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I

In an essay on medieval market structures published some thirty years ago, Charles Verlinden drew attention for the first time to the proliferation of fairs in late medieval Europe. He also noted, with some surprise, that the majority of these new periodic markets (which convened usually once or twice, and seldom more than four times a year) drew on local and regional, rather than international flows of trade. Since then the number of monographs on late medieval fairs has risen exponentially, yet there have been no attempts at a general explanation of this major innovation in west European market structures, and in the institutional preconditions for long-term economic growth.

There seem to be two reasons for this neglect. On the one hand, it is widely believed that the later Middle Ages experienced severe commercial contraction and generalized economic stagnation or depression. On the other, it is still often assumed that the main source of medieval growth lay in long-distance trade in high-value commodities, whose dynamic role in capital formation and cultural innovation contrasted sharply with the humdrum of short-range exchange in goods of everyday consumption.

Changes in local and regional market structures are therefore seen as irrelevant or ignored. Henri Pirenne, for example, argued that the sheer number of new, impermanent markets and fairs that appeared in ninth-century Europe was proof enough of their insignificance. By defining the medieval fair as an event frequented only by foreign merchants trading in high-value goods, Gilissen

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2 See Lombard-Jourdan, "Fairs," for a recent overview.

3 Pirenne, Histoire économique, pp. 8-9, 80-1.
excluded at the stroke of a pen territorially more restricted events.\textsuperscript{4} Verlinden himself and Coornaert assumed that lesser fairs (I will call them \textit{regional} fairs for short),\textsuperscript{5} were pale imitations or degenerations of international ones.\textsuperscript{6} Gino Luzzatto argued that central and northern Italy had no need of large periodic markets (which he equated with international fairs), because the commercially advanced communes acted as "permanent fairs";\textsuperscript{7} but this was to overlook the large number of north-central Italian urban and rural fairs with smaller catchment areas.\textsuperscript{8} In this, Luzzatto may have been influenced by Max Weber's well-known view, that by the late Middle Ages "international" fairs had been replaced by more sophisticated and permanent urban trading networks.\textsuperscript{9}

\textsuperscript{4} Gilissen, "Notion," p. 324.

\textsuperscript{5} I employ this catch-all term despite the fact that these fairs performed a \textit{range} of local, regional and interregional functions, which can nonetheless be clearly distinguished from 'international' fairs.


\textsuperscript{8} See for example Ammann, \textit{Wirtschaftliche Stellung}, p.13 on fifteenth-century German merchants travelling between fairs at Parma, Forli, Ravenna, Recanati, Ancona, Rimini and Florence; Seneca, "Sulle fiere udinesi"; below, nn. 21, 45-6.

In contrast with both theories, I have suggested in a recent article\textsuperscript{10} that the redistribution of wealth towards the lower and middle classes in western Europe that followed the fourteenth-century epidemics raised aggregate demand for higher quality agricultural and manufactured commodities; this in turn promoted regional specialization and market integration. Yet at the same time, the character and rate of growth began to diverge significantly between regions owing to local \textit{institutional} differences, in particular to the ability of individuals and organized groups to control the framework of exchange so as to capture increasing gains from local and regional trade.

Both the argument that late medieval regional specialization increased, and that market structures were a determining factor for long-term economic growth, rest on premises that could not be discussed in that article. The main assumptions made there were that domestic trade increased \textit{despite} the late medieval demographic and social "crisis", and that new institutions emerged to reduce transaction costs and promote economic growth. These postulates raised several further theoretical and empirical issues, some of which are addressed below.

Since the only way to measure trade flows directly is by way of excise records that are both few and randomly distributed, the view that late medieval domestic trade increased would seem to be untestable.\textsuperscript{11} In fact, the problem can be partly circumvented by identifying adequate \textit{indirect} indices of trade. Changes in economic institutions provide just such a measure. Because an increase in trade causes a parallel rise in transaction costs, systematic and protracted attempts to reduce such costs through institutional innovation can be taken as indirect proof

\new{new international fairs arose in the "pioneer" regions of central and eastern Europe, where towns were less developed. This argument is not borne out by the large number of international fairs established in the Low Countries, France and southern Germany.}

\textsuperscript{10} Epstein, "Cities, regions".

\textsuperscript{11} Thus Holton, "Marketing Structure," explained the lack of interest in the role of distribution for development with the difficulty of measuring services.
of commercial expansion.\textsuperscript{12} I argue below that the proliferation of late medieval fairs is one especially striking example of such institutional change.

In my previous article, I compared two late medieval regions and focused on the institutional roots of differences in long-term economic growth. I assumed that actual, historical institutions are not necessarily optimal, as most of the "New Institutional Economics" postulates; that new, more efficient institutions (which shift private closer to social rates of return) do not emerge spontaneously in response to changes in relative factor prices, because institutional change has distributive as well as allocative effects, and the outcome of redistributive conflict is not predetermined;\textsuperscript{13} that therefore the nature, scope and intensity of institutional innovation will vary between different societies and over time; and that these variations help determine relative long-term rates of economic growth.

