

# *Did Medieval Craft Guilds do More Harm than Good?*

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## **Introduction**

Craft guilds began to appear in large numbers in medieval towns and cities in the thirteenth century. They were formed to advance the interests of the master artisans of a particular trade or profession. Craft guilds allowed a group of artisans who practised the same craft to do collectively what they could not do individually. Although guilds often wielded much power, that power was rarely used to increase the welfare of the broader community. Rather, the guilds were usually anti-competitive. The master guildsman sought to enrich themselves at the expense of customers and the workers that they employed. Yet, strong forces, both from within the guild and from outside, helped to keep the power of the guilds in check. Thus, although most guilds sought to function like quasi-cartels, most did not succeed.

As this paper will argue, there is ample evidence that the prime function of craft guilds was to restrict supply to drive up prices. Even the traditional arguments in support of guilds: that they benefited consumers by codifying and enforcing quality standards and provided valuable public goods, do not stand up to scrutiny. Quality standards had one prime purpose: to restrict entry into the guild and to stave off competition from non-guild producers. Guilds, when they did provide public services like charitable relief, did so either to enhance their own image, much

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like corporations do today, or out of fear from reprisals from public officials.

### **The craft guild as a cartel**

Medieval craft guilds, at least in spirit, are the predecessor of modern cartels. Craft guilds sought to monopolize the production and sale of goods in their respective towns and cities, and even on occasion, in the surrounding countryside. By restricting supply, guilds drove up prices, thereby increasing profits for the master artisans in the guild. The end result was the formation of a powerful and often wealthy class of urban artisans, an “aristocracy of labour” as Brentano called it<sup>1</sup>. Of course, guild leaders never sat down to equate marginal revenue with marginal cost in order to derive the optimal monopoly price and output for the guild. Rather, the argument is that guilds could establish over time, through trial and error, the prices and levels of output that maximized the collective incomes of masters.

For a cartel to function effectively, two things must be true: first, the market must be restricted solely to members of the cartel. This is necessary to preclude outsiders from undercutting cartel prices. Second, each member of the cartel must adhere to his quota. This is necessary to prevent members from undercutting one another. Guilds accomplished the first requirement by making membership in a guild a prerequisite for working in a particular craft. Of course, it would have been pointless to let just anyone join the guild since that would have quickly dissipated the rents associated with membership in an exclusive club. Thus, craft guilds had to occasionally close their doors to would-be members. At Angers, for instance, new master butchers could enter the guild only every seven years and even then, only with the consent of other masters.<sup>2</sup> In Limoges, only six barbers were permitted to work. When one barber died, his successor was elected after a competitive examination.<sup>3</sup> The Statutes of the napery weavers of Paris read: “No

<sup>1</sup> Brentano, p. 18.

<sup>2</sup> Georges Renard, *Guilds in the Middle Ages*, (1919), p. 39.

<sup>3</sup> *Ibid.*, p. 39.

one may be master weaver except the son of a master."<sup>4</sup> Some restrictions on new members were patently xenophobic. No one could join the Dublin goldsmith guild unless "he be of English name and blode, of honest conversacion, and also fre citty syn of this cittie."<sup>5</sup>

Undoubtedly, there were times when craft guilds found it desirable to recruit new masters. After all, there was strength in numbers; the more masters there were in the guild, the stronger was the collective voice of the guild. The important point, however, was that entry into the guild was granted not too spur competition among guild members but rather to strengthen the guild so that it could more effectively spur competition from outside producers.

The second requirement for a cartel to function obliged masters in a craft guild to adhere to their quotas, that is, to refrain from producing too much, and hence depressing the price of the good or service that the guild offered. Craft guilds rarely fixed explicit quotas since in most cases, the public outcry would have been too great.<sup>6</sup> Thus, guild ordinances tended to rely on "implicit quotas." That is, the guilds sought to constrain how much each master produced by relying on such subtle and indirect measures as limiting how many apprentices and journeymen a master could employ, how much capital he could possess, and the times when he could work.

A distinctive feature of the guild system was the inordinate length of time it took to become a master craftsman. Most guild rules bound the journeyman to his master until the journeyman was at least 25, a remarkably old age in a society in which life expectancy rarely reached the late thirties. Furthermore, there was often no guarantee that a journeyman would ever become a master, especially if the journeymen was poor and did not have the right connections. According to the York weavers' apprentice-book, of the 375 indentured apprentices, only forty-five can be traced in the Freeman's Register, implying that the other 335

<sup>4</sup> *Ibid.*, p. 40.

<sup>5</sup> John J. Webb, *The Guilds of Dublin*, (1929), p. 70.

<sup>6</sup> Twenty-two butchers in Sens were convicted in 1529 for allocating production quotas to their members. Of the 133 weavers in Frankfurt in 1432, 11 weavers were given a quota of 36 pieces of cloth, 49 weavers were given a quota of four pieces of cloth, with the rest receiving quotas somewhere in between. These examples, however, reflect more the exception than the rule.

did not become masters in York.<sup>7</sup> According to Swanson, “even had the outlook [for the cloth industry] been 100 per cent better in the early fifteenth century, only a minority would have achieved more than servant status in York.”<sup>8</sup> The Holy Roman Emperor Sigismund, reacting to the high cost of admission to many craft guilds, lamented that “membership of the Guilds had to be grossly bought.”<sup>9</sup>

The fact that it often took longer to become a master craftsman in the Middle Ages than it does to complete graduate school today was a reflection of the monopolistic aspirations of the craft guilds. The master tried to squeeze as much labour from the journeyman as possible. To do that, the master would hold on to the journeyman for a prolonged period of time. By extending the time necessary to become a master, the number of masters was cut and hence, each established master guildsman secured a bigger share of the market for himself.

