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The Origin and Development of Markets: A Business History Perspective

The origins of the market are obscure, but substantial documentary evidence survives from the eleventh century onward, when chartered markets and new towns were established across Western Europe. The expansion of the market system is important for business history because it created new opportunities for business growth. There has been no systematic literature review on market evolution since Henri Pirenne and Raymond de Roover, and this article attempts to fill the gap. It shows that successful markets were regulated—often by civic authorities—to maintain a reputation for reasonable prices and quality control. Markets were located at both transport hubs and centers of consumption, even when the latter were quite remote. However, as transport and communication costs declined, shakeouts occurred and only the larger markets survived.

According to Adam Smith, "The division of labour is limited by the extent of the market."[1] The market is the key to specialization. Firms cannot specialize in particular product lines, or particular stages of production, if they cannot sell a sufficient quantity of their output. It is the growth of the market that facilitates both the emergence of new production methods and the growth of the firms and industries that exploit these methods. The market does not just allocate resources—it stimulates innovation too.

The market is an arena of competition. In a market where entry is easy, monopoly power is eroded by the entry of competitors. Even in

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[1] Adam Smith, *Wealth of Nations*, Glasgow edition (Oxford, 1976), 34.

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innovative high-technology industries, firms circumvent each other's patents, and patents themselves expire. Eventually, the entry of followers may stabilize the market as an oligopoly, in which several firms share the market.

Historical grand narratives of the growth of markets take various forms. Whiggish economic liberals have argued that the dominance of the market represents the "end of history." The growth of international commodity markets in the nineteenth century and the spread of global brands in the second half of the twentieth century, they argue, testify to the vitality and resilience of the market system. Conversely, the collapse of Soviet Communism and the liberalization of Chinese economic policy point to the demise of central planning as a viable alternative to the price system.

Others have argued, however, that the market is merely a device by which powerful economic agents appropriate monopoly rents. These agents may be large corporations, such as the trusts created by the robber barons of the Gilded Age, or powerful trade unions that bargain for a share of business profits for their members.

Discussion of the market reveals not only political divisions among historians, but professional and cultural divisions too. Sociologists and cultural historians emphasize the institutional embeddedness of the market. Trade can be personal as well as impersonal: within a supply chain, for example, transactions between firms may be mediated by personal relations and shared affiliations between the owners and managers involved. Economic historians, by contrast, emphasize the impersonal nature of markets and the opportunities for speculation and arbitrage that they afford. To economic historians, institutional embeddedness generally refers, not to social interaction and shared identity, but to property rights and the law. Efficient commercial law underpins and supports sophisticated contracts, such as forward sales, futures markets, and derivatives. Although speculators may extract profit from markets, they may still benefit customers and suppliers, it is claimed, because they provide them with opportunities for hedging, and they also tend to reduce price differentials between locations (so-called market integration).

Business historians also differ from economic historians on the subject. When analyzing economic progress, many economic historians see markets as central and individual businesses as only incidental. While entrepreneurs may determine the strategies of their businesses, market competition selects the businesses that pursue the most efficient strategies, thereby determining the pattern of business success and failure. Business historians, by contrast, have traditionally seen firms as much more autonomous and markets as mainly responsive to firms. Until 1980, under the influence of Alfred D. Chandler Jr., business history focused heavily on the evolution of the modern corporation.[2] The study of markets was, to some extent, reduced to the study of the marketing activities of large firms—their creation of demand through salesmanship and advertising, and their use of first-mover advantage to gain monopoly power. Since 1980, however, there has been significant convergence between economic and business history, although a considerable gap remains. For example, both economic and business historians have examined the history of antitrust, the regulation of utilities, and the evolution of modern financial markets from broadly similar points of view.[3]

There is, however, a difference in the U.S. and European perspectives on markets within the business history profession. These reflect the political and institutional context in which markets developed. The historical development of markets in the U.S. was strongly linked to the development and refinement of a "free market" ethos.[4] In its populist form, this ethos emphasized the right of any citizen to set up a small business and to enter any market in order to compete with established firms. The federal government intervened in markets in order to protect this right of entry. While it supported U.S. firms in expanding overseas, and sometimes in restricting imports, it did not support their strategies to counter indigenous competition at home.

In Europe, organized markets developed much earlier than in the U.S. As a result, twentieth-century European governments regarded the market as an institutional legacy of the Middle Ages. It was something that, traditionally, could be regulated for a variety of reasons. These included maintaining quality through statutory inspection of goods, and by regulating prices, not only to protect consumers, but also to secure a living for poor producers. Some European governments also regarded markets as being rather feeble at allocating resources, and so they intervened from time to time to promote the rationalization of industries. One consequence of this is that European governments have often promoted cartels, rather than outlawing them, as has been done in the U.S.

[2] Alfred D. Chandler Jr., *Strategy and Structure: Chapters in the History of the Industrial Enterprise* (Cambridge, Mass., 1962).

[3] Thomas K. McCraw, *Regulation in Perspective: Historical Essays* (Cambridge, Mass., 1982); Richard H. K. Vietor, *Contrived Competition: Regulation and Deregulation in America* (Cambridge, Mass., 1994). On parallel and complementary approaches to financial markets, see Youssef Cassis, *Capitals of Capital* (Cambridge, U.K., 2010), and Ranald Michie, *The Global Securities Market: A History* (Oxford, 2010).

[4] James Willard Hurst, *Law and Markets in United States History* (Madison, Wisc., 1982).

Scope of the Article

In this article, we attempt to bridge the gaps between the different disciplines and schools of thought identified above. Our focus on the early history of markets in Europe is appropriate for two reasons: First, because the subject relates to a period before the formal market system began to develop in the U.S., we cover a period for which there is no analogous chronology in U.S. history. It is also a period that is easily misunderstood by business historians—both in the U.S. and Europe—who focus exclusively on the modern period. The second reason is that the literature on the early development of markets in Europe has not recently been synthesized in a convenient form. Scholars seeking a synthetic view are forced to rely on classic sources, such as the writings of Henri Pirenne and Raymond de Roover, which obviously do not cover recent research.[5] The sources of relevant literature are, moreover, extremely diverse. Key findings are scattered across numerous books and journals in law, finance, urban studies, regional studies, and agricultural history, as well as economic and business history. It seems that because markets are so politically controversial, and because the sources of information about them are so diverse, modern academics have been deterred from attempting to review the field.

The ambitious nature of the task means that we can only address the most important topics. We therefore focus on product markets, rather than factor markets, thereby ignoring markets for labor and capital. Factor markets have their own special institutional arrangements—that is, collective bargaining, stock exchanges—which require detailed discussion in their own right. We survey developments in the U.S. only insofar as they built on earlier developments in Europe—such as the development of mass marketing in the late nineteenth and early twentieth centuries. For reasons of space, we omit markets in Asia, Africa, and the Middle East. Our coverage of marketing innovations ends before the supermarket and the development of e-commerce. The delocalization of markets by the Internet has profound implications for the market system, making it a subject that would be premature to evaluate at this stage.

The earliest evidence for markets is mainly archaeological and comes from Babylon and the early Middle Eastern and Mediterranean empires. The interpretation of these very early sources has proved extremely controversial, as Karl Polanyi and his followers discovered to their cost.[6] A comprehensive set of written records (mainly charters)

[5] Henri Pirenne, *Medieval Cities*, trans. F. D. Halsey (Princeton, N.J., 1925); Raymond de Roover, *The Rise and Decline of the Medici Bank, 1397–1494* (Cambridge, Mass., 1963).

[6] Karl Polanyi, *The Great Transformation* (New York, 1971).

appears first in Europe in the eleventh century, and so that is where this account begins. We concentrate on northern Europe, where many of the main developments occurred. We also discuss later developments from the eighteenth century onward, as well as developments in the U.S., but treat the latter more briefly, because they are thoroughly described elsewhere.

We recognize the different ways in which the term "market" is employed in the literature. In economics, the market is often described in abstract terms as an intersection of supply and demand. The play of competitive forces is assumed to generate an equilibrium market price. This raises the question of where the market is actually located and where the people who use the market actually reside. The answers to these questions lead to the concept of the market as a place, serving a particular area in which its participants reside. The participants meet at the market because it is an information hub.

Historically, market behavior has always been governed by rules, although they have been more intrusive for some commodities and in some localities than others. These rules relate to pricing, quality control, freedom of entry, and so on. They are enforced by law, by agreement, and by social convention. They provide reassurance to customers and help to maintain the reputation of the capitalist market system. Today, these rules are most apparent in the case of regulated natural monopolies, such as utilities, but in fact they apply to all markets.