In this paper I address the same issues from a different angle. I discuss a situation in which a similar innovation -- the proliferation of hundreds, possibly thousands of territorial fairs -- occurred more or less simultaneously across the whole of late medieval Europe. Instead of taking institutionalized markets as exogenous constraints on similar demographic and economic conditions to see how the latter evolved, as before, I follow the growth of regional fairs in order to examine the impact of (exogenous) demographic and economic pressures on institutions. My purpose is both to contribute to the ongoing debate on the late medieval socio-economic "crisis," and to raise more general questions about the causes of medieval growth and stagnation.

What can we say about the better-known international fairs? On the one

\textsuperscript{12} This view assumes that expanding trade raises transaction costs both in the aggregate and at the margin because of increasing costs of coordination (in other words, market institutions have decreasing returns to scale); this will raise demand to extend existing, or to introduce new, cost-reducing institutions. If the resulting process of institutional "extension" or innovation also has redistributive consequences, however, it will only occur if the broader institutional framework is open to change. See also below, n. 13.

\textsuperscript{13} See Bardhan, "New Institutional Economics", pp. 1390-4; also above, n. 12.
hand, it is seldom realized that after the decline in the late thirteenth and early
fourteenth centuries of the fairs of Champagne and of similar institutions
elsewhere, far more such fairs were set up (or given a new lease of life) after
the mid-fourteenth century than ever before: in England (Stourbridge, Bartholomew), France and western Switzerland (Montagnac, Pézenas, Chalon, Geneva, Lyon, Caen, Rouen), the Low Countries (Bruges, Antwerp, Bergen-op-Zoom, Deventer, Utrecht), German-speaking Central Europe (Friedberg, Nördlingen, Zurzach, Linz, Frankfurt, Leipzig, Regensburg), Poland (Warsaw, Poznan, Gnězno and Lublin), Italy (Bolzano, Como, Cesena, Senigallia,

14 Bautier, "Foire"; Fourquin, Histoire économique, p.204; Pouzol, "Foire"; Bur, "Note".


16 The fairs of Chalon, Montagnac, Bruges and Stourbridge, which were founded in the thirteenth or early fourteenth centuries, recovered or expanded after the 1350s; see nn. 17-19 below. See also Pérez, "Feria de San Miguel".


18 Combes, "Foire"; Dubois, Foi"; Braunstein, "Foire"; Bergier, Genève: Bergier, "Port de Nice"; Bergier, "De nundinis re habendis"; Gandilhon, Politique économique, pp. 217-39; Bresard, Foi".

19 Coornaert, Français; van der Wee, Growth; Sneller, Deventer; van Houtte, "Genèse"; van Houtte, Economic History, pp. 62-3, 93-4, 105-9; van Houtte, "Rise and Decline"; Pounds, Economic History, pp. 359-61; Feenstra, "Foire".


21 Samsonowicz, "Foire".

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Lanciano and Salerno among others\textsuperscript{22} and Spain (Valladolid, Medina del Campo)\textsuperscript{23}. On the other hand, despite the fact that these fairs were also significant outlets for domestic trade, they seem to have contributed comparatively little to the process of regional specialization which I wish to examine here; I therefore refer to them only very briefly below.

The article is divided into three parts. In Part I, I provide an overview of the growth of regional fairs; in Part II, I analyze the causes of expansion; in Part III, I discuss the wider implications of the argument for current views of medieval economic growth.

II

While records of late medieval fairs are mostly rather poor, what evidence does survive shows that most of their trade was \textit{wholesale} and supplied local or regional, rather than international demand.\textsuperscript{24} By contrast, most petty retailing took place at daily or weekly markets; but although these smaller events oiled the wheels of commerce, they did little to modify its machinery, and I therefore disregard them in the following discussion.

I suggested previously that late medieval regional fairs responded to a growing need for more specialized fora of exchange; this was most true for commodities with a strongly seasonal cycle of production. A well-known effect of the fourteenth-century demographic crisis was the conversion of many "marginal"

\textsuperscript{22} Bückling, \textit{Bozener Märkte}; Mira, \textit{Fiere lombarde}; Franceschini, "Invito ai senesi"; Pini, "Fiera d'agosto"; Marcucci, "Sull'origine"; Sapori, "Fiera"; Grohmann, \textit{Fiere}.


\textsuperscript{24} Even at the height of pre-Black Death expansion, demand for the luxury goods entering long-distance trade was too low to sustain more than a handful of specialized "international" fairs. When high-value trade contracted during the later fourteenth century (Kellenbenz, "Wirtschaft und Gesellschaft," pp. 272-5), new international fairs had to adopt increasingly hybrid functions to survive.
upland areas to animal husbandry in response to rising demand for livestock and dairy products. Since the latter were marketed more frequently through the year than cereals, new seasonal fairs arose after the 1350s to redistribute the output of pastoral regions towards the grain-growing lowlands.\(^25\) Livestock fairs were most frequently found where uplands and lowlands met and overlapped. In northern Lombardy, for example, a circuit of half a dozen new fairs attracted livestock- and horse-merchants from the inner Swiss Cantons, Piedmont, the Veneto and the southern Lombard plain.\(^26\) In hilly and grain-deficient north-eastern Sicily, the fairs of Randazzo and Nicosia redistributed livestock throughout the eastern half of the island and towards the southern mainland regions of Calabria and Puglia.\(^27\) The fairs of Lanciano in the central Italian Abruzzi were the main regional trade event for pigs, cattle and sheep for slaughter and for export abroad.\(^28\) A complex system of rural and urban fairs governed the cattle trade in the Low Countries and in west-central Germany.\(^29\) In the region of Sologne, in the duchy of Orléans, the expanding pastoral economy was served by at least five distinct fairs.\(^30\)

