilds, these apparent 'monopolists':

Seldom regulated wholesale trade, often allowed other 'monopolists' to enter their markets, frequently sold merchandise similar to, in the same market as, and competing for customers' attention with merchandise of other 'monopolists', and never possessed authority over venues outside of their hometowns where they sold most of their merchandise (Richardson, 2001: 218).

As we will discover in the following section, guilds have been represented as a threat by economic historians not because they operated systems of monopoly or opposed freedom but because they represent a system of interaction between production and distribution that worked for the benefit of society and the producer rather than for the advantage of the capitalist, and that prioritised the quality of the product and social justice above profit.

A Brief History of the Medieval Guilds

It is hard to establish any exact dates for the inception of Medieval guilds. The first documentary evidence that is available is from the 12th century, although it makes it obvious that guilds already had a long history at that time. Their development was a natural consequence of the need for organisation within the steadily growing European cities, within which the marketplace enjoyed special protection (see Kropotkin, 1902). The most thorough source of information concerning guilds in England was provided by the fortunate discovery of the Census of 1388 in the basement of the Chancery in London in the middle of the 19th century. This provided a full picture of the central role played by guilds in the economic life of England at that time (see Smith and Smith, 1869).

The following is a summary of the various roles played by guilds:

Economic role

The concern of the craft guild was to preserve the skill of their particular method of production; rather than competition between themselves they cooperated to ensure the highest standard of product. According to one study: 'The masters did not provide much testimony on how they viewed the question of competition; the calculus of different factors seems to have weighed in favour of emphasizing quality and individual craftsmanship at the expense of competing on the basis of price' (Epstein, 1991: 100).

Three methods that 'entrepreneurs' of today specifically favour as a method of gaining maximum profits were specifically banned by the guilds, namely:

- Forestalling (buying up merchandise before it reached the market, i.e. acting as middle man and extracting value without producing anything);
- Engrossing (stock-piling to force prices up);
- Re-grating (buying and reselling where prices might be higher).

Since one of the methods used by a monopolist to extract economic rent is to raise prices by restricting supply, it is clear that the guild was acting directly against monopolistic practices (Richardson, 2001). In fact ideas about fairness and justice lay at the heart of guilds' concerns. Laws forbade the creation of barriers to entry and exchange and banned the manipulation and prices and quantity by suppliers. [add bit about setting price of meats]

A prominent apologist for the Medieval guild system was Prince Petr Kropotkin, who viewed it as an example of the sort of system of mutual aid he thought should replace centralised state bureaucracy. Here is his glowing account of the economic function of the guild:

The craft guild was then a common seller of its produce and a common buyer of the raw materials, and its members were merchants and manual workers at the same time. . . An idea of 'justice' to the community, of 'right' towards both producer and consumer, which would seem so extravagant now, penetrated production and exchange. The tanner's, the cooper's, or the shoemaker's work must be 'just,' fair, they wrote in those times. Wood, leather or thread which are used by the artisan must be 'right'; bread must be baked 'in justice', and so on. Transport this language into our present life, and it would seem affected and unnatural; but it was natural and unaffected then, because the mediaeval artisan did not produce for an unknown buyer, or to throw his goods into an unknown market. He produced for his guild first; for a brotherhood of men who knew each other, knew the technics of the craft, and, in naming the price of each product, could appreciate the skill displayed in its fabrication or the labour bestowed on it.' (Kropotkin, 1902: 158).

He draws special attention to the influence such a system of organisation had on the attitude towards work, and the way work relations influenced social relations generally:

Therefore, the predominance taken by the old craft guilds from the very beginnings of the free city life guaranteed to manual labour the high position which it afterwards occupied in the city. In fact, in a mediaeval city manual labour was no token of inferiority; it bore, on the contrary, traces of the high respect it had been kept in the village community. Manual labour in a 'mystery' was considered as a pious duty towards the citizen: a public function as honourable as any other.

Other significant economic powers of the guilds included:

- Setting quality standards for production: those not meeting them could be expelled.
- Setting the price paid for materials and labour and for final product.
- When necessary, fixing production quotas for members to ensure sufficient to meet needs and prevent competition between members.
- Guaranteeing loans for members who needed to buy equipment or premises.
- Operating a system of risk sharing and pooling of assets, for example in the case of expensive export ventures.

The issue of quality control is an important one. In a competitive market producers will try to find ways to ‘undercut’ other producers, either by using cheap materials, or by making the item rapidly and poorly. This is the reason it is so difficult to buy quality products in today’s global market, even if you are prepared to pay more for them. By contrast, the members of the guilds prided themselves on the quality of their work. Kropotkin explains as follows:

With such an organization it was the ambition of each craft not to offer goods of inferior quality, and technical defects or adulterations became a matter concerning the whole community, because, an ordinance says, ‘they would destroy public confidence’. Production being thus a social duty, placed under the control of the whole *amitas*, manual labour could not fall into the degraded condition which it occupies now, so long as the free city was living. (Kropotkin, 1902: 158)

[quality of leather point]

Educational role

It seems logical that an organisation responsible for the quality of production of a particular item should also take on the role of training, but the educational remit of the Medieval guild extended much further than that, in a time before any general provision of education. Guilds controlled membership and in order to join a young man (or, more rarely, woman) had to serve a seven-year apprenticeship and then work as a ‘journeyman’ or a daily paid worker. In order to become a guild ‘master’ he had to produce a piece of work of sufficiently high standard, known as his ‘masterpiece’. Guilds monitored the apprenticeship system and inspected the working conditions of both apprentices and journeymen. But their educational role also extended beyond the technical expertise of their craft. They also establish minimum general educational standards for apprentices, who were expected to learn to read and write, to master basic arithmetic and to have religious instruction.