The field of competition may be local, regional, national, or global. Some commodities, such as grain, are easier to standardize, while others, such as high-value textiles, are easier to transport. Throughout recorded history, the costs of exchanging information and transporting goods have followed a downward trend, punctuated by periods of war, protectionism, and natural disaster. As the cost of distance has fallen, so the field of competition has expanded, and goods that were once traded only locally become traded internationally instead.

Long-distance trade stimulates the growth of hubs where routes converge, and where goods are transshipped from one mode of transport to another. Such hubs are natural market centers, but they are also much more. By studying the variety of products available from distant sources, ideas for new products—or new combinations, as Joseph Schumpeter called them—are generated in the minds of traders and their customers.[7] The market acts as a spur to innovation. The bigger the market, and the wider the area it serves, the more profound its innovations are likely to be.

[7] Joseph A. Schumpeter, *Theory of Economic Development*, ed. Redvers Opie (Cambridge, Mass., 1934).

Markets may be formal or informal. In a formal market, transactions are transparent and governed by regulations. Formal markets are open regularly at fixed hours for the exchange of a stipulated range of commodities at either the wholesale or retail level. Trust between transactors is based upon trust in the system, rather than (or as well as) personal knowledge. Large transactions may be witnessed, and, if credit is involved, then a record will almost certainly be kept. A formal market is therefore a specialized institution for the facilitation of transactions. It is normally associated with a concentration of transactions at a specific location, such as a marketplace, where infrastructure (e.g., a market hall and surrounding shops, inns, and taverns for refreshment) is provided. By contrast, an informal market can be based at any convenient place, such as the street corner or the doorstep. Informal transactions tend to be small, lightly regulated, dispersed over a range of locations, and dependent on personal trust, rather than on trust in the system.

The development of markets cannot be studied without reference to complementary institutions. In early western Europe, for example, marketplaces often developed close to castles, monasteries, or royal (or aristocratic) residences. These large centers of consumption attracted sellers of goods, including luxuries as well as necessities. As major landowners, the occupants of these establishments often promoted the local market as a speculative business investment. A well-situated market—for example, near the bridging point of a river—would stimulate the growth of a town. The town would protect its trading privileges with a charter, in return for which it would normally pay a fee or a fixed annual sum, known as the farm, in lieu of all its revenues. In a self-governing town, the local burgesses who had purchased plots from the landowner would regulate the market and collect tolls from which to finance the farm. Local merchants and artisans would be controlled through self-governing guilds, while regulations would be enforced by local officials. It is by synthesizing information from the records of these other institutions that much of the evidence on early markets is compiled.

Formal markets with a statutory or legal basis tend to receive the greatest coverage in the literature. References to the existence of markets and fairs, as well as evidence relating to their operation and regulation, are found in national and local records.[8] The disappearance of

[8] Richard H. Britnell, "The Proliferation of Markets in England, 1200–1349," *Economic History Review*, 2nd ser., 34 (1981): 209–21; Samantha Letters, with Mario Fernandes, Derek Keene, and Olwen Myhill, *Gazetteer of Markets and Fairs in England and Wales to 1516* (Kew, Surrey, 2003), available online at the Centre for Metropolitan History Web site: http://www.history.ac.uk/cmh/gaz/gazweb2.html, accessed 5 Dec. 2010; Jessica Dijkman, "Medieval Market Institutions: The Organisation of Commodity Markets in Holland, c.1200–c.1450," PhD diss., University of Utrecht, 2010, 295–314.

these institutions is more difficult to trace, as there are few sources that provide precise dates or reasons for failure. Occasionally, evidence can be found in contemporary descriptions about settlement decline, but more often the researcher is forced to rely on the absence of evidence.[9] Manorial records can provide extensive details about the institutionalized history of trade, but they reveal little about informal marketing networks.[10] Records of individuals and businesses, including merchants' accounts and correspondence, and accounts of buyers and sellers, including farming and household accounts, tend to survive for larger institutions. It is much more difficult to trace the activities of peddlers, hawkers, and other petty traders. Private sales, such as those made at the farm gate or at an inn, usually rely on chance references. Despite these deficiencies in the documentary evidence, historians have produced an extensive literature on the evolution of markets, including studies of markets and fairs, shops and informal markets, buyers and sellers, and market regulation.

We have identified five hypotheses from an analysis of the literature, and have examined them in turn in the following sections of this article:

1. The development of markets was slow, complex, and not always linear.
2. Institutional arrangements, including formal and informal constraints, shaped market development.
3. Large-scale consumers have always been a major factor in the growth of markets, although the nature of these consumers has changed over time.
4. Competition between market centers, driven by changes in demand and technological advances in transport and communications, leads to the restructuring of marketing networks.
5. Informal markets have always played a prominent role in trade.

The results of these examinations are summarized and synthesized in the concluding section where we review the wider significance of market evolution for business and economic history, and consider implications for future research.

The Slow, Complex Development of Markets

Recent studies of market development have challenged older works that interpreted development essentially in terms of linear progression.

[9] Patrick O'Flanagan, "Markets and Fairs in Ireland, 1600–1800: Index of Economic Development and Regional Growth," *Journal of Historical Geography* 11, no. 4 (1985): 366.

[10] Mark Bailey, "Trade and Towns in Medieval England: New Insights from Familiar Sources," *The Local Historian* 29 (1999): 194–211.

Traditional explanations for the growth of markets, based on the commercialization hypothesis, argued that economic progress and urbanization transformed primitive, local, and fragmented marketing outlets, such as fairs, markets, and itinerant tradesmen, into large-scale, integrated, and modern facilities, such as fixed shops. Older works, which tended to focus on the largest cities and leading merchants, have now been balanced by more recent research on smaller urban centers and humbler traders. There is now a greater emphasis on interrelations among local, regional, national, and international marketing networks, as explained below.[11]

The period 1050–1330 saw a remarkable multiplication and spatial diffusion of formal markets and fairs throughout Europe, accompanying growing population, production, and exchange. Markets in this period are easier to identify in regions where they were a distinct franchise, such as England, and were consequently widely documented, than in areas where they were more closely entwined in a complex series of rights, such as Italy and southern France. In England, markets and fairs were granted by the Crown, and the process of securing a grant required a jury to determine whether the proposal would be to the detriment of the Crown or other holders of existing rights within a county. The risk of being prosecuted for an unlicensed market led English landlords to apply for licenses for minor trading institutions that would probably not have needed a charter in other parts of Europe. Even so, the creation of markets, often associated with new towns where agricultural surpluses were exchanged for manufactured goods and services, occurred in areas as diverse as Poland, the Iberian Peninsula, Gascony, Scotland, and Ireland.[12]

Complementing the rapid expansion of formal markets for local produce between the twelfth and fourteenth centuries was a similar growth in the number of fairs providing outlets for longer distance and higher-value trade. Fairs were usually held annually, and as many had their origins in church festivals, the dates were often tied to the dedication of the local church. The large crowds on these feast days provided potential customers and opportunities for trade, and fairs also served

[11] Bruno Blondé, Peter Stabel, Jon Stobart, and Ilja Van Damme, "Retail Circuits and Practices in Medieval and Early Modern Europe: An Introduction," in *Buyers and Sellers: Retail Circuits and Practices in Medieval and Early Modern Europe*, ed. Bruno Blondé et al. (Turnhout, Belgium, 2006), 7–30; Wendy Thwaites, "Farmers, Markets and Trade in England, 1200–1900," *The Local Historian* 37 (2007): 76–98.

[12] Richard H. Britnell, "Local Trade, Remote Trade: Institutions, Information, and Market Integration, 1050–1330," in *Fiere e mercati nella integrazione delle economie europee, secc. XIII–XVIII*, ed. Simonetta Cavaciocchi (Florence, 2001), 185–89; R. W. Hoyle, "New Markets and Fairs in the Yorkshire Dales, 1550–1750," in *Post-medieval Landscapes*, ed. P. S. Barnwell and Marilyn Palmer (Macclesfield, 2007), 94.

as social occasions. Fairs ranged from small local affairs to regional, national, and international events. Four cycles of international fairs developed in Champagne, eastern England, Flanders, and along the lower Rhine during the twelfth century.