Livestock fairs were also frequently established at the foot of major mountain passes and thoroughfares. The three fairs of Briançon below the Mont

\(^{25}\) During 1470-1520 many such regional markets evolved into transcontinental networks that channelled cattle from Scandinavia and east-central Europe to the metropoles of the Low Countries, west Germany and northern Italy (Blanchard, "European Cattle Trades," pp. 428-31). Livestock fairs are discussed more generally by Allix, "Geography," pp. 546-57.

\(^{26}\) Mira, Fiere lombarde, pp. 96-9; Mira, "Organizzazione fieristica," p. 296.

\(^{27}\) Epstein, Island, ch. 4.

\(^{28}\) Grohmann, Fiere, pp. 119, 327, 330, 333, 336, 339; Marciani, "Relazioni". The Abruzzi had smaller livestock fairs at Albe, Celano, Pescina, Tagliacozzo and Castel di Sangro (Grohmann, Fiere, pp. 101, 125).

\(^{29}\) Blanchard, "European Cattle Trades," p. 429.

\(^{30}\) Guérin, Vie rural, pp. 85-98.
Genevra pass compensated for falling demand from Avignon after the pope's return to Rome in 1378 by capturing part of the booming trade with Piedmont, Genoa and western Lombardy; from the 1380s Briançon alone was sending 7000 sheep each year across the Alps. The Briançon fairs declined after the 1440s because of competition from a dozen or so lesser fairs, which had developed first in the early fifteenth century to service Briançon's hinterland to the south, but were situated along better roads into Italy and slowly gained more extensive toll franchises. The small town of Sisteron, near Digne in the Basse-Alpes, which was granted three fairs in 1352, 1378 and 1400 to trade livestock with neighbouring regions, was following a pattern typical of the entire Haute-Provence.

Other regional fairs, like those of Mons (Bergen-op-Zoom) in Hainaut, of Romorantin, Courmesmin, Chalon in France, of Petronell in Austria, and of Colchester and Coventry in England, were instead best known for trade in medium-quality wool or linen cloth. In fact, however, no fair ever specialized wholly in a single commodity. Wool and hemp cloth, metal ore

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31 Sclafert, Haut-Dauphiné, pp. 622-6; Chanaud, "Foire"; Chanaud, "Mouvement"; Chanaud, "Acheteurs". For the Piedmontese end of this trade, see Comba and Sergi, "Piemonte meridionale".

32 Sclafert, Cultures, pp. 93-4.

33 For further individual livestock fairs see Britnell, Growth and Decline, p. 142; Feenstra, "Faires," p. 225; Fournial, Villes, pp. 169-75, 392-9; Desportes, Reims, pp. 375-6, 391, 669-70; Mitterauer, "Jahrmärkte," p. 127; Heers, Gênes, pp. 194-5.

34 Bruvier, "Foire".

35 Guérin, Vie rurale, pp. 94-5; Dubois, Faires.


37 Britnell, Growth and Decline, pp. 68, 80; Pelham, "Cloth Markets".

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and salt were exchanged in large quantities at the livestock fairs of Briançon;\textsuperscript{38} the cattle fair in Randazzo was a major regional market for cheap linens and fustians;\textsuperscript{39} besides cattle, the fairs of Lanciano traded saffron, cloth, leather, metalwork and luxury goods imported by Venetians;\textsuperscript{40} the two fairs of Reims dealt extensively in both cattle and wine.\textsuperscript{41} Even the main international fairs dealt mostly in agricultural goods and lesser manufactures.\textsuperscript{42}

The example of the livestock trade suggests that new fairs tended to fuse into complex, integrated networks which could benefit from economies of scale. Traders moved from one fair to the next in a well-known and flexible seasonal cycle. Fair networks made it easier to organize the collection and redistribution of goods and livestock within a region; they reduced costs of gathering commercial information, and made it possible to settle debts incurred at one fair at a neighbouring one a few months later.\textsuperscript{43}

In a wide-ranging study of the fairs of medieval Castile, M.A.Ladero Quesada distinguishes four great geographical areas, each of which possessed a distinct system of connected fairs: Galicia and the Cantabrian mountains, Castile and Léon, New Castile and Estremadura, and Andalusia and Murcia. Most fairs were granted in two distinct periods, the first one lasting from approximately 1150 to 1310, the second stretching from the late fourteenth to the end of the fifteenth century after several decades of interruption. The number of concessions, on the other hand, increased markedly during the latter phase of expansion. Between

\textsuperscript{38} Sclafert, \textit{Haut-Dauphiné}, pp. 626-30; Chanaud, "Mouvement".