Political role

Guilds played an important role in the administration of Medieval cities. The City council was made up of representatives of the various guilds, who also paid taxes for their right to exercise control over their craft. The guilds were responsible for the towns’ security, both by taking on the up-keep of a particular section of the defensive wall and by providing men for the town militia. When the German Emperor Barbarossa attempted to take the city of Legnano in 1177 he was defeated when the members of the butchers’ guild of Milan attacked his army with the tools of their trade including cleavers,

larger cutting knives and pole-axes (see Nelson, 2002). The guilds also provided equipment and manpower for local fire defence and guard duty. They supported the city's administration by supporting local magistrates and by providing members to serve in the local courts.

It is important to consider these various roles of the guilds together, rather than focusing exclusively on their economic role. Part of the problem of the global economy is that corporations are able to operate both their buying and selling activities in a footloose manner, paying no regard to the social and political consequences in the countries that they operate in. In the UK the growth of the organisation Business in the Community is a recognition of the need to address this dislocation, as are the numerous examples of corporate sponsorship, but these initiatives are a far cry from genuine grass-roots connection such as that offered by guilds of producers.

They did not need legal control because they had power over production.

We are laughed at when we say that work must be pleasant, but —"every one must be pleased with his work", a meiaeval Muttonberg ordinance say, "and no one shall, while doing nothing appropriate for himself what others have produced by application and work, because laws must be a shield for application and work." (Kropotkin, 1902: 160)

Richardson's 3-type conclusion

Ritualistic, group-identity aspects: Kropotkin's mystery.

How were they destroyed: US guy or Mercy's stuff.

In a striking parallel with the present situation Nelson writes that 'After 1350 markets began to grow smaller, and the powerful long-distance merchants had to lower their costs in order to compete.' This led to the 'putting-out system', especially common in the weaving trade, where producers rented equipment and worked on a piecework system for merchants, who made the profit from their labour. Later equipment came to be concentrated in factories, where workers were simply hired on a wage basis, the final end of the system of independent work and skilled artisans cooperating through producer organisations. The manufacturing guilds fought the development of these proto-capitalist forms, but were defeated by an alliance between merchant guilds and the newly developing professional classes. Despite their narrowly defined economic success, the merchants neglected entirely the social, political and educational roles that the craft guilds had played, which led directly to the deterioration of social standards in the later Middle Ages, greatly exacerbated by the industrial revolution. The abandonment of production controls also had severe economic consequences, with the development of the boom-and-bust production cycle which modern economists consider an inevitable part of economic life, but which is only real an inevitable part of the capitalist production system.

Also Kropotkin on guilds vs. merchants.

The end of the power of guilds in the economic sphere paralleled the growth in power of the merchants and their developing role as proto-capitalists, i.e. those who owned the means of production and organised the distribution of products without actually being involved in production themselves. Workers ceased to be the owners of the product and eventually came to own only their labour-power, which they were forced to sell to ensure their survival. Part of the role of the guilds was later filled by trade unions, but the nature of unions and their range of concerns is testimony to the fact that people who were independent producers are now sellers of their own labour in a 'market' for human physical effort. As unions have been challenged with growing legal and political opposition in recent years (see Sawyer in Artis) and as employers have moved production to regions of the world with low labour standards, most production takes place under the exclusive power of the corporation.

It is more interesting to ask what were the social and psychological repercussions of the guilds. How were men and women who had found their identities in carrying out useful production within a cultural framework defined by the guild to change to a condition of wage slavery? It may be no coincidence that the decline of the guild system was shortly followed by the development of Puritan sects whose ideology of work in one's own station was an invaluable support to the new employers. (Ref. Thompson).

What Lessons Can we Take Forward?

Perhaps the most attractive feature of the economic system within which guilds flourished for environmentalists who favour a re-localisation of the economy (see Hines *et al.*) is that they were locally based. Which roles of the guilds can be taken forwards?

Cooperative society
Quality of product
Reconnection of meaning and identity in work.

Guilds can control price and quality, but also sustainability.

Consumers can demand sustainability and favour those products which are produced sustainably.

Governments can work with guilds, giving them incentives and fines for not meeting targets.

A System for Sustainable Production and Distribution

Divide goods into four types:

1. Low-tech. using local raw materials, e.g. chairs or roofing.
2. Low-tech. using non-local raw materials, e.g. cotton shirt, oranges, coffee.
3. High-tech. using local raw materials, e.g. bicycles.
4. High-tech. using non-local raw materials, e.g. computers.

Need to establish a new Green consumer system, say Susmark. It would inform people which producers to buy from for each type of good.

1. Production would be organised by local guilds;
2. Expand existing system of Fairtrade;
3. Stimulate local production using grants and training, again organised by guilds;
4. Extend local production where possible, otherwise expand local reuse and repair schemes.

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