Fairs provided supplies of high-value commodities to economies where demand for such commodities was fairly low, and where shopkeepers could not generally afford the outlay involved in stocking goods on a permanent basis. As demand grew from the later thirteenth century, however, some of these high-value commodities became available through shops.[13]

Shops had higher overhead costs, but they offered a permanent site of exchange and a continuous relationship between the vendor and consumer. The traditional view, articulated by James Jeffreys, that modern retailing was defined by the emergence of fixed shops, replacing markets, fairs, and itinerant tradesmen, is not supported by the evidence of preindustrial retailing.[14] Distinctions between markets and shops were not always clear cut. Shops (fixed or enclosed retail outlets) could be found both within and outside the marketplace, and the presence of fixed retailers and wholesalers could blur distinctions between what was traded inside and outside markets.[15] Shops, often forming centers of production (or "workshops") and family dwellings of artisans, were characteristic of even the smallest towns by 1300. In prime trading areas though, where space was most valuable, shops could be solely retail enterprises. In the thirteenth and early fourteenth centuries, in the Cheapside district of London, shops were commonly less than two meters by three meters in floor area. Behind such shops, "selds" were often found—bazaar-like structures, set back from the street. Many trading practices, including strategies for attracting customers and displaying goods, as well as social practices associated with shopping, were well established by this period.[16]

The scope of markets expanded steadily from the fifteenth through to the seventeenth century. There were periods of rapid expansion, linked to the expansion of credit and the growth of international and interregional trade, but there were also periods of stagnation or contraction connected with wars, famines, and political instability.

[13] Steven A. Epstein, *An Economic and Social History of Later Medieval Europe, 1000–1500* (Cambridge, U.K., 2009), 81–83; Ellen Moore, *The Fairs of Medieval England: An Introductory Study* (Toronto, 1985); B. J. P. van Bavel, *Manors and Markets: Economy and Society in the Low Countries, 500–1600* (Oxford, 2010), 221–24.

[14] James B. Jeffreys, *Retail Trading in Britain, 1850–1950* (Cambridge, U.K., 1954).

[15] Colin Smith, "The Wholesale and Retail Markets of London, 1660–1840," *Economic History Review* 55 (2002): 35.

[16] Derek Keene, "Sites of Desire: Shops, Selds and Wardrobes in London and Other English Cities, 1100–1550," in *Buyers and Sellers: Retail Circuits and Practices in Medieval and Early Modern Europe*, ed. Bruno Blondé et al. (Turnhout, Belgium, 2006), 125–53.

Major developments in retailing occurred in European cities during the eighteenth century as incomes rose and fashionable consumer goods became available. Shops were increasingly well lit and furnished with glass windows and large counters, and advertising was used to promote the latest fashions. By the mid-eighteenth century, retailers were tending to specialize in shops selling items of a particular kind or function, and they made use of increasingly sophisticated marketing strategies, including advertising, fixed prices, offers of goods at cheaper rates through warehouses or loss leaders, and the display of branded goods. Shops for food and clothing also increased: the number of food shops doubled in Venice in the seventeenth and eighteenth centuries.[17] In smaller British towns, by the late eighteenth century fixed shops provided a range of foodstuffs and consumer goods. Selby in the West Riding of Yorkshire, with a population of around 1,800 in 1788, probably had between forty and fifty shops, which included apothecaries, druggists, butchers, grocers, as well as a hatter, linen draper, milliner, and saddler.[18] Petty shopkeeping developed even in remote areas like Penmorfa in north Wales, fifteen miles from the nearest market town.[19]

The open public market, while undergoing change, remained an important part of the early modern economy. In some economically less developed areas, the network of markets continued to expand, as in the Pennine area of northern England, and in Scotland and Ireland, where the first half of the seventeenth century saw almost five hundred patents granted for markets and fairs, which supported the sale of local agricultural produce.[20] Markets continued to be integral components of urban economies, such as those of London, which adapted incrementally as demand from the capital drove the expansion of inland and coastal trade. Wholesale and specialist markets grew, and middlemen took on an increasing role.[21]

The advent of mass production, however, required a more efficient and expansive retail system than small shopkeepers or public markets and fairs could offer. Growing consumer demand, a greater volume of

[17] Christina Fowler, "Changes in Provincial Retail Practice during the Eighteenth Century, with Particular Reference to Central–Southern England," *Business History* 40 (1998): 37–54; Peter Clark, *European Cities and Towns, 400–2000* (Oxford, 2009), 151–52.

[18] Roger A. Bellingham, "Retailing at Selby in the Late Eighteenth Century," *Yorkshire Archaeological Journal* 74 (2002): 227, 231.

[19] Hoh-Cheung Mui and Lorna H. Mui, *Shops and Shopkeeping in Eighteenth-century England* (London, 1989), 216–19.

[20] Alan Everitt, "The Marketing of Agricultural Produce, 1500–1640," and John Chartres, "The Marketing of Agricultural Produce, 1640–1750," in John Chartres, ed., *Chapters from the Agrarian History of England and Wales*, vol. 4: *Agricultural Markets and Trade, 1500–1750* (Cambridge, U.K., 1990), 16–29, 160–71; Hoyle, "New Markets and Fairs"; O'Flanagan, "Markets and Fairs," 364–78.

[21] Smith, "The Wholesale and Retail Markets of London."

products, and new products, such as ready-to-wear clothing, led to new forms of marketing, like the department store. These stores, which opened in the largest European cities from the later nineteenth century onward, like Le Bon Marché in Paris, the world's largest department store by 1906, have been seen as pioneering modern retailing techniques. They had large, brightly lit and elaborately dressed windows and sophisticated advertising and sales promotions.[22] However, many of the revolutionary retail techniques attributed to the department store —window shopping, the use of seductive displays and interior design, and shopping as a social activity—were a feature of large-scale shops in the eighteenth century. The desire of retailers to market their goods through sophisticated display, and the eagerness of customers to engage in shopping as a social and leisure activity, were important aspects of continuity. What changed in the nineteenth century were the scale, the levels of capitalization, the volume and type of goods displayed, and the customer base, which became mainly middle-, rather than upper-middle class.[23]

Wholesale marketing networks were also transformed by these developments. During the first half of the nineteenth century, wholesaling in the U.S. grew more rapidly than manufacturing or retailing as markets increased geographically and commodities became more specialized. As producers grew larger, they became more dependent on wholesalers, who sold over increasing distances to a growing number of markets. But later in the century, the growing size of retailing outlets through the department store, specialty outlet, and chain store had the opposite effect. Retailers selling very large quantities of single lines tried to buy directly from the producer, bypassing wholesale dealers altogether.[24]

Marketing networks of second-hand goods have only recently been considered by historians. In eighteenth-century England, almost the full range of durable goods could be purchased, some through specialized second-hand dealers, some through retailers also selling new products, and others from auctions or directly from owners. There was a thriving second-hand trade in clothes, catering for a second tier in consumer demand. Flexible marketing practices, including barter and exchange, ensured that these sales reached a wider market than cash sales

[22] Clark, *European Cities*, 266–67; Michael B. Miller, *The Bon Marché: Bourgeois Culture and the Department Store, 1869–1920* (London, 1981).

[23] Claire Walsh, "The Newness of the Department Store: A View from the Eighteenth Century," in *Cathedrals of Consumption: The European Department Store, 1850–1939*, ed. Geoffrey Crossick and Serge Jaumain (Aldershot, 1999), 46–71.

[24] Harold Barger, *Distribution's Place in the American Economy since 1869* (Princeton, 1955), 69–71.

alone.[25] Although evidence for the medieval period is more fragmentary, there appears to have been an active second-hand market that included sellers of used clothes and furs and craftsmen who recycled and mended old wares.[26]

Institutional Arrangements Shaping Market Development

Douglass North described how institutions "structure incentives in human exchange" through the formal constraints of laws, regulations, and contracts, as well as informal constraints, such as social norms, customs, and moral values. The institutional framework within which market exchange took place determined to a large extent the risks, opportunities, and costs of marketing.[27]

The development of markets in medieval Europe between 1050 and 1330 was accompanied by growing regulation. Market authorities sought to secure low food prices for consumers, prevent monopolies, and protect local privileges. They restricted the location and timing of trading. Priority was given to consumers over producers, such as bakers and brewers, and burgesses often had some claim on incoming supplies at an agreed-upon public price, albeit a price that was sensitive to supply and demand. Although access to the public market was rarely a strict monopoly of urban freemen or guild members, foreigners (those who were not local residents) were often discriminated against, and freemen were given preferential treatment. In fourteenth-century Ghent, for example, foreign traders had to wait until noon before they could buy wool.[28] Market authorities also attempted to regulate supplies and acted against those who attempted to restrict goods or fix prices. They prohibited the interception of goods before they reached the market, a practice known as forestalling, and they controlled the buying and then reselling of goods in the same market, a practice known as "regrating."