Another frequently used trick to curb overproduction was to restrict how much capital a master could possess. For example, in Vienna in 1340, the tailors’ guild forbade members to work with borrowed capital.<sup>10</sup> This regulation was especially injurious to young masters who could not afford to buy tools of their own. No doubt, strict limits on how much capital a master could accumulate and how many apprentices and journeymen he could employ reflected a desire for egalitarianism. Inequality among masters, after all, weakened the communal spirit of the craft guild. Nevertheless, such limits helped to keep down production and keep up prices.

Other restrictions sought to curtail the work done by the guildsman’s family. In Bristol, the complaint was made that “divers persons of Wevres Crafte of the seid Towne of Bristow puttyn, occupien and hiren ther wyfes, daughters and maidens, some to weve in their owne lombes and some to hire them to wirche with othour persons of the seid Crafte, by the whiche many and divers of the Kynges liege people likkely men to

<sup>7</sup> Heather Swanson, ‘The Illusion of Economic Structure: Craft Guilds in Late Medieval English Towns’, *Past and Present*, (November 1988), p. 46.

<sup>8</sup> *Ibid.*, p. 46.

<sup>9</sup> Frederick Armitage, *The Old Guilds of England*, (1918), p. 214.

<sup>10</sup> *Ibid.*, p. 214.

the King servis in his warris and the defence of this his lond, and sufficiently lorned in the seid Crafte, goethe vagaraunt and unoccupied."<sup>11</sup> However, judging from the immense contribution that wives made to their husbands' trade, this complaint, and others like it, probably fell on deaf ears. Nonetheless, by restricting to some degree how much capital a master could have and by capping the number of apprentices, journeymen, and family members who could work alongside him, craft guilds succeeded in scaling back production.

Other guild ordinances tried to check overproduction by constraining how long masters could work. The London Weavers, for instance, gave themselves a self-imposed holiday between Christmas and Purification Day (February 2nd).<sup>12</sup> Other guild statutes decreed that no one "shall work longer than from the beginning of the day until curfew," nor "at night by candle-light."<sup>13</sup> According to Thrupp, "Sienna locksmiths denounced the avarice of those who rose to work too early."<sup>14</sup> In Dijon, a cutler in the Rue des Forges was stabbed for working too late.<sup>15</sup> Consider the following ordinance from the Articles of the Spurriers of London:

In the first place, — that no one of the trade of spurriers shall work longer than from the beginning of the day until curfew ... by reason that no man can work so neatly by night as by day. And many persons of the said trade, who compass how to practise deception in their work, desire to work by night rather than by day; and then they introduce false iron, and iron that has been cracked, for tin, and also they put gilt on false copper, and cracked. And further, — many of the said trade are wandering about all day, without at all at their trade; and then, when they have become drunk and frantic, they take to their work, to the annoyance of the sick, and all their neighbourhood as well by reason of the broils that arise between them and the strange folks who are dwelling among them.

<sup>11</sup> Swanson, p. 45.

<sup>12</sup> Lujo Brentano, *On the History and Development of Gilds*, (1870), p. 67.

<sup>13</sup> *Ibid.*, p. 66.

<sup>14</sup> Thrupp, p. 275.

<sup>15</sup> *Ibid.*, p. 275.

And then they blow up their fires so vigorously, that their forges begin all at once to blaze to the great peril of themselves and of all the neighbourhood around. And then, too, all the neighbours are much in dread of the sparks, which so vigorously issue forth in all directions from the mouths of the chimneys in their forges. By reason thereof it seems unto them that working by night should be put an end to, in order such false work and such perils to avoid.... And if any person shall be found in the said trade to do the contrary hereof, let him be amerced, the first time in 40d., one-half thereof to go to the use of the Chamber of the Guildhall of London, and the other half to the use of the said trade; the second time, in half a mark, and the third time in 10s., to the use of the same Chamber and trade; and the fourth time, let him forswear the trade forever.<sup>16</sup>

Was the spurriers' guild really concerned with the hazards and quality of nighttime work? Perhaps. But no doubt, a restriction on nighttime work prevented some masters from producing extra spurs. With fewer spurs for sale, the price of spurs would have been higher. Furthermore, although it may be true that some masters who worked past dark were "drunk and frantic", it is just as plausible that some were particularly enterprising and successful and were working overtime to produce enough spurs to satisfy demand for their spurs. Their success no doubt irritated fellow guild masters who felt that they were being cheated out of customers.

### **Did craft guilds succeed in obtaining and maintaining monopoly power?**

All in all, how successful were craft guilds at manipulating prices and output? Although the efficacy of guild restrictions varied from region to region and from period to period, three things always kept a damper on how anti-competitive a guild could become. First, guilds suffered from the same problem as modern cartels: each member had an incentive to

<sup>16</sup> From *Translations and Reprints*, II, No. 3, pp. 12-17, as quoted in J.H. Dahmus, *A History of Medieval Civilization*, (1964), pp. 417-419.

exceed his quota. Second, craft guilds often had to compete with producers from the countryside. Third, guilds had to compete with other guilds for market share. Let us examine these three reasons in turn.