\textsuperscript{39} Epstein, \textit{Island}, p. 118.

\textsuperscript{40} Grohmann, \textit{Fiere}, p. 117.

\textsuperscript{41} Desportes, \textit{Reims}, pp. 669-70.


\textsuperscript{43} See Margairaz, \textit{Foiras}, p. 61 on the pull exerted by old fairs on new.
1350 and 1499 eighty-eight new grants were made (40 before 1450, the rest thereafter), compared with only sixty-seven during the preceding two and a half centuries.44

Like Castile, southern Italy can be broken down into a number of distinct economic and trading regions: Sicily, the Abruzzi-Molise, Puglia, Calabria and Lucania, and the Tyrrenian coast north of Calabria. The surviving evidence -- 50 new fair franchises and 69 first attestations between 1392 and 1499 for Sicily, and 29 new fair franchises and 113 first attestations during the fifteenth century for the mainland kingdom of Naples (compared with 12 new franchises and 27 first attestations before 1350 in Sicily, and 35 and 30 on the mainland) -- points to considerable commercial growth in the two areas after 1400. This is confirmed by the fact that the highest number of fairs was granted in what we know from independent evidence were the economically most dynamic areas in southern Italy: the north-eastern val Demone in Sicily, Puglia, Abruzzi-Molise and the Tyrrenian coast on the mainland.45

Developments in the central Italian region of Umbria, which was dominated by the commune of Perugia, contrast sharply with patterns further South. Only six new late medieval fairs have been identified; two of these were held in Perugia itself. A third fair, which specialized in livestock, was established by Perugia in the subject community of Castiglione del Chiusi in 1366 to supply the city and its hinterland with meat; in 1380 the fair was moved close to Perugia itself for reasons of security. Perugian evidence also makes it quite clear that the fairs of the smaller towns of Assisi, Gubbio and Rieti were tolerated by the dominant city only so long as they posed no commercial threat to Perugia's own fair.46 The significance of the Umbrian case will become more apparent in the course of the discussion.

44 Ladero Quesada, "Ferias".

45 Epstein, Island, pp. 117-20; Grohmann, Fiere.

46 Mira, "Prime indagini".
Developments in late medieval Lombardy seem closer to southern Italian and Spanish patterns. Most of the fourteen fairs strung across the Alpine lowlands to the north, in the region between Lakes Como and Maggiore, were established after 1400. This area was both a frontier and a major transit region between Lombardy and central Europe, and the dukes of Lombardy fought bitterly against the Swiss Cantons for its control throughout the fifteenth century. Although new fairs were set up mainly in response to growing trans-Alpine trade, therefore, concessions were also often politically motivated. Many of the fairs in this region seem to have been highly specialized, possibly because of their considerable catchment area. Nearly half specialized in cattle and horse trade; Roveredo traded mostly in local cloth, Arona specialized in metalware, and the fair of Chiavenna was probably the main collecting point for the popular wines of the Valtellina.

The rest of the duchy of Milan, which included the Lombard plain to the south and the eastern reaches of Piedmont, was comparatively less well served, and most fairs were situated in major cities (Como, Bergamo, Brescia, Milan, Novara, Vercelli, Pavia, Lodi, Crema, Cremona, Piacenza). However, from the mid-fifteenth century fairs also began to be granted to smaller towns; some ten concessions are recorded before 1500. By the end of the Middle Ages, in sum, the duchy numbered about forty fairs, most of which had been established after the mid-fourteenth century; a further dozen or so were set up in the first half of the sixteenth century.

Between the late thirteenth and the mid-fourteenth century, the six fairs of Pézenas and Montagnac in southern Languedoc exercised a virtual monopoly over

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47 Mira, Fiere lombarde; Mira, "Organizzazione fieristica".
48 Bergier, "Trafic".
49 Mira, Fiere lombarde, pp. 96-9.
50 Ibid.
regional trade, especially in the growing cloth-export industry. The two town councils successfully opposed attempts in the early fourteenth century to establish competing fairs at Nîmes, Saint-Thibéry, Caux, Villemagne and Lodève. After 1350, however, a growing number of new fairs withstood Pézenas' and Montagnac's hostility, suggesting once again that regional trade was increasing; regional fairs were developing at the same time in southern Languedoc around Toulouse. Elsewhere in France one finds increasing numbers of fairs in Forez after the 1330s, and in Brittany and Burgundy after 1400.

Similar patterns can be discerned further north in Flanders, where regional fairs increased significantly in the 1360s under count Louis of Mâle and then again during the fifteenth century, and in the northern Low Countries in the late fourteenth and early fifteenth centuries under the counts of Holland. The same process occurred in fifteenth-century Germany and further east in Poland.