[25] Jon Stobart, "Clothes, Cabinets, and Carriages: Second-hand Dealing in Eighteenth Century England," in *Buyers and Sellers: Retail Circuits and Practices in Medieval and Early Modern Europe*, ed. Bruno Blondé et al. (Turnhout, Belgium, 2006), 225–44; Donald Woodward, "'Swords into Ploughshares': Recycling in Pre-Industrial England," *Economic History Review* 38 (1985): 178–79; Beverly Lemire, "Consumerism in Preindustrial and Early Industrial England: The Trade in Secondhand Clothes," *Journal of British Studies* 27 (1988): 1–24; Miles Lambert, "'Cast-off Wearing Apparell': The Consumption and Distribution of Second-hand Clothing in Northern England during the Long Eighteenth Century," *Textile History* 35 (2004): 1–26.

[26] James Davis, "Marketing Second-hand Goods in Late Medieval England," *Journal of Historical Research in Marketing* 2 (2010): 270–86.

[27] Douglass C. North, *Institutions, Institutional Change, and Economic Performance* (Cambridge, U.K., 1990).

[28] Peter Stabel, "Markets and Retail," in *Fiere e mercati nella integrazione delle economie europee, secc. XIII–XVIII*, ed. Simonetta Cavaciocchi (Florence, 2001), 803–9.

The assize of bread spread across Europe during the twelfth and thirteenth centuries. This regulated the weight of a standard loaf against the price of grain, keeping prices fixed or to a minimum while ensuring that producers and traders earned a "reasonable" income. Tolls were usually levied on outsiders and nonburgesses: they were generally fixed by custom, restricted only by the requirement that demands should be reasonable. Authorities commonly standardized weights and measures, regulated methods of payment, and provided for litigation arising directly from markets and fairs. The enforcement of these regulations was mainly left to local courts. Essentially, such mechanisms were designed to maintain the commercial advantages of the town's own burgesses, to control quality, and to raise revenue.[29] The infrastructure of formal markets symbolized the political and economic power of a settlement and its government, and could range from a simple open space to elaborate covered buildings. Marketplaces provided the forums for civic rituals, the dissemination of news, and political and judicial activities.[30]

Periods of harvest failure and food shortages led local and national authorities to make even greater interventions in markets to ensure that supplies were available at reasonable prices, corn was not exported or wasted, and individuals did not profit excessively. In England, the Crown ordered national searches of grain stocks in 1527–28, which were repeated in the Privy Council's Books of Orders at times of shortage in the sixteenth and seventeenth centuries. These were more than simply checks on the quantities of grain available, as they sought to ensure that inhabitants did not hoard grain beyond their immediate needs, but brought it to the marketplace. There were many parallels between these market regulations and the ideas promoted in sermons and moral texts as authorities tried to restrict what they considered to be morally unacceptable behavior.[31]

Many of the cultural ideas of medieval markets, such as the moral duty of traders toward the common good, together with many of the regulatory mechanisms, like the assize of bread, remained features of

[29] Britnell, "Local Trade, Remote Trade," 194; Richard H. Britnell, *The Commercialisation of English Society, 1000–1500*, 2nd ed. (Manchester, 1996), 90–97; Maryanne Kowaleski, *Local Markets and Regional Trade in Medieval Exeter* (Cambridge, U.K., 1995), 180–92; James Davis, "Baking for the Common Good: A Reassessment of the Assize of Bread in Medieval England," *Economic History Review* 57 (2004): 465–502; Catherine Casson, "A Comparative Study of Prosecutions for Forgery in Trade and Manufacturing in Six English Towns, 1250 to 1400," unpublished PhD diss., University of York, 2010.

[30] Stabel, "Markets and Retail," 800, 816; James Masschaele, "The Public Space of the Marketplace in Medieval England," *Speculum* 77 (2002): 383–421.

[31] John S. Lee, "Grain Shortages in Late Medieval Towns," in *Markets and Entrepreneurs in Medieval England: Essays in Honour of Richard Britnell*, ed. Ben Dodds (Woodbridge, 2011); R. B. Outhwaite, *Dearth, Public Policy, and Social Disturbance in England, 1550–1800* (London, 1991).

the early modern period.[32] E. P. Thompson identified the "moral economy of the crowd" in late eighteenth-century England, which was built upon medieval concepts of just price, fair profits, and mutual social responsibility. Middlemen were distrusted, price-raising opposed, and gains at the expense of the poor were condemned.[33]

Guilds have been traditionally viewed as imposing high costs and restrictive practices that led to the transfer of production, particularly in cloth manufacture, from towns to the countryside. Recent research, however, has shown that in a number of cities, including Antwerp, Amsterdam, London, and Venice, guilds responded to market forces and helped to regulate the development of the urban economy. Guilds provided members with financial support and cheap credit, enforced quality standards, protected members from exploitation, and enabled urban artisans to acquire and deploy skills.[34]

Other institutional developments occurring during the Middle Ages included major transitions in methods of commerce. These took place in Europe during the thirteenth century, largely initiated by merchants from northern and central Italy, which have been labeled the "commercial revolution." Businesses became large enough and continuous enough to maintain sedentary merchants, who specialized in financing and organization, specialist carriers, and full-time agents, who resided overseas. These divisions emerged first on routes from northern Italian ports to the Levant, but by the end of the thirteenth century, colonies of agents could be found in Paris, London, Bruges, Seville, Barcelona, and Montpellier. Partnerships and financing became more permanent with the formation of trading companies and transferable shares, while other innovations included commercial accountancy, notably double-entry bookkeeping, international and local banking, marine insurance, and commercial courier services.[35]

By the fourteenth century, systems of credit supported all types of commerce. International systems of credit allowed merchants to transfer money along the busiest trading routes, using bills of exchange.[36] Only more recently, however, have historians looked down the occupational

[32] James Davis, *Medieval Market Morality: Life, Law and Ethics in the English Marketplace, c.1200–c.1500* (Cambridge, U.K., forthcoming).

[33] E. P. Thompson, "The Moral Economy of the English Crowd in the Eighteenth Century," *Past and Present* 50 (1971): 76–136.

[34] Richard Mackenney, *Tradesmen and Traders: The World of the Guilds in Venice and Europe, c.1250–c.1650* (Totowa, N.J., 1987); S. R. Epstein, "Craft Guilds in the Pre-modern Economy: A Discussion," *Economic History Review* 61 (2008): 155–74.

[35] Peter Spufford, *Power and Profit: The Merchant in Medieval Europe* (London, 2002), 16–59.

[36] M. M. Postan, "Credit in Medieval Trade," in *Medieval Trade and Finance*, ed. M. M. Postan (Cambridge, U.K., 1973), 1–27.

and social strata, to find that peasants were also involved in extensive and complex networks of credit. Older interpretations, which viewed credit before the advent of modern financial institutions as limited and having only a sporadic impact on ordinary people, have been challenged by recent studies showing that credit was an important and dynamic element in preindustrial agrarian societies, and that a range of legal institutions developed at national and local levels for the prosecution of debts and enforcement of contracts.[37]

Stephan Epstein argues that state formation was the principal driver of market integration in Europe after the Black Death. Political integration increased domestic stability, improved market coordination, and reduced the power of feudal lords and towns, with their localized interests, fiscal exactions, and overlapping and competing jurisdictions. Fairs, often backed by political support, challenged the trading rights of established towns. The dukes of Milan, for example, during the fifteenth century, established or strengthened the authority of lesser towns and communities over fairs and markets, enabling them to form a power base against the Lombard city states. Examining the grain markets in Tuscany and Lombardy, Epstein found that political centralization reduced price volatility and increased market integration.[38] While many early modern states pursued mercantilist policies of regulation to direct and control the benefits of trade, they also assisted the development of markets by clarifying property rights, providing more security for transactions through better law enforcement, and helping to foster new institutions, such as colonial trading companies.[39]

It has been argued that the institutional rigidity of formal markets, centered as they were in specific towns and activities, made them ill equipped to cope with the changing pattern and content of trade in the sixteenth and seventeenth centuries. Rural centers of trade began to expand rapidly beyond the supervision of urban craft guilds, while both new industries and long-established industries expanded in the countryside, spawning new organizational forms of trade that were better adapted to the range and scale of activity.[40] There was, however, a range

[37] Elaine Clark, "Debt Litigation in a Late Medieval English Village," in *Pathways to Medieval Peasants*, ed. J. A. Raftis (Toronto, 1981), 247–79; Chris Briggs, *Credit and Village Society in Fourteenth-Century England* (Oxford, 2009); Craig Muldrew, *The Economy of Obligation: The Culture of Credit and Social Relations in Early Modern England* (London, 1998); Laurence Fontaine, "Antonio and Shylock: Credit and Trust in France, c.1680–c.1780," *Economic History Review* 54 (2001): 39–57.

[38] S. R. Epstein, *Freedom and Growth: The Rise of States and Markets in Europe, 1300–1750* (London, 2000); Epstein, "Regional Fairs," 472.