Just as modern oil exporters, such as those countries that comprise OPEC, are often tempted to increase the output of oil beyond their assigned quotas, every guild master stood to gain from increasing output beyond his assigned quota. Collectively, the guild suffered when all members exceeded their quotas. When watching an exciting play at a football stadium, it helps to stand up to see over the heads of others. But if you stand, those behind you will stand, and those behind them will stand as well. If everyone in the stadium stands, everyone will be worse off since it is easier to see the field then when everyone is sitting. What is individually desirable is not always collectively desirable. Economists, of course, have a name for this: the prisoner's dilemma.

Consider a very simple "game" in which there are two Masters, Master A and Master B. Suppose that each master has a choice to cheat on his quota or not cheat. If one master cheats and the other does not, the cheater will get a payoff of 15 and the honest master will get a payoff of 0. If neither cheats, each master will get a payoff of 10, and if both cheat, each master will get a payoff of 5. Regardless of what Master B does, it is always to the advantage of Master A to cheat on his quota (since the pay-off from cheating is always higher than the pay-off from sticking to the quota). Similarly, it is always to the advantage of Master B to cheat on his quota regardless of what Master A does. The resulting "cheat-cheat" strategy is the dominant Nash equilibrium. It is obvious, however, that if both players cooperated and agreed not to cheat that they would both be better off. The problem is that there is no way that either master can ensure that the other will not cheat. A guild can help redress this problem by *forcing* masters not to cheat. In other words, a guild can change the underlying pay-off structure so that the dominant strategy becomes one in which all players adhere to their respective quotas. This can be accomplished directly by levying fees and fines, or indirectly, by creating an atmosphere in which cooperation is cherished and private gain at the expense of the collective interest of the guild is deplored.

However, in the absence of an effective carrot or stick, the guild's monopoly cannot endure.

Second, to make matters worse, competition from outside the craft guild was often as threatening as competition from within. If the guild were to function like a cartel, it was necessary that competition from non-guildsmen be suppressed, or at least abated. There is no doubt that many guilds sought to quash competition from outsiders. William Mott and Thomas Thurston, two bailiffs of the wire drawers' guild, complained that because of competition from non-guild producers, "they [were] much hindered in their trade, and cannot set themselves on work to maintain themselves and family by reason the strangers do send for such quantities of wire..."<sup>17</sup> The Mayor of Dublin ceded to the demands of guilds and ordained that "no such forreiners shalbe permitted to entrude upon the said master and companys occupacion, but shalbe forbidden and restrayned therof, upon the said master and companys chardges, so farr forth as ther chartor doth warrant."<sup>18</sup>

Despite the efforts undertaken to eliminate outside competition, villagers from the countryside often managed to compete successfully with the established crafts by selling foodstuffs and on occasion, coarse manufactured wares in guild-dominated towns.<sup>19</sup> Craft guilds also had to contend with enterprising merchants. When the coopers' guild in Dunkirk raises prices in 1515, merchants in that city countered by having their own barrels made with hired labour.<sup>20</sup> The fierce competition that craftsmen faced from merchant traders was the prime reason why guilds rarely developed in coastal towns.

Third, masters had to confront competition from masters in other guilds. Controversy over overlapping areas of production and distribution was ubiquitous and the ensuing squabbling did much to weaken the guilds. Parisian tailors and old clothes dealers, for instance, bickered for

<sup>17</sup> As quoted in H.E.S. Fisher and A.R.J. Jurica, *Documents in English Economic History: England from 1000 to 1760*, (1977), p. 204.

<sup>18</sup> Webb, p. 118.

<sup>19</sup> Thrupp, p. 247.

<sup>20</sup> *Ibid.*, p. 259.

<sup>21</sup> Renard, p. 235.

centuries about the question of when a suit was “technically old.”<sup>21</sup> Similarly, shoemakers tried to prevent cobblers from making new shoes and cobblers returned the favour by trying to prevent shoemakers from repairing old shoes.<sup>22</sup> Saddlers in some parts of France were forbidden from making stirrups.<sup>23</sup> In Salisbury, bow makers were prohibited from making either arrows or strings.<sup>24</sup>

In addition, guild members would often “moonlight” in other occupations. Although a York statute clearly stated “Artificers, Handicraft People hold them every one to one Mystery,” there are abundant examples of guildsmen who engaged in more than one vocation.<sup>25</sup> John Stubbs, for instance, was a barber in York who died in 1451. His will indicates that he owned and operated a thirty-six-bed inn complete with bakery, gylehouse, granary and stable.<sup>26</sup> William Coltman, a York brewer who died in 1481, had his own spinning-house.<sup>27</sup>

One should be careful, however, not to assume that every craft guild was in competition with every other craft guild in the sense that a gain by one guild could only come at the expense of another. Would shoemakers, for instance, prefer it if fishmongers established a cartel for the production and sale of fish? One initially may think not. After all, if fishmongers established a cartel, this would mean that shoemakers would have to pay more for the fish that they ate. It is a truism, however, that the profit-maximizing monopoly or “cartel” price must lie along the elastic portion of the industry demand curve. A ten percent increase in the price of fish, therefore, would lead to a greater than ten percent decrease in the quantity of fish bought, implying that if fishmongers established a cartel, consumers would spend less on fish than if the fishmongers behaved competitively. But if less is spent on fish, more can be spent on the other things that guilds produce, like shoes. This would benefit the shoemakers.