To sum up this far, therefore, it seems clear that insofar as regional fairs can be taken to represent regional market structures more generally, and despite

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52 Ibid., pp. 250-9.
53 Wolff, Commerce, pp. 201, 518.
54 Fournial, Villes, pp. 392-99; Fournial, "Lettres comtales".
56 Richard, "Reconstruction".
57 These local studies integrate the earlier work by Huvelin, Essai, and Gandilhon, Politique économique, pp. 217-39.
58 Poignant, Foire de Lille, pp. 36-58.
60 Cohn, Government, pp. 174-5; above, n. 20.
61 Above, n. 21.
certain chronological and geographical differences (about which more below), regional trade networks developed in remarkably similar ways across the whole of late medieval Europe. The main exception seems to have been England, which differed in two significant respects. First, both markets and fairs seem to have been more common in England before the Black Death than elsewhere in western Europe; up to 1200 weekly markets and over 1500 fairs were granted by English kings between 1200 and 1349. Second, English trading networks appear to have partly collapsed after the mid-fourteenth century, when hundreds of weekly markets and a lesser number of fairs disappeared without trace. In contrast with Continental Europe, new fairs were seldom granted after 1350, and a large proportion of concessions went to what were already well-established marketplaces, the larger towns and boroughs. In Essex, for example, 23 fairs were granted in 1200-49, 38 in 1250-99, 21 in 1300-49, but only 9 between 1350 and 1499, and the pattern is repeated in Derbyshire, Lancashire, Northamptonshire, Nottinghamshire, Staffordshire, Yorkshire and Suffolk.

Late medieval England seems therefore to have gone against the European current. Yet there is mounting evidence that regional specialization and domestic trade were also increasing in England after the Black Death. How can the two...
facts be reconciled? Under what circumstances could new, more efficient market structures evolve?

III

Periodic markets provide economies of scale for the collection, processing and dissemination of commodities and information. Since they can survive only if the fixed costs associated with establishing secure trade links can be met, over the longer term the number of periodic markets can only increase if the initial set-up and recurring organizational costs (the market threshold) are reduced. This is precisely what occurred during the later Middle Ages.

There are currently two kinds of explanation for the rise of regional fairs. Some historians appeal to changes in institutional supply, in particular to the growth of more powerful, centralized territorial and national states. This was undoubtedly a powerful factor. States wished to grant new fairs for several reasons. Grants were part of a more complex strategy that aimed to assert the state’s legal, fiscal and political prerogatives over regalian rights (which included the right to hold markets) throughout its territory; most states first established a monopoly over these rights in the course of the fourteenth and early fifteenth centuries. Further, grants also had to be paid for, and trade between and at the fairs themselves was often subject to excise, so concessions were financially

"Trade Relations".


70 Huvelin, Essai, p. 185.

71 Ibid., pp. 21, 185-8, 241-2; Epstein, Island, p. 113. For earlier periods see Lombard-Jourdan, "Y a-t-il une protohistoire"; Lombard-Jourdan, "Foyres"; Endemann, Marktkunde; Mitterauer, "Jahrmärkte"; Mitterauer, "Continuité".

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appealing. Finally, it is sometimes argued that late medieval rulers pursued deliberate proto-mercantilist policies to expand the domestic economy through trade. The latter, however, only seems to apply to some major international events (such as Louis XI's campaign to divert trade from the fairs of Geneva towards Lyon), rather than to the great mass of regional fairs we are concerned with here; once the latter had been established, central authorities by and large ignored them.

Critics of this top-down approach to institutional change point out that a market institution will not survive for long where trade is absent or in decline. They argue instead that late medieval fairs were established mainly in response to a rise in demand due to growing regional trade, indeed, the fact that new fairs emerged at the height of demographic depression suggests that late medieval trade was increasing not only in per capita but also in absolute terms. Commercial expansion lowered the marginal cost of setting up new fairs, and also

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72 Transaction costs also increased after the mid-fourteenth century because of rising indirect taxation by central states (see Genet and Le Mené, eds., Genèse; on the stricter definition of frontiers and the consequent enforcement of royal excise see Mackay, "Existieron aduanas"); state formation must therefore be considered a subsidiary reason for the growth of more complex market structures (Ladero Quesada, "Ferias," p. 313). Rising tolls on trade cannot have been the main cause of market innovation, however, since many fairs were not exempt from excise; excise may have actually increased in response to a perceived growth in the overall volume of trade and to a weakening of seigneurial control over local markets.


74 Ibid., pp. 223-34; Bresard, Foires de Lyon; Bergier, "De nundinis rehabendis".

75 Mira, Fiere, pp. 27, 110; Ladero Quesada, "Ferias," p. 323. The fact that many concessionaires requested a fair alleging economic decline is not proof that aggregate trade was contracting (Epstein, Island, p. 116).

76 See above, n. 72.
put pressure on states to lower transaction costs by providing legal support for fair franchises and commercial transactions.\textsuperscript{77} While dispensing with the view that markets can be established by government fiat, however, this second, functionalist approach to institutional innovation (to which I have subscribed so far) draws on the equally unsatisfactory assumption that institutions derive purely from changes in underlying endowments, and hence that efficient institutions prevail.\textsuperscript{78} This is to ignore the fact that institutions evolve as a result of competing individual and collective claims over resources, and that when change does occur, it is not inevitably or indeed customarily Pareto-efficient. In our case, for example, a functionalist approach is unable to explain why (in the presence of fundamentally similar economic constraints, in particular of the common exogenous shock of the bubonic plague) the chronology and territorial distribution of new fairs differed quite widely between regions. It also eschews the broader counterfactual question why some institutions change rather than others.\textsuperscript{79}.