[39] Robert A. Dodgshon, "The Changing Evaluation of Space, 1500–1914," in *An Historical Geography of England and Wales*, ed. Robert A. Dodgshon and R. A. Butlin, 2nd ed. (London, 1990), 261–63.

[40] Ibid., 264–65.

of economic activity during the Middle Ages that lay outside formal markets, whether through informal marketing practices or through the industries to be found in less regulated locations, such as city suburbs or rural areas.

The development of less regulated markets that rely on competition, rather than on statutory or moral regulation to guarantee a fair deal for the customer, has been variously dated in England from the tenth to the nineteenth centuries. As market activity grew, the amount of information that had to be collated and processed increased transaction costs and encouraged the move to more efficient forms of organization. North argued that regulated medieval markets were appropriate for the modest level of medieval trade, but that as the volume of trade expanded and the problems of bringing sufficient buyers and sellers together to generate a competitive price were reduced, a shift to markets was inevitable. Markets enabled more transactions and larger volumes of goods to be exchanged at lower transaction costs. So a growth in market activity made established forms of marketing less efficient and gave newer forms of marketing, better adapted to the new scale of operation, a cost advantage.[41]

Despite concepts of "free markets," institutional structures continue to influence modern markets. The introduction of telegraph and telephone networks in the U.S. was shaped by government institutions and civic ideals as well as technological innovation. These developments encouraged competition between rival providers of telegraph networks in the 1840s, but hastened the consolidation of telephone corporations as public utilities from the 1880s.[42] The U.S. federal government acted as a decisive agent in creating a mass consumer culture during the twentieth century, subsidizing shipping and transport through the U.S. postal system, streamlining transport through the construction of highways, and providing market services through specialized bureaus and agencies.[43]

The Changing Role of Large-Scale Consumers

While many markets were located at key points on transport networks, such as road junctions and river crossings, some of the earliest markets were sited at centers of law and religion, which were not always

[41] Douglass C. North, "Markets and Other Allocative Systems in History: The Challenge of Karl Polanyi," *Journal of European Economic History* 6 (1977): 703–16; Dodgshon, "Changing Evaluation of Space," 260, 264–68.

[42] Richard R. John, *Network Nation: Inventing American Telecommunications* (Cambridge, Mass., 2010).

[43] William Leech, *Land of Desire: Merchants, Power and the Rise of a New American Culture* (New York, 1993), 351.

closely linked to major roads and rivers. The existence of local consumer demand is the explanation of this phenomenon. These early market centers included important manorial hubs that controlled large territorial areas and major churches, which regularly attracted large groups of potential traders. In England, for example, Anglo-Norman markets were often linked with the establishment of castles, like Launceston in Cornwall, and with the foundation of monasteries, such as Battle, in Sussex. Similarly, in Wales, although towns were located principally for military purposes, they were often placed at ecclesiastical sites that already formed local focal points. Large aristocratic and ecclesiastical households were significant consumers, and also suppliers, as markets provided the opportunity to sell the agricultural produce that formed a large part of their incomes.[44] The inhabitants of New Woodstock in Oxfordshire claimed that Henry II had founded their town to provide lodgings for his retinue when he visited his manor house at Woodstock "for love of a certain woman called Rosamond." Henry II granted a market, probably in response to the trade that had gravitated to this site of the court, and a small community of tradesmen, craftsmen, and royal servants grew up as well.[45] While some of these creations became part of the marketing structure, others did not make the transition from merely satisfying aristocratic demands to acting as wider centers of marketing for their surrounding regions.

In the twelfth and thirteenth centuries, consumption demands from royal, aristocratic, and ecclesiastical households led to the development of major trade networks in luxury goods. These consumers also stimulated the development of local markets and fairs that provided outlets for the disposal of agricultural produce, which formed much of the incomes of these large landowners, as well as providing income through tolls and rents for stalls. The local elite also patronized religious and charitable institutions, including monasteries, hospitals, almshouses, and schools whose residents also boosted local demand.[46]

Demand generated by the largest urban markets impacted on agricultural and industrial production in their hinterlands. Using evidence from fourteenth-century England and late eighteenth-century France,

[44] Britnell, *Commercialisation*, 21–23; David Palliser, ed., *Cambridge Urban History of Britain*, vol. 1: *600–1540* (Cambridge, U.K., 2000), 44; Grenville Astill, "Medieval Towns and Urbanization," in *Reflections: Fifty Years of Medieval Archaeology, 1957–2007*, ed. Roberta Gilchrist and Andrew Reynolds (Leeds, 2009), 260.

[45] Palliser, *Cambridge Urban History*, 264; *Victoria County History: Oxfordshire*, vol. 12 (London, 1990), 326, 360, 369.

[46] Spufford, *Power and Profit*, 60–139; Barbara Harvey, "The Aristocratic Consumer in England in the Long Thirteenth Century," in *Thirteenth-Century England*, vol. 6: *Proceedings of the Durham Conference*, ed. Michael Prestwich, Richard Britnell, and Robin Frame (Woodbridge, 1997), 17–37.

Bruce Campbell, Mark Overton and George Grantham argue that urbanization can act as a hothouse, generating technological improvements and innovations denied to other areas lying beyond the hinterland of these major markets.[47] The impact of London's phenomenal expansion from the late sixteenth century has similarly been described in terms of an "engine of growth," stimulating, through the demands of trade and consumption, changes in manufacturing and marketing; but, even in 1300, the city was drawing foodstuffs from large parts of south-eastern England.[48] The size of the medieval cities of northern Italy made them dependent on trade for foodstuffs with less urbanized parts of the South. Domenico Lenzi of Florence estimated, in 1329, that the city's own region could routinely supply the city with grain for only five months each year. The city drew wheat, oil, and wood from the kingdoms of Naples and Sicily. Paris was supplied with wheat and wine along the rivers Rhine, Oise, and Seine, as well as staples from up to forty miles away by road.[49]

Supplying large cities encouraged traders to respond to regional price differences and created more integrated markets. By 1330, the Mediterranean and North Sea trading areas of Europe had achieved a significant degree of integration. In northern France, for example, grain prices varied little between markets in Saint Omer, Aire, Béthune, and Douai, while markets in Exeter and London were closely integrated through coastal transport. There was also regular export of grain from the Baltic to urban centers in England and the Netherlands at this time.[50]

[47] Bruce M. S. Campbell and Mark Overton, "A New Perspective of Medieval and Early Modern Agriculture: Six Centuries of Norfolk Farming, c.1250–c.1850," *Past and Present* 141 (1993): 99–105; George Grantham, "Agricultural Supply during the Industrial Revolution: French Evidence and European Implications," *Journal of Economic History* 49 (1989): 43–72.

[48] F. Jack Fisher, "The Development of London as a Centre of Conspicuous Consumption in the Sixteenth and Seventeenth Centuries," and "London as an 'Engine of Economic Growth,'" in *London and the English Economy, 1500–1700*, ed. Penelope J. Corfield and Negley B. Harte (London, 1990), 105–18, 185–98; Edward Anthony Wrigley, "A Simple Model of London's Importance in Changing English Society and Economy, 1650–1750," in *Towns in Societies: Essays in Economic History and Historical Sociology*, ed. Philip Abrams and Edward Anthony Wrigley (Cambridge, U.K., 1978); Bruce M. S. Campbell, et al., *A Medieval Capital and its Grain Supply: Agrarian Production and Distribution in the London Region, c.1300* (London, 1993).

[49] David Abulafi, "Southern Italy and the Florentine Economy, 1265–1370," *Economic History Review*, 2nd ser., 33 (1981): 377–88; Richard H. Britnell, "Markets and Incentives: Common Themes and Regional Variations," in *Agriculture and Rural Society after the Black Death*, ed. Ben Dodds and Richard H. Britnell (Hatfield, 2008), 10.

[50] Britnell, "Local Trade, Remote Trade," 202; James A. Galloway, "One Economy or Many? Markets, Regions and the Impact of London, c. 1300–1600," in, *Trade, Urban Hinterlands, and Market Integration, c.1300–1600*, ed. James A. Galloway (London, 2000), 23–42; Nils Hybel, "The Grain Trade in Northern Europe before 1350," *Economic History Review* 55 (2002): 219–47.