Furthermore, since the relative price of shoes to fish would rise if

<sup>22</sup> *Ibid.*, p. 235.

<sup>23</sup> *Ibid.*, p. 235.

<sup>24</sup> Haskins, p. 66.

<sup>25</sup> Swanson, p. 33.

<sup>26</sup> *Ibid.*, p. 35.

<sup>27</sup> *Ibid.*, p. 36.

fishmongers established a cartel, consumers would tend to substitute consumption away from fish and towards shoes. This, again, would benefit the shoemakers. The ultimate decision of whether the inception of a fish cartel would benefit an individual shoemaker would depend on the degree to which demand for shoes increased as a result of higher food prices and what portion of the shoemaker's budget was spent on fish. The more that was spent on fish, the less happy shoemakers would be if fishmongers formed a cartel. Thus, it is not surprising that public indignation at the perceived monopolistic practise of a guild was greatest when the perpetrator was a guild whose product occupied a large share of a consumer's budget (like most guilds that sold foodstuffs). Intuitively, what this means is that customers were more likely to be incensed if millers raised prices than if the makers of fine tapestries raised prices. In addition, the more of a substitute the product of guild A was for the product of guild B, the happier would members in guild A be if guild B formed a cartel. Thus, if winemakers decided to gang together to increase the price of wine, one would not expect brewers of beer to object. Of course, the logic would be reversed if the goods were complementary.

### **The monopsonistic power of craft guilds.**

So far, I have mentioned various ways in which craft guilds sought to obtain market power by trying to inflate the price of the goods that they *sold*. The flipside of monopoly selling is, of course, monopoly buying (monopsony). It is thus important to consider how craft guilds acquired market power by depressing the price of intermediate goods, such as raw materials. Cartel buying occurs when a group of producers get together and agree to restrict how much of an input they purchase in order to depress the input's price. Thus, at the margin, the worth of the input to a producer is greater than the price that he pays for it. According to Thrupp, "butchers' guilds universally gained a reputation for seeking power through cartel buying."<sup>28</sup>

Just like the temptation that guild members had to cheat on their

<sup>28</sup> Thrupp, p. 248.

quota of how many final goods they could sell, guild members also had a temptation to cheat on their quota of how many intermediate inputs they could buy since any master who bought more than his quota would be able to resell it to other guild members at an inflated price. Of course, if all masters bought more than their quota of the intermediate input, this would increase the demand for the input, and thus raise its price, collectively hurting all guild members. Craft guilds dealt with this problem through detailed prohibitions on forestalling. In Rome, a shoemaker could not buy more than twenty skins and a mattress maker not more than a thousand pounds of horsehair at a time.<sup>29</sup> Moreover, it was the custom of many guilds that any member could share in the purchase of another member at the original selling price. This eliminated the incentive for any master to try to corner the market.

Craft guilds had a further source of monopsony power: their ability to manipulate wages. In most cases, the most important input that guild masters purchased was the labour of apprentices and journeymen. In a monopsonistic labour market, the marginal product of labour of the marginal worker is higher than the real wage that he receives. Thus, there would have been an incentive for masters to "steal" journeymen from other masters by offering them higher wages. This explains why so many craft guilds had regulations seeking to prevent this from happening. As one ordinance of the White Tawyers of London said: "And that no one shall take the serving man of another to work with him during his term, unless it be with the permission of his master."<sup>30</sup> The Florentine woollen guilds responded to the labour shortage after the Black Death not by competing for labour amongst themselves, but rather, by rationing labour at twelve servants per *laniolo*.<sup>31</sup>

Journeymen were usually less than pleased with this arrangement and when the opportunity arose, they often seized the chance to improve their lot. William Brewer of Trowbridge, a clothier, testified in 1677 that "he heard an uproar in the street and going forth he saw a great company

<sup>29</sup> Renard, pp. 40-41.

<sup>30</sup> A.E. Bland, P.A. Brown, R.H. Tawney, *English Economic History: Selected Documents*, (1920), p. 136.

<sup>31</sup> Thrupp, p. 277.

of men following a fiddler and one of them made a kind of proclamation that 'whosoever was of their side should follow them'... Aaron Atkins says that he was the man who made the proclamation and that the intention thereof was to engage as many as he could to combine for the raising of their wages sixpence per week."<sup>32</sup> During the 1381 Peasants' Revolt in England, disgruntled apprentices and journeymen allied themselves with the peasants.<sup>33</sup>

It is here that we see the first semblance of modern trade unionism. Some authors argue that modern trade unions are descendants of craft guilds. This, however, misses the point. If a craft guild was so powerful that it spawned a journeymen's association, the masters in that guild were more likely to have acted like bosses than like workers. It was the journeymen's association, not the craft guild *per se*, that was the ancestor of the modern labour union.

A successful guild generated rents for its members by restricting the supply of goods and services that it produces. It was for this reason that the young apprentice's parents often paid the master a fee to take their child under his wing. The fee represented a payment both to the master for training the child and also a "bribe" that potentially put the child on his way to working in an occupation that had above average earning potential. In this sense, the fee that the apprentice's parents paid was, in part, compensation to other masters for increasing future membership in the guild. Unfortunately, this entry fee was often so severe that in the case of the London cordwainers, "only sons from the governing group can have hoped to get in."<sup>34</sup>

### **Why did craft guilds enforce quality standards?**

One of the most striking features of medieval craft guilds was their predilection to tightly regulate the quality of the products that their members produced. As Gustafsson notes, within "the textile crafts it was a matter of guaranteeing that inferior qualities of wool were not used, that

<sup>32</sup> Fisher and Jurica, p. 207.