It might seem reasonable at first glance to strike a compromise between the political and the economic-functionalist explanations by combining demand for, and supply of, institutional change in a two-way causal model.\textsuperscript{80} Yet this solution still begs important questions: Why were fairs such a popular means of commercial innovation? Why could states act as they did? Did the growth of regional fairs have broader institutional consequences? And finally, how can we

\textsuperscript{77} Larger states also lowered information costs. The dukes of Milan, for example, had fair bans read throughout their territory in the fifteenth century (Mira, \textit{Fiere}, pp. 93-4; Franceschini, "Invito ai senesi"; Motta, "Lettere ducali," pp. 32-3, 40).

\textsuperscript{78} See North and Thomas, \textit{Rise}, pp. 79-81.

\textsuperscript{79} This problem is analogous to that of the "prominence" of certain conventions discussed by Sugden, \textit{Economics of Rights}, pp. 47-52, 91-9.

\textsuperscript{80} As for example in Mira, \textit{Fiere}, pp. 110-11. I do not think that the problem can be solved by arguing that the late medieval state grew in response to changes in interregional trade, be it contracting (North and Thomas, \textit{Rise}, pp. 87, 88) or expanding (Friedman, "Theory," pp. 63-5; Braudel, \textit{Civilisation}, p. 515).
explain differences in the rate of market innovation, in particular the contrasting example of England?

Fairs were a favoured solution to rising transaction costs mainly for two reasons. In the first place, they required little fixed capital investment and could be easily moved in time or space; hence they responded far more flexibly to changes in the pattern and intensity of trade than did "permanent fairs" like towns.81 Secondly, fairs were an unusually well-tried commercial institution. There had already been two great waves of fair expansion before the period we are concerned with, first during the ninth century and then in the course of the eleventh and twelfth;82 responding to post-Black Death developments by demanding new fairs was therefore in practice nothing new. In Sugden's words, fairs were "prominent" solutions to problems of coordination of competing social and economic claims.83

But although late medieval states promoted regional fairs for both political and financial purposes, the main reason why those policies were successful was beyond any state's control; in the last resort, the outcome depended on our third factor, namely the degree of local support the new fair could lay claim to. Fairs were popular precisely because their potential range of support was typically very broad. Besides the grantee itself, backers included anyone, be it lord, burgess or peasant, who wished to increase trade for economic or fiscal reasons. Opposition was usually restricted to neighbouring communities (such as Pézenas and Montagnac in Languedoc), and could be met by simply making sure that the date of the new fair did not overlap with existing nearby events.


83 See above, n. 79.
Yet, although low set-up costs, institutional prominence and breadth of support explain why fairs could be so easily adopted after the Black Death, they do not explain why the rate of innovation differed quite so markedly between regions. Two such explanations spring to mind. One might, on the one hand, assume that a lack of fairs in some regions reflects the absence of demand, that is, of supporting trade; but unfortunately this answer falls prey to circularity, since our main measure of trade is provided by the fairs themselves. One could, on the other hand, take the absence of fairs as proof of poor institutional supply, that is, of weak political support. But although this alternative solution is not logically flawed, it faces the problem of all arguments from silence: how can an act of institutional omission -- or rather, an unaccomplished act -- be satisfactorily proven?

Happily, the dilemma can be overcome because of a number of instances in which the growth of periodic markets under the aegis of rising territorial states was unsuccessfully opposed by lesser corporate bodies. These bodies were the great medieval cities, which drew power and wealth from jurisdictional monopolies over rural trade, and thus were directly threatened by the rise of independent fairs in the countryside. It is precisely the failure of these cities to oppose institutional innovation, which is documented, that provides a crucial clue to the existence and possible character of successful opposition elsewhere, which by contrast has left no written trace.

A well-documented example of unsuccessful resistance is that of late fourteenth- and fifteenth-century Lombardy. Here, the power of formerly independent city-states over their rural hinterland came under increasing attack from the dukes of Milan, who needed to develop alternative bases of political support in the countryside.84 One solution these territorial lords adopted, particularly during the fifteenth century, was to establish or strengthen the jurisdictional independence of rural or semi-urban communities from traditional

84 Epstein, "Manifatture"; Epstein, "Town and Country".
communal rule. The latter included authority over rural fairs and markets. Between 1447 and 1450 duke Francesco Sforza received dozens of community petitions that challenged the cities' authority by invoking free trade, including the right to hold markets and fairs despite considerable urban hostility. The stakes in this conflict were not limited to institutions governing exchange. "Rural" cloth manufactures, for example, developed after the 1350s only where, and because, Lombard cities were unable to enforce a territorial monopoly over primary materials, financial capital and labour.

In late medieval Lombardy, in short, fairs were allowed to proliferate thanks to the redistribution of political authority from the city-states to the territorial lord and to lesser towns and communities which accompanied the growth of the regional state; new fairs emerged mainly in Lombardy's frontier regions where urban jurisdiction was weakest.