Demand from Edinburgh and Glasgow had created two subnational markets for grain in Scotland by the second half of the seventeenth century, which began to coalesce at the end of that century.[51]

The idea of a consumer revolution in the eighteenth century, complementing the Industrial Revolution, has been linked to major developments in the organization and practice of retailing that allowed the wider distribution, marketing, and selling of an increasing range of luxury items.[52] The concept of an "industrious revolution," in which the appearance of new consumer goods led families to work longer and enjoy less leisure, has also been debated.[53] Aspects of the consumer revolution, however, have subsequently been identified in earlier periods, including the seventeenth century and the late fourteenth and fifteenth centuries, with the appearance of new consumer goods, increases in the amount and range of possessions, and the penetration of consumer demand further down the social scale.[54] Research on the purchasing habits of the monks of Durham Priory, as well as on other groups in medieval England, has shown that individuals and institutions could be discerning consumers, making decisions on where to make their purchases based on perceptions of the range, quality, and price of goods available.[55]

The largest urban centers played a significant role in meeting consumer demand, as their markets provided access to a wider range of goods and services than any available elsewhere. Margaret Paston wrote to her son asking him to buy cloth in London because of the "right febill cheys" in the drapers' shops of Norwich, England's largest provincial city, in the later fifteenth century.[56] Success in the London market could provide a route to markets across England. Josiah Wedgwood secured the custom of the eighteenth-century London elite and was then able to sell cheaper wares to the middle and lower classes: a customer in

[51] Alex J. S. Gibson and T. Christopher Smout, "Regional Prices and Market Regions: The Evolution of the Early Modern Scottish Grain Market," *Economic History Review* 48 (1995): 258–82.

[52] Neil McKendrick, John Brewer, and J. H. Plumb, *The Birth of a Consumer Society: The Commercialisation of Eighteenth-century England* (London, 1982).

[53] Jan De Vries, "The Industrial Revolution and the Industrious Revolution," *Journal of Economic History* 54 (1994): 249–70; Gregory Clark and Ysbrand Van Der Werf, "Work in Progress? The Industrious Revolution," *Journal of Economic History* 58 (1998): 830–43.

[54] Lorna Weatherill, *Consumer Behaviour and Material Culture in Britain, 1660–1760* (London, 1988); Christopher Dyer, *An Age of Transition? Economy and Society in England in the Later Middle Ages* (Oxford, 2005), 126–57; Maryanne Kowaleski, "A Consumer Economy," in *A Social History of England, 1200–1500*, ed. Rosemary Horrox and Mark Ormrod (Oxford, 2004), 238–59.

[55] Christopher Dyer, "The Consumer and the Market in the Later Middle Ages," *Economic History Review*, 2nd ser., 42 (1989): 305–27; Miranda Threlfall-Holmes, *Monks and Markets: Durham Cathedral Priory, 1460–1520* (Oxford, 2005).

[56] Derek Keene, "Medieval London and Its Region," *London Journal* 14 (1989): 106.

Newcastle-upon-Tyne requested one of his styles of dinner service because it was “much used in London at present.”[57]

Competition between Market Centers Restructures Networks

Market centers faced competition from neighboring markets. Early market proprietors obtained charters that gave them a legal monopoly, but the scope of such monopolies was often undermined by the subsequent award of charters to neighboring rivals. Henry I’s edict restricting trade within Cambridgeshire to the borough of Cambridge, for example, was offset by over seventy market and fair grants to other settlements within the county.[58]

Towns could invest in a reputation for efficient market regulation and good amenities for visitors. Larger towns developed markets for specific commodities and supported covered accommodation. Halls built for the purpose of selling cloth were constructed in the Low Countries in the thirteenth century, while in London, Blackwell Hall, which was granted to the city in 1396, became the central market hall for cloth, and “Colchester hall,” described in 1528, contained specialized salesrooms for particular textiles.[59] Towns could gain reputations based on perceptions of the range, quality, and price of goods available in their markets; the efficiency of their regulation; and the amenities they provided. John Leland toured England from around 1539 to 1545 and described particular markets as “celebrate,” “very good and quik,” and, conversely, as “poore,” “meane,” and “of no price.”[60] Some products were associated with particular places, informing consumers about the types of goods and their quality, providing an early type of branding. These included cloths known as Bristol reds and Stroudwaters, Barnstaples, Tavistocks, and Kendal cloth, as well as Banbury and Essex cheeses.[61]

Changes in demand led to restructuring of market networks. In England, which had a dense network of markets and fairs before the Black Death (1348–49), the population decline of the late fourteenth and fifteenth centuries resulted in a reduction in this infrastructure. Two-thirds of pre–Black Death markets may have been lost by the sixteenth

[57] Wrigley, “A Simple Model of London’s Importance,” 233.

[58] Frederick W. Maitland, *Township and Borough* (Cambridge, U.K., 1898): 40; John S. Lee, *Cambridge and Its Economic Region, 1450–1560* (Hatfield, 2005), 87, 117.

[59] Richard H. Britnell, *Growth and Decline in Colchester, 1300–1525* (Cambridge, U.K., 1986), 177.

[60] John S. Lee, “The Functions and Fortunes of English Small Towns at the Close of the Middle Ages: Evidence from John Leland’s *Itinerary*,” *Urban History* 37 (2010): 24–25.

[61] Dyer, *Age of Transition*, 143.

century. In some cases, charters had probably been obtained for markets and fairs that never actually functioned, but in other cases, the decline was real, reflecting a smaller population, the increased availability of land, and the reduction of landless smallholders, which many of these markets had primarily served.[62] Across England and other parts of Europe, the new marketing networks created by the population decline led to the growth of regional fairs. In northern Lombardy, fairs attracted livestock and horse traders, and fairs at Briançon traded livestock, cloth, metal ore, and salt. Fairs in Denmark and Poland served regional trades in livestock. Epstein argues that these fairs challenged the trading privileges of established towns.[63] In late medieval England, while, like markets, many local fairs declined or disappeared, other fairs provided outlets for cloth production in urban and rural areas, the livestock trade, the fishing industry of Devon, and saffron cultivation in Essex and Cambridgeshire. These products formed part of the growing demand for consumer goods and leisure in this period, particularly among the middle and lower classes.[64]

Improved transport links led to the growth of markets that could take advantage of these links. In the eleventh and twelfth centuries, the replacement of oxen by horses, resulting in the adoption of the horseshoe, horse collar, and four-wheeled cart, supported the growth in overland trade and fairs across Europe. Improved designs in oceangoing shipping in the late fifteenth and sixteenth centuries reduced transport costs and stimulated Hansa and Dutch merchants to trade with the Baltic. The accessibility of the Dutch capital market facilitated investment in these costly ships.[65] The auction became increasingly important in eighteenth-century England as the construction of turnpike roads and the spread of newspaper advertisements raised public interest in auction sales.[66]

[62] Richard H. Britnell, "Urban Demand in the English Economy, 1300–1600," in *Trade, Urban Hinterlands and Market Integration, c.1300–1600*, ed. James A. Galloway (London, 2000), 1–22; James Masschaele, "The Multiplicity of Medieval Markets Reconsidered," *Journal of Historical Geography* 20 (1994): 255–71; Britnell, *Commercialisation*, 233–25.

[63] S. R. Epstein, "Regional Fairs, Institutional Innovation, and Economic Growth in Late Medieval Europe," *Economic History Review* 47 (1994): 459–82; S. R. Epstein, "Fairs, Towns and States in Renaissance Europe," in *Fiere e mercati nella integrazione delle economie europee, secc. XIII–XVIII*, ed. Simonetta Cavaciocchi (Florence, 2001), 71–90; Ian Blanchard, "The Continental European Cattle Trades, 1400–1600," *Economic History Review*, 2nd ser., 39 (1986): 427–60.

[64] John S. Lee, "The Role of Fairs in Late Medieval England," in *Town and Countryside in the Age of the Black Death*, ed. S. H. Rigby and Mark Bailey (Turnhout, Belgium, forthcoming).

[65] Van Bavel, *Manors and Markets*, 221–22, 237–38.

[66] Stobart, "Clothes, Cabinets, and Carriages"; John R. Walton, "The Rise of the Agricultural Auctioneer in Eighteenth- and Nineteenth-Century Britain," *Journal of Historical Geography* 10 (1984): 15–36.

Improved transport and communications—particularly during the nineteenth century—together with more sustained demand, encouraged regular rather than periodic distribution of goods, and undermined the role of many fairs. Livestock fairs, for instance, were increasingly replaced by more regular auction markets, often closely linked to the railway network. Produce, livestock, and, subsequently, dairy products were increasingly consigned by rail to large urban centers, and smaller local markets—even those connected to the rail network—went into decline. The speed of rail travel meant that produce from distant locations could arrive still fresh at the market. Urban markets and fairs also experienced a hardening of attitudes during this period, stemming from the noise, nuisance, and trouble that they could generate.[67] As a result, there was a "shakeout" of the smaller and more marginal markets and fairs during the nineteenth century. To some extent this resembled the shakeout that occurred after the Black Death; although the causes were different—improved transportation rather than population decline—the effects were the same—the concentration of market activity in a smaller number of large centers.