<sup>33</sup> Steven Epstein, "Guilds and Metiers," *Dictionary of the Middle Ages*, (1971), p. 19.

<sup>34</sup> John Clapham, *A Concise Economic History of Britain*, (1963), p. 133.

hair was not mixed with the wool, that a sufficient number of threads were used in the web, that the weavers did not try to save yarn by stretching the web, that the dyers did not use too little dye when dyeing - for instance by neglecting to dye the cloth blue before dyeing it black."<sup>55</sup> A 1474 guild statute of the Stockholm shoemakers records that a shoemaker was to be fined a quarter of a barrel of beer if the shoes that he sold had one hole in them, half a barrel for two holes, and a whole barrel for three holes.<sup>56</sup> Goldsmiths were often prohibited from making gilded products since it was feared that such gilded objects would be sold as solid gold.<sup>57</sup> In Maine, butchers were forbidden from displaying a piece of beef unless two witnesses had seen the animal brought in alive.<sup>58</sup>

To fully understand the consequences of guild-imposed quality standards, one needs to be more precise about the issue addressed. It is not enough to prove that guilds raised the quality of production and then go on to argue that because this was so, medieval customers were made better off. Surely, there was a price to be paid for better quality. To produce a superior product, the guildsman needed to invest more time and resources. This, however, implies that the price of the product would have been higher than if the product had been produced to fulfil less scrupulous standards.

Yet this is a rather puzzling, for it is natural to assume that as income rises, customers demand higher quality goods. Quality, as it were, is a "normal" good. But by modern standards, medieval people were extraordinarily poor. Should this not imply that they would have preferred to consume more average quality goods as opposed to a few meticulously crafted ones? After all, in our society, few would argue that it would be welfare-enhancing if the government decreed that consumers could only buy automobiles on a par with the top of the line Mercedes.

One might argue that asymmetric information necessitated guild-enforced quality controls. Such a market failure may have occurred if customers had trouble telling whether a product was of high quality or

<sup>55</sup> Bo Gustafsson, p. 82.

<sup>56</sup> *Ibid.*, p. 82.

<sup>57</sup> *Ibid.*, p. 82.

<sup>58</sup> Renard, p. 33.

low quality until after it had been bought. If, for example, there were twenty shoemakers in a town and the buyers of shoes had difficulty telling which guildsmen made the best shoes, the following could have happened: each guildsman would say to himself, "why should I bother making high quality shoes? If I slack off, I can save time and money. As long as my fellow guildsmen do not slack off as well, the reputation of my guild will not be greatly affected by what I do and so I can either work as much as I used to and produce more shoes with the same amount of resources or I can produce the same number of shoes but have more leisure at my disposal. Either way, I'll be better off." Of course, if *every* guildsman thought the same way, only shoddy shoes would be produced. The same underlying logic that drove masters to cheat on quotas would have also led them to produce inferior goods. Thus, it may be argued that the function of a guild was tantamount to the function of a doctor's association today. In the same way that membership in a doctor's association says that the doctor is qualified to practise medicine, membership in a guild said that the guildsman was committed to producing only high quality goods.

It is easy, however, to overexaggerate the relevance of this sort of argument in the context of the Middle Ages. It is certainly true that artisans rarely, if ever, personally signed or stamped the goods that they made (although this may have indicated that they were not too concerned about asymmetric information). It is also true that since goods in the Middle Ages were individually crafted, the variance in quality would have been fairly high. In fact, one does find a greater emphasis on quality standards in export guilds, implying that consumers had more difficulty ascertaining the quality of the goods that they bought when such goods were imported from distant places.<sup>39</sup> But then again, the range of different goods available for sale was much smaller in the Middle Ages than it is now so consumers likely would have had a more intimate knowledge of the goods that they were purchasing.

Furthermore, the vast majority of goods produced by craft guilds were in fact destined for the local market. More often than not, the goods were sold in the very shops in which they were produced. Often, buyers knew

<sup>39</sup> Gustafsson, p. 93.

the sellers personally. The scope for informational asymmetries in such cases was probably not significant. To continue our earlier example, if a guildsman began selling shoes that were inferior in comparison to shoes made by other guildsman, people in the town would have quickly discovered this and those buyers who preferred high quality footwear would have stopped patronizing his shop. Since the shops of masters of the same guild were generally clustered along the same street, "voting with one's feet" was extremely easy to do. If the guildsman stooped so far as to sell defective merchandise, this would have probably scarred not only his reputation but also the reputation of his descendants for it was the custom in most guilds that the son would inherit his father's occupation. Thus, the disincentive for guildsmen to voluntarily sell defective goods must have been great.

If the "market failure" argument is unconvincing, how then does one explain the ubiquity of guild ordinances that imposed quality standards on the work of masters? The most plausible answer is that measures to regulate quality were imposed to restrict competition by hassling outsiders with ludicrously exacting quality standards. In the French leather guilds, as in many other guilds, a journeyman had to produce an expensive masterpiece in order to become a master.<sup>40</sup> Since few journeymen could afford to produce such masterpieces, the number of masters was artificially depressed. If these "masterpieces" set the standard for everything else that was produced, then it can be argued that high quality standards arose in part from the monopolistic character of the craft guilds.