Lack of research on these issues makes it as yet hard to corroborate what the Lombard example suggests, that independent marketing events were able to emerge only within an adequate political and institutional framework and that cities were independent markets' most determined foes. Nonetheless, this line of argument seems to explain the rapid growth of Flemish rural fairs in the 1360s, at a time when Count Louis of Mâle was vigorously supporting the countryside against attempts to expand territorial lordship by Ghent, Bruges and Ypres.

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85 Chittolini, "Governo ducale"; Chittolini, "Terre separate"; Chittolini, "Legislazione statutaria".
87 Epstein, "Manifatture".
88 Smith, "Regional Economic Systems," p. 35.
89 See above, n. 58.
90 Nicholas, Town and Countryside, pp.12, 333-4. By contrast, it has been argued that late medieval Holland lacked fairs because of its proximity to the sea (Feenstra, "Foires").
Similarly in fifteenth-century Castile, new seigneurial fairs and markets proliferated despite strong adverse lobbying by royal towns, for the Castilian monarchy was in no position to alienate the aristocracy;\(^91\) whereas the ease with which new fairs could be established in Sicily and on the southern mainland seems to have been due to unusually weak urban rights over the countryside.\(^92\) On the other hand, the less easily established claim that low numbers of fairs in some regions are a result of urban institutional and economic hegemony finds support in the case of late medieval Umbria and Perugia.

If one expands the previous argument to suggest that institutional conditions of supply were as or more significant than commercial demand in giving shape to markets, it also becomes possible to explain the apparent anomaly of declining numbers of English periodic markets after the Black Death. The root of the contrast with contemporary Continental developments seems to lie in the character of English institutions. Whereas most European states established royal rights over periodic markets only in the fourteenth and early fifteenth centuries, the English monarchy had done so already by the late twelfth century.\(^93\) This early political centralization, together with weak urban jurisdictions,\(^94\) considerably reduced the costs of establishing new rural markets and fairs, and explains the latter's extraordinary rate of growth in the century and a half before the Black Death. By the late thirteenth century, in fact, unusually low entry costs

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\(^91\) Ladero Quesada, "Ferias," p. 312.

\(^92\) Epstein, "Town and Country". For another case supporting this conclusion, see Peyrard, "Foires franches".

\(^93\) Britnell, "Essex Markets"; Britnell, "King John's Early Grants"; Britnell, "English Markets"; Cate, "Church". However, not all periodic markets received an official charter (Britnell, "Proliferation," p. 211; Farmer, "Marketing," p. 325).

\(^94\) Reynolds, Introduction, pp. 102-17.
may have allowed supply to exceed commercial needs. On these grounds, the declining number of markets and fairs after 1350 does not conflict with evidence of increasing territorial specialization; contracting numbers seem more consistent with rising economies of scale in regional trade than with general economic decline.

IV

Throughout the Middle Ages, seigneurial and urban jurisdiction over trade constituted a system of "surplus extraction by means of extra-economic compulsion" as or more powerful than production relations like serfdom. The system tended to dissuade the peasantry from producing regularly for the market; it therefore placed severe long-term constraints on technological innovation and economic growth. The weakening of those jurisdicational bonds after the mid-fourteenth century established a critical precondition for more rapid growth.


96 See Dyer, Decline and Growth, pp. 18-19; Wood, "Population density". This explanation does not contradict arguments that there was a shift after the mid-fourteenth century to other forms (Harvey, "Non-Agrarian Activities"; Postles, "Markets," p. 22; Farmer, "Marketing," p. 339) or arenas (Hilton, "Medieval Market Towns," pp. 9-11) of trade. My line of argument is given support by the peasants' request in 1381 to gain free access to rural markets (Oman, Great revolt, p.64). Note that a reduction in the number of periodic markets need not be the result only of "rationalization" induced by depopulation. As Jones, "Production" points out, an increase in the price or volume of a peasant's marketed output can reduce the time he devotes to marketing directly. This will make the peasant spend less time in each market or, more likely, frequent fewer markets. (The opposite argument, that peasants engaged in direct marketing when their surpluses were larger, is made by Bois, Crisis of Feudalism, pp. 365-7 for late fifteenth-century Normandy). For the more general argument about productivity gains from organizational change (specialization) that reduces the proportion of a peasant household's labour devoted to non-agricultural activities (known as "Z-goods" after Hymer and Resnick, "Model"), see Epstein, Island, p. 76 n. 5.

97 This is implied by Britnell, "Proliferation," pp. 217-21.

through trade and specialization. Yet the nature of this process was primarily social and political, rather than economic. New markets developed when and where coalitions supporting institutional innovation could overcome political opposition, in particular by the more powerful cities, whose short-term survival seemed to depend on privileged access to the hinterland's resources.

Late medieval European fairs provide a clear example of how markets, as sets of enforceable norms, are shaped by collective ability to sanction institutional stability or change. These norms are the result of political contestation, whose rules lie outside the economy itself. Although the main impetus towards institutional innovation comes from changes in factor prices, which in the Middle Ages were the result principally of demographic change, the relation between demographic, hence economic, and institutional change was far from straightforward.