The Persistent Role of Informal Markets

The importance of formal markets and fairs, even in the medieval economy, should not be overstated: it has been suggested that less than half of all commercial transactions passed through formal markets and fairs during any part of the medieval period. Many small transactions could be easily exchanged between neighbors, without any need for buyers and sellers to travel, which the formal institutions required. The range of goods on sale in most markets was restricted to agricultural produce and basic manufactured goods; the regulation of the sale of foodstuffs favored consumers purchasing for their own needs over wholesalers buying in bulk.[68]

Informal market networks included small-scale sales of agricultural produce at the farm gate, enabling rural laborers to purchase grain from their employers or other farmers at prices often below those in the marketplace. Henry Best, in the East Riding of Yorkshire in the 1620s, sold grain ranging from a single peck to several bushels from his home, as well as sending supplies to the market. In Sussex, in 1631, it was reported that "those who have any corne to spare sell it better cheape at

[67] Ian Mitchell, "The Changing Role of Fairs in the Long Eighteenth Century: Evidence from the Midlands," *Economic History Review* 60 (2007): 545–73.

[68] Richard Britnell, "Markets, Shops, Inns, Taverns and Private Houses in Medieval English Trade," in *Buyers and Sellers: Retail Circuits and Practices in Medieval and Early Modern Europe*, ed. Bruno Blondé et al. (Turnhout, Belgium, 2006), 109–23.

home to their poor neighbors then in the markets." This corn could be exchanged on credit for later payment or future work.[69] Informal markets like these reflected both the inefficiencies in moving goods and the time costs of traveling to buy foodstuffs elsewhere, and they may also have provided credit opportunities that were not available in the formal marketplace. Such transactions could still be subject to marketing regulations, however, such as the assize of bread and ale: bakers and brewers were subject to fines amerced in the 1490s and 1510s at Shepreth in Cambridgeshire, for example, a village without a licensed market.[70]

Sites of informal trade emerged during the Middle Ages in many locations outside formal marketplaces and fairground sites, including suburban villages, estate headquarters, ports and landing places, and on sites where there was no single authority to control or profit from the trading activities, such as the informal markets at Buntingford in Hertfordshire (formalized by a charter in 1360) and Whittlesford Bridge in Cambridgeshire.[71] The suburbs of major cities, like Southwark in London, provided centers of trade through innkeepers and hucksters.[72] Along the North Sea coast of Holland, a string of informal seaside fish markets emerged during the later fourteenth and fifteenth centuries, from which fish was transported to towns in Holland and neighboring countries.[73]

Inns and taverns were also common locations for informal trade. Inns provided safe storage of goods overnight, and, at places where means of transport changed, they could provide storage until boats, carts, or pack animals were available. The Bardi, a trading company based in Florence, used three innkeepers for this purpose as they transported wool from London to Florence around 1336. Several of the negotiations to buy timber for Rochester Bridge in the earlier fifteenth century took place in taverns, and firewood was sold in Cambridge inns during the fifteenth and sixteenth centuries. By the eighteenth century, hops, corn, cloth, and seed were being traded at inns, and some innkeepers provided rudimentary banking. Peddlers in the southern Netherlands arranged sales and auctions at village inns.[74]

[69] John Walter, "The Social Economy of Dearth in Early Modern England," in *Famine, Disease and the Social Order in Early Modern Society*, ed. John Walter and Roger Schofield (Cambridge, U.K., 1989), 100–103.

[70] Lee, *Cambridge and Its Economic Region*, 94.

[71] Chris Dyer, "The Hidden Trade of the Middle Ages: Evidence from the West Midlands of England," *Journal of Historical Geography* 18 (1992): 141–57; Mark Bailey, "A Tale of Two Towns: Buntingford and Standon in the Later Middle Ages," *Journal of Medieval History* 19 (1993): 358; Lee, *Cambridge and Its Economic Region*, 96–97.

[72] Martha Carlin, *Medieval Southwark* (London, 1996), 191–229.

[73] Dijkman, *Medieval Market Institutions*, 84–121.

[74] Britnell, "Markets and Incentives," 9; Lee, *Cambridge and Its Economic Region*, 161; Alan Everitt, "The English Urban Inn, 1560–1760," in *Perspectives in English Urban History*,

Peddlers, hawkers, and street salesmen brought products to customers, saving time traveling to markets, fairs, or shops, although the customer paid a higher price for this service. Street traders, such as hucksters and retailers of cooked food, were prevalent in medieval towns.[75] Street traders also played an important role in London during the early nineteenth century, when demand ran ahead of retail capacity.[76] Peddlers seem to have varied in status, from the wandering semi-vagrant to the moderately well-off trader with a home or shop, but they remained essentially itinerant. The term "chapman" seems to have been applied in medieval England to both sedentary and itinerant traders of higher social status than peddlers. Peddlers were particularly prominent in mountainous areas of Europe, linking these regions to wider trading routes.[77] Peddlers flourished on the edges of official markets and in the unregulated arenas of suburbs, villages, inns, and private houses. "A Treatise concerning the Staple," written c.1519–35, described the "many pedlars and chapmen, that from fair to fair, from markett to markett, carieth it to sell in horspakks and fote pakks, in basketts and budgelts, sitting on holydays and sondais in chirche porchis and abbeys dayly to sell all such trifells."[78] Seventeenth-century English chapmen sold a wide variety of goods, and were dependent on London suppliers. Their most important wares were textiles—linen, haberdashery, lace, and ready-made clothing, particularly handkerchiefs and scarves.[79] In 1800, peddlers were still touring the remote upland region of the English Lakes, visiting market towns and fairs. Dorothy Wordsworth described one in her journal: "The Cockermouth Traveller came with thread hardware mustard, &c. She is very healthy, has travelled over the mountains these thirty years . . . . She was going to Ulverston & was to return to Ambleside Fair."[80]

Some peddlers worked for industrial producers, operating as a type of traveling salesman. In 1788, a customs official in Brussels claimed that peddling by industrial producers had grown significantly in the

ed. Alan Everitt (London, 1973), 91–137; Spufford, *Power and Profit*, 203–4; Harold Deceulaer, "Dealing with Diversity: Pedlars in the Southern Netherlands in the Eighteenth Century," in *Buyers and Sellers: Retail Circuits and Practices in Medieval and Early Modern Europe*, ed. Bruno Blondé et al. (Turnhout, Belgium, 2006), 180.

[75] Martha Carlin, "Fast Food and Urban Living Standards in Medieval England," in *Food and Eating in Medieval Europe*, ed. Martha Carlin (London, 1998).

[76] Smith, "Markets of London."

[77] Laurence Fontaine, *History of Pedlars in Europe*, trans. Vicki Whittaker (Oxford, 1996), 8–10.

[78] *Tudor Economic Documents*, 3 vols., ed. R. H. Tawney and Eileen Power (London, 1924), 3: 108–9.

[79] Margaret Spufford, *The Great Reclothing of Rural England: Petty Chapmen and their Wares in the Seventeenth Century* (London, 1984), 43, 78, 90–103.

[80] Dorothy Wordsworth, *The Grasmere Journals*, ed. Pamela Woof (Oxford, 1991), 25.

whole country. Some of these Belgian peddlers, such as the hosiers of Tournaisis and the Hainaut, worked for industrial producers as both wholesalers and retailers. A similar group emerged in later seventeenth-century England, known as "Manchester men," who worked for a factory and peddled from shop to shop rather than door to door, selling manufactured goods, including fabrics, ironmongery, cutlery, and watches. Through the use of ostentatious visiting cards and headed notepaper, they created the illusion to their customers that they enjoyed the same status as established merchants.[81]

Such petty retailers could generate hostility. Regulations to discourage small-scale retailing by hawkers and peddlers were promulgated by English authorities in the fifteenth and sixteenth centuries, when sermons, literature, and images promoted a negative attitude, and also in the late nineteenth and early twentieth centuries.[82] Peddlers similarly became the focus of public debate in the Austrian Netherlands in the second half of the eighteenth century, and peddling became illegal in some regions following pressure from mercers' guilds and industrial entrepreneurs.[83]

Not all transactions respected the dichotomy between formal and informal markets. Some high-value transactions between sophisticated parties were arranged away from town and village centers. Manorial estates sold produce to neighboring landlords and tenants and acquired new seeds or livestock in a similar way. Surpluses, particularly of wool and grain, were sold by producers outside formal markets. Wool was purchased in bulk and often in advance of shearing, particularly from monasteries, by Flemish merchants and Italian companies trading in England in the late thirteenth and the fourteenth centuries. Large households, like King's Hall and King's College in Cambridge, obtained most of their grain in the fifteenth and early sixteenth centuries through contracts with local suppliers, supplementing these arrangements with occasional small purchases in the marketplace. Fuel and building materials were also routinely supplied outside markets and fairs, often directly from

[81] Deceulaer, "Dealing with Diversity," 176–77; Ray B. Westerfield, *Middlemen in English Business, Particularly between 1660 and 1760* (New Haven, 1915), 313–14; Fontaine, *Pedlars*, 92–93. For comparison with the twentieth-century salesman, see Walter Friedman, *Birth of a Salesman: The Transformation of Selling in America* (Cambridge, Mass., 2004).