Additionally, the pretence of faulty workmanship was no doubt a convenient excuse to eliminate a few unwanted competitors. Thus, at Arras we find that after the town authorities revoked the butchers' guild rule that restricted guild membership to the sons of members and men married to the legitimate daughters of members, the butcher's guild retaliated with the charge that new members had sold meat carrying the infection of leprosy.<sup>41</sup> In Amiens, villagers who tried to sell leather or shoes could have their wares inspected by officials of the shoemakers

<sup>40</sup> Thrupp, p. 254.

<sup>41</sup> *Ibid.*, p. 249.

and cordwainers guilds and made to pay heavy fines if their work was deemed to be below guild standards.<sup>42</sup> In Toulouse, bailiffs of the textile guilds could confiscate materials that they judged to be poorly dyed.<sup>43</sup> Among the Glasgow Weavers, banishment was frequently the price for "bad" workmanship.<sup>44</sup> The butchers at Poitiers could not work unless it was deemed that "they were neither scrofulous, nor scruffy, nor foul of breath, and that they were not under excommunication."<sup>45</sup> In 1482, the baker's guild in York insisted that the sale of bread produced in the countryside, beyond the guild's domain, be restricted since it was allegedly made with chalk and was badly leavened and underweight.<sup>46</sup>

### **Why did craft guilds supply public goods?**

Many governments in the Middle Ages were unresponsive, despotic, corrupt, and unconcerned with the welfare of the citizenry. Many authors have stressed the beneficial role played by guilds in mobilizing resources to provide public goods, like charity relief, to the community. Renard describes the public works undertaken by guilds: "In the neighbourhood of their cities they built roads, canals, and seaports. Within the city walls they gave a splendid impetus to architecture. They built monumental halls like those of Bruges, fountains, hospitals, and public promenades; they erected churches which were popular palaces, town halls which were carved like fine lace and flanked by towers and belfries from which the Tocsin called the citizens to arms or to the assembly."<sup>47</sup>

The most important public good that guilds supplied was public charity for the poor and sick. Cloth guilds, for example, occasionally distributed cloaks to paupers.<sup>48</sup> The Fullers of Lincoln declared that "If anyone by mishap comes to want, and asks help from the Gild, sixpence a year shall be advanced to him, out of the goods of the Gild, for three

<sup>42</sup> Ibid. p. 254.

<sup>43</sup> Mary Ambrose Mulholland, *Early Gild Records of Toulouse*, (1941), p. xxxix.

<sup>44</sup> Robt. D. M'Ewan, *Old Glasgow Weavers*, (1908), p. 51.

<sup>45</sup> Renard, p. 54.

<sup>46</sup> Thrupp, p. 262.

<sup>47</sup> Renard, p. 66.

<sup>48</sup> Epstein, p. 17.

years. When he gets in better case, he shall, if he can, repay the money advanced to him; but if he cannot, then the debt shall be repaid to the Gild, out of what is collected after his death for his soul's sake and what remains shall be faithfully applied for his soul's sake."<sup>49</sup>

Furthermore, craft guilds assumed the role of implicit insurance providers in an era in which few people had access to insurance markets. Guild membership, therefore, entailed an implicit contract. A master paid fees to his guild on the implicit assumption that if should anything happen to him or his family, the guild would step in and help. The following 1389 guild statute describes the benefits of such a contract: "if any brother or sister of the gild comes to such indigence and poverty arising from any misfortune, and cannot live honestly by his means according to his former estate, then he shall receive every weck 7*d* from the warden out of the goods of the gild until death or until he comes to a better estate by divine ordinance without fraud."<sup>50</sup>

Yet, even when guilds provided public goods, they did so begrudgingly, and often only under the duress of town officials. By giving to the poor, guild masters partly returned what they took from the poor in the form of higher prices. In many cases, guilds were *expected* to contribute to public charity. To stop doing it would invite public outrage. Many guilds lamented their responsibility for providing public goods. Swanson, describing the guilds in York, concludes, "the endless regulations which purported to hedge around urban industry were, in terms of economic structure, insignificant. The most oppressive aspect of the guilds lay in quite another direction, in the way its members were expected to subsidize civic pomp, not least in the form of the Corpus Christi pageants."<sup>51</sup>

### **Craft guilds and their relationship with the political authorities.**

What place does the craft guild occupy in the medieval political structure? One specific question that should be raised is: under what

<sup>49</sup> Armitage, p. 86.

<sup>50</sup> Fisher and Jurica, p. 416.