In the first place, in contrast with the widespread postulate that demographic growth is the main (exogenous) factor of economic development (and hence of change in economic institutions), the evidence suggests that demographic decline could also have positive consequences if it was associated with an increase (in either relative or absolute terms) of aggregate demand, as seems to have occurred in many parts of Europe after 1348-50; conversely, the high rate of expansion of markets and fairs in England before the Black Death

99 Ibid., p. 7.

100 Epstein, "Town and Country," pp. **. This turns on its head the recently rediscovered thesis that European "capitalism" emerged from the struggle between trade-oriented cities and fiscally rapacious states (Hall, Powers and liberties, ch.5; Tilly, Coercion; Blockmans, "Voracious States"; Blockmans, "Princes conquérants").

101 Bardhan, "New Institutional Economics"; Bardhan, "Concept of Power".

102 As Field, "Problem," p. 188 argues, it is "necessary for us to grant rules a quasi-autonomous existence".

103 North and Thomas, Rise; North, Structure and change.
cannot simply be a consequence of demographic and economic growth.\textsuperscript{104}

This leads directly to the second conclusion, which is that the effect of population change on institutions is not direct, but is mediated by the structure of income distribution; for whatever the effects of demographic decline on the late medieval economy, the shape and rate of subsequent regional growth was more directly determined by the balance of political and social power. A sustained and irreversible process of growth required two essential institutional pre-requisites: a transformation of relations of production towards more flexible, market-oriented forms, and a loosening of constraints on distribution, that is, a reduction of rising transaction costs through institutional change. The extent to which both processes could occur, the opportunities therefore for long-term economic growth, varied considerably between different socio-institutional contexts and was not predetermined. The outcome of the socio-economic struggle depended on processes of late medieval state formation which lie beyond the scope of this article.\textsuperscript{105} Yet on the evidence provided here, late medieval Lombardy, Sicily, and Languedoc, for example, had a better chance of achieving long-term economic growth than did late medieval Umbria.

The debate on the late medieval crisis has focused mainly on the first term of the binomial, production relations (especially property rights to land), on the assumption that changes therein are the necessary and sufficient precondition, and so provide the most significant proof, of a transition to a "capitalist" economy with


\textsuperscript{105} The kind of analysis of these processes I have in mind is set out in Epstein, Island, ch. 7.
the inbuilt dynamism that "feudal" societies lacked.106 But while it is true that changes in property rights must feature in any explanation of the transition, the issue has also been over-emphasized, and has therefore masked the very diverse economic strategies that formally identical property relations can embody. The essentialist fallacy of deducing an individual's economic behaviour from property rights alone comes from ignoring the crucial role played by markets -- also during the Middle Ages -- in shaping economic incentives and strategies.107 Once one accepts that role, it follows that improvements in the distribution of information (such as prices) and goods can significantly increase social rates of return with no corresponding short-term change in property rights.108 Late medieval regional fairs, I have suggested, provided just this kind of distributional improvement.

This argument suggests in turn that the main constraints on the "feudal mode of production" may have been not inherent technological stagnation and a tradition-bound peasantry, as both neo-Malthusians and neo-Ricardians and many Marxists argue, but the institutional fragmentation and the seigneurial and urban hold over markets that were a structural feature of medieval society, and that were being constantly put to the test by the equally inbuilt, long-term growth of peasant petty commodity production.109 The ambiguity of English lords' attitudes to markets reflects well this conflict between forces pressing for economic growth and the institutions that bounded them. Medieval English lords of the manor were happy both to establish new periodic markets to dispose of their own and their subjects' produce, and -- as the peasants' demand in the revolt of 1381 for the free

106 This assumption explains, for example, why the demise of serfdom in England after the Black Death plays such a crucial role in the so-called "transition debate," despite the fact that in other parts of Europe serfdom had disappeared up to a century before. See Aston and Philpin, eds., Brenner debate.

107 Epstein, Island, p. 22.

108 See North, "Sources" and Reed, "Transactions Costs" for examples.

use of markets reminds us\textsuperscript{110} -- to restrict the peasants' access to competing events nearby.

We might sum up this point by saying that seigneurial lords were not hostile to markets in principle, but that the medieval fragmentation of public authority which enabled them to bring markets under their jurisdiction had the undesirable counter-effect of slowing down further expansion of trade. This explains why rural lords were keen to set up regional fairs after the Black Death when land revenues were declining,\textsuperscript{111} despite the fact that in the process, lords were losing their right to establish public markets to central states. Indeed, the fact that the strongest opposition to the new late medieval fairs came from towns rather than from rural lords should help lay to rest that recurrent historiographical myth, the antinomy between feudalism and trade.\textsuperscript{112}

\textsuperscript{110} Above, n. 96.

\textsuperscript{111} Above, n. 91; Epstein, \textit{Island}, p. 333.

\textsuperscript{112} As stated for example by Pirenne, \textit{Histoire économique}, pp. 69-70; Postan, \textit{Medieval Economy}, pp. 234-5; Brenner, "Bourgeois Revolution"; Brenner, "Economic Backwardness".
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