[82] John Benson and Laura Ugolini, "Introduction: Historians and the Nation of Shopkeepers," in *A Nation of Shopkeepers: Five Centuries of British Retailing*, ed. John Benson and Laura Ugolini (London, 2003), 11–12; James Davis, "'Men as March with Fote Packes': Pedlars and Freedom of Mobility in Late-Medieval England," in *Freedom of Movement in the Middle Ages: Proceedings of the Twentieth Harlaxton Symposium*, ed. Peregrine Horden (Donington, 2007), 137–56; Nicholas Alexander and Gary Akehurst, "Introduction: The Emergence of Modern Retailing," *Business History* 40, no. 4 (1998): 1–15.

[83] Deceulaer, "Dealing with Diversity," 187–89.

producers, but also through specialist suppliers such as the "turffeman," "sedgeman," and woodmen from whom King's Hall obtained fuel.[84]

Conclusions

We have surveyed the evidence on the evolution of markets in Europe from the twelfth century onward. U.S. institutional innovations of the nineteenth and early twentieth centuries were built to some extent upon the European legacy. The market has played a critical role in many of the economic "revolutions" that have been identified by economic historians, from the credit revolution of the fourteenth century, through the commercial revolution and the agricultural revolution of the seventeenth and eighteenth centuries, down to the Industrial Revolution and beyond. While accounts of these revolutions acknowledge the role of the markets in permitting flexible responses to new opportunities, a continuous narrative of market development, spanning successive revolutions, has not been fully developed.

This review of the literature suggests that such a narrative could, in principle, be woven from five interlocking themes derived from the five hypotheses set out above. Considered individually, none of these hypotheses is entirely new, but considered collectively they provide a coherent research agenda that has been missing from previous work.

The Slow Rate of Market Development. Although the market is a dynamic institution, the development of markets has been slower than many people have suggested, because institutional arrangements have persisted for longer than previously thought. Markets emerged remarkably early. These early markets revealed many modern features, and in modern markets medieval features still persist, albeit in slightly different guises. The public markets that dominated the medieval economy continued to play an important role in the eighteenth and nineteenth centuries, even in major cities like London. Fixed shops had an early presence, such as those found in twelfth-century London, and fairs, and itinerant retailers continued to be important in the eighteenth century. The growth in informal marketing, once thought to be a phenomenon of the early modern period, has been shown to have been prevalent within the medieval economy. Marketing circuits of formal and informal trade complemented each other. Even many of the revolutionary retailing techniques, once thought to have been pioneered

[84] Adrian Bell, Chris Brooks, and Paul R. Dryburgh, *The English Wool Market, c.1230–1327* (Cambridge, U.K., 2007), 41–48, 58–63; Britnell, *Commercialisation*, 98–101, 161–63; Lee, *Cambridge and Its Economic Region*, 152–59, 165; John S. Lee, "Feeding the Colleges: Cambridge's Food and Fuel Supplies, 1450–1560," *Economic History Review* 56 (2003): 243–64.

by the nineteenth-century department store, have been identified in eighteenth-century large-scale shops. Many supposed innovations and revolutionary changes in marketing therefore had earlier antecedents, which is why the development of markets is better considered in terms of evolutionary, rather than revolutionary, change.

The Impact of Institutional Arrangements. While the commercialization hypothesis is correct in its postulation that market institutions have become more sophisticated over time, the process has been more punctuated, and considerably more complicated, than is sometimes suggested. While the reduction of transport and communication costs through road and river improvements, and the subsequent development of railways and ocean shipping, promoted trade and encouraged its concentration in major market centers as the hypothesis asserts, the process was also promoted by institutional developments, including the progressive standardization of trading practices and the growth of commercial organizations. State formation did not inhibit the growth of markets through too much regulation, but, rather, provided public goods, in the form of better standards, which reduced transactions costs and promoted market activity.

The Prominent Role of Large-Scale Consumers. Large-scale consumers have always played a prominent role in the growth of formal and informal markets. The nature of these consumers has changed over time, however, and these changes have driven changes in the form that markets take. In elitist medieval societies, royal households and extended aristocratic families created major localized demands that suppliers emerged to fulfill. They also received much of their income in agricultural produce, and markets, both formal and informal, provided an opportunity to dispose of their produce. Cities, with large concentrations of demand, also shaped marketing structures. Working-class demand gave added impetus to the marketing revolution that had begun in the seventeenth century, by introducing a range of cheap mass-produced products packaged into small units and produced to a standardized design. At the same time, the specialization of administrative functions created a professional urban middle class with a demand for standardized luxury items sold through large shops and department stores. As a result, the market increasingly became a forum in which people inspected samples of standardized products prior to purchase, rather than purchasing the very items they inspected. This change in purchasing habits in turn facilitated the growth of large, vertically integrated firms as mass producers of consumer goods for a national (and later an international) market.

The Impact of Competition between Market Centers. Local market centers compete with each other. Every town or city sooner or later becomes aware of the fact that its neighbors are its commercial rivals. Early market proprietors obtained charters that gave them a legal monopoly, but the scope of such monopolies was often undermined by the subsequent award of charters to neighboring rivals. Towns could invest in a reputation for having efficient market regulation and good amenities for visitors. But while competition seems to have spurred innovation, it encouraged emulation too, and advantages were often eroded as a result. Whenever technical progress reduced transport and communication costs, there was an increased risk of a shakeout of the smaller markets, which could no longer afford to make the investments required to remain competitive.

Although many markets and fairs were established at nodal transport centers where established trade routes intersected, some were founded at relatively remote locations. While some of these peripheral networks were eliminated in the "shakeouts" mentioned above, others survived. The explanation seems to be that these centers were based at special locations that were attractive for leisure pursuits, such as royal residences near to deer parks; strategic in military or administrative terms, such as castles and barracks close to a political frontier; or else possessing religious significance, such as an abbey located close to a shrine or hermitage. Routes would be opened up from various directions to bring in supplies for the residents, resulting in the location's becoming a local or regional hub. The concentration of local trade on the center enabled it to survive, despite competition from better-placed hubs with no special attractions of their own.

The Prominent Role of Informal Markets in Trade. Informal markets have always played a prominent role in trade, and they continue to do so. Informal markets remain important when it is difficult to create trust between buyers and sellers through purely formal arrangements based on commercial law. In such cases, trade may have to be embedded in social networks. These networks may already exist, for example, in the form of family or friends, or they may be specially created for the purpose, in the form of merchant guilds. Formal networks were relatively underdeveloped in the early medieval period, and so a wide range of products was traded informally, and guilds had an important role. A weakness of social networks, however, is that, where membership is small, the option to choose a trading partner is rather limited, and so opportunities for collusion are rife. Today it is mainly specialized knowledge-intensive products that are traded informally. Informal trade also remains important when people wish to keep their transactions confidential—perhaps to avoid alerting competitors, or because the transactions are illegal.

Taken together, these hypotheses suggest that firms and markets are best regarded as complementary institutions. The growth of urban markets has provided business with an expanding range of opportunities for converting the production of goods and services into revenue and profit. While some markets have undoubtedly developed through the initiatives of producers—notably, markets for mass-produced goods —many markets have also been established through the initiative of local landowners and property developers, from medieval marketplaces to modern shopping malls. Just as the growth of business has stimulated the growth of markets, so the growth of markets has stimulated the growth of business, and it is important not to lose sight of this two-way effect.

The hypotheses presented above provide a framework for future research on market evolution and its impact on business development. They must remain tentative and provisional, however, until more research has been done. Much of the material for this research already exists in secondary sources and in published transcripts of primary sources. The main requirement for future research is that it span a long historical period (to account for the slow pace of evolution) and adopt a comparative approach. It should involve a wide range of commodities, including both luxuries and necessities, and standardized and bespoke products. Both formal and informal markets need to be examined. To assess the impact of social and political institutions on market development, a range of different countries and regions should be investigated as well.

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