<sup>51</sup> Swanson, p. 121.

circumstances did governments see it in their best interest to protect and even strengthen guilds? At times, craft guilds were a clear threat to the political establishment and so the political authorities did what they could to weaken them. The royal charter granted to Norwich in 1256 outlawed craft guilds, citing them as detrimental to royal interests.<sup>52</sup> Between 1288 and 1293, the saddlers, tanners and cobblers in Norwich were all fined for starting guilds without permission.<sup>53</sup> Frederick II in 1219, without much success, banned craft guilds in the Holy Roman Empire and in his Italian possessions.<sup>54</sup> In Vienna, guilds were outlawed for half a year in 1276 on the charge that they were responsible for a decline in immigration to the city.<sup>55</sup> Often, governments took overt steps to curtail the monopolistic practices of guilds. In London, if a prospective entrant was refused entry to a craft guild, he could appeal to the city council that could then permit him to take up the craft if he was deemed competent to practise it.<sup>56</sup> In 1297, the Greater Council of Venice passed a resolution weakening the butchers' cartel and in 1358 the Council passed another resolution curtailing the power of cotton importers.<sup>57</sup> The 1467 statutes of the York girdlers declared that if the mayor did not like an ordinance, he could "amende correcte and refourme it and every parcell therof at his plesier."<sup>58</sup> Similarly, every craft guild in Coventry, according to an order issued in 1515, had to have its book of regulations ratified before the mayor.<sup>59</sup>

Of course, craft guilds could improve their prospects by looking for help from ostensibly less worldly sources. One does not need to look far to find instances in which guilds generously supported the Church. To become a master it was necessary, with very few exceptions, to make a profession to the Catholic faith. Indeed, this is the etymology of the

<sup>52</sup> Thrupp, p. 244.

<sup>53</sup> Clapham, p. 131.

<sup>54</sup> Thrupp, p. 245.

<sup>55</sup> *Ibid.*, p. 245.

<sup>56</sup> C. Hickson and F.A. Thompson, 'A New Theory of Guilds and European Economic Development,' *Explorations in Economic History* (April 1991), p. 129.

<sup>57</sup> G. Luzzatto, "Sindacati e cartelli nel commercio veneziano dei secc. XIII e XIV", in *Studi di Storia Economica Veneziana*, (Padua 1954), pp. 196-7.

<sup>58</sup> Swanson, p. 38.

<sup>59</sup> *Ibid.*, p. 38.

modern word "profession." Virtually every guild had a patron saint. In France, St. Vincent was the patron saint of vine growers, St. Blaise of the masons, St. Crespian of the shoemakers, St. Fiacre of the gardeners, St. Julien of the village fiddlers, etc.<sup>60</sup> The very first ordinance of the white tawyers of London reads: "In the first place, they [the guild masters] have ordained that they will find a wax candle, to burn before Our Lady in the Church of All Hallows near London Wall. Also, that each person of the said trade shall put in the box such sum as he shall think fit, in aid of maintaining the said candle."<sup>61</sup> Did this alliance emerge because so many guilds had their roots in religious societies or was it an attempt by guilds to secure holy patronage? The answer is probably both. Besides, it is hard to see how any institution in the Middle Ages, let alone one so ubiquitous as the craft guild, could escape affiliation with the Church.

Efforts by governments to weaken or abolish guilds, however, were not always successful. In fact, it was the craft guilds that sometimes got the upper hand. For example, in Liege in 1384, the guilds took over the municipal government and the representatives of the 32 craft guilds of the city voted to exclude all others from the municipal council.<sup>62</sup> Even in England, where craft guilds existed in the shadows of royal authority, the King was forced to grant a pardon to the barbers of Coventry in allowing them to raise prices, making "the cost of that art so much dearer, to the damage of the whole people."<sup>63</sup>

Despite all this, the relationship between governments and craft was often amicable, and even at times, mutually beneficial. For one thing, craft guilds were a valuable source of revenue for various levels of governments. If the political authority permitted a craft guild to operate as a cartel, masters in that guild would have had higher incomes than if the guild were forced to operate in a competitive environment. This extra income for guild masters constituted a rent that the political authority could eliminate by rescinding special legal protection for the guild. Thus,

<sup>60</sup> Renard, p. 44.

<sup>61</sup> Bland, Brown, and Tawney, p. 136.

<sup>62</sup> H. van Werveke, "The Rise of the Towns," in *Cambridge Economic History of Europe*, vol. 3. M.M. Postan, E.E. Rich and E. Miller (eds.), (1963), p. 36.

<sup>63</sup> Armitage, p. 102.

the political authority could make a guild beholden to it by threatening to revoke any special privileges that guild masters enjoyed in the market. The guild, knowing this, was prepared to pay the government a sum of money up to the value of the rent for continued political protection. The more income the craft guilds had, the more income there was for the government to tax. And since craft guilds earned more when they could control wages and prices, it was not surprising that governments occasionally turned a blind eye to the guilds' monopolistic penchants.

This relationship of mutual dependency between guilds and governments was reflected in numerous ordinances and statutes. The first article of the statutes of the napery-weavers of Paris read: "No man may be napery-weaver at Paris unless he buys the right from the King." In England, guilds paid the Crown an annual fee to preserve their monopoly status. In Exeter, the cordwainers guild had to pay the mayor a fine each year for permission to scrutinize the quality of the workmanship of its members.<sup>64</sup> In 1159, the butchers of Toulouse agreed to pay Raymond V, the Count of Toulouse, two *solidi* for every ox that they brought into the city. In 1222, Raymond VI granted butchers exclusive monopoly rights in exchange for free meat.<sup>65</sup>

Furthermore, governments often regarded the guild system as a convenient conveyance to organize and manipulate production. It is easier, after all, to regulate a whole industry if it is under state control than it is to individually regulate the hundreds of firms that comprise it. Thus, Pirenne argues, "the public authorities regulated town industry by dividing artisans into as many groups as there were distinct crafts to supervise."<sup>66</sup> According to Swanson, "the council [of York] saw a system of craft guilds as the ideal way to police the work-force."<sup>67</sup> In Nuremberg, guilds remained under the auspices of the *Rath*, Nuremberg's Municipal Council. The *Rath* manipulated the guilds, denying guild members the right to meet without authorization and insisting that all correspondence by guild members with foreign towns be disclosed.<sup>68</sup>

<sup>64</sup> Joyce Youings, *Tuckers Hall Exeter*, (1968), p. 11.

<sup>65</sup> M.A. Mulholland, p. xi

<sup>66</sup> Henri Pirenne, *Economic and Social History of Medieval Europe*, (1961), p. 183.

<sup>67</sup> Swanson, p. 39.

<sup>68</sup> Thrupp, p. 249.

In addition, guild members often played important military roles. In Peugia, for example, all guildsmen were expected to stop working and fall into military formation behind their officers when the alarm bell sounded.<sup>69</sup> In 1415, before the battle of Agincourt, the guilds of Salisbury provided King Henry V with 100 marks and a number of “hobblers, archers, and other defensible men.”<sup>70</sup> By giving the guilds special privileges, town authorities made the guilds beholden to the interests of the town. After all, if special privileges were granted, they could also be taken away. Journeymen and masters were less likely to flee if an invading army threatened the town because if they did they would lose much of their capital and most likely would not be able to reclaim any entry fees that they had paid to join the guild. Furthermore, municipal governments often forbade deserters from working in the town again.<sup>71</sup>

### **Craft Guilds and technological innovation.**

Craft guilds often impeded experimentation and in so doing, stymied technological progress. In 1286, for instance, Florentine coopers boycotted one master who bent his staves by water, in spite of his claim that his method was “an advantage to all who bought them [the barrels].”<sup>72</sup> Why were craft guilds so unwilling to innovate? One part of the answer must surely be the temperament of masters towards technological innovation specifically, and progress in general. People in the Middle Ages were less materialistic than today. If progress mattered, it was usually spiritual progress that ultimately counted. This does not mean that masters did not want to improve their lot in life; that they surely did. But it did mean that masters placed an inordinate emphasis on custom and tradition; and tradition meant that you did what your father had done and what his father had done.

Furthermore, I have noted that competition and personal rivalries among guild masters were prevalent in spite of efforts by guilds to preserve solidarity. This competition, and the struggle to maintain some semblance

<sup>69</sup> *Ibid.*, p. 264.

<sup>70</sup> Haskins, p. 58.

<sup>71</sup> Hickson and Thompson, p. 140.

<sup>72</sup> Renard, p. 69.

of equality among guild masters, meant that innovation by one master was bound to be interpreted as "unfair competition" by other masters. And the greater the solidarity of guild members, the more likely the guild was to succeed in its anti-competitive tactics. The drapers of sixteenth-century Liege, for example, voted not to introduce improved looms, fearing that better looms would favour the more established masters. As Silvia Thrupp puts it, "they [the drapers] far preferred independence in a small slow-moving business to the prospect of working under the direction of great merchant entrepreneurs in a thriving export trade."<sup>73</sup>

What effect did craft guilds have on the diffusion of technological knowledge? Many crafts were notoriously secretive. In 1407, for example, the potters in York forbade anyone to "teach or give his learning of the science of the property of his said craft to anyone who is not a member of the said craft in the city of York or outside."<sup>74</sup> Some English guilds required apprentices to take an oath in the presence of the guild's chaplain to safeguard the secrets of his master's trade.<sup>75</sup> When one unlucky apprentice in Lincoln broke his vow of secrecy, an Ecclesiastical Court reproached his "reprehensible conduct" and added "he would be damned in hell."<sup>76</sup> According to a Venetian law of 1454: "If a workman carry into another country any art or craft to the detriment of the Republic, he will be ordered to return; if he disobeys, his nearest relatives will be imprisoned, in order that the solidarity of the family may persuade him to return; if he persists in his disobedience, secret measures will be taken to have him killed wherever he may be."<sup>77</sup> At a time when intellectual property rights were rarely acknowledged, let alone enforced, it is no surprise that guilds went out of their way to keep technological innovations out of the hands of competitors. The desire to maintain secrecy is one reason why guilds discouraged the employment of waged labour; since workers had smaller stakes in the success of the guild than did masters, they were more likely to divulge valuable trade secrets.

<sup>73</sup> Thrupp, p. 273.

<sup>74</sup> *York Memorandum Book*, vols. i and ii, Maud Sellers (ed.), Surtees Society, vols. 120 (1912) and 125 (1914), p.151.

<sup>75</sup> Armitage, p. 94.

<sup>76</sup> *Ibid.*, p. 95.

<sup>77</sup> Renard, p. 36.

In addition, craft guilds were organized along fairly narrow occupational lines, which made technological diffusion more difficult. In Paris, for example, there were five different classes of wine-merchants: wholesalers, hotelkeepers, innkeepers, publicans, and bottlers.<sup>78</sup> This sort of rigid organization impeded the sharing of ideas among masters in competing guilds. Furthermore, the narrow definition of what work a guildsmen was allowed to do prevented guilds from amalgamating to take advantage of possible scale economies. There was never, for example, a single cloth guild. Rather, there were guilds that devoted themselves to either to carding, fulling, spinning, weaving, etc. It may have been the case that had the carders and the fullers merged into a single guild, productivity in both sectors would have increased. To be sure, guilds did occasionally amalgamate. In 1498, for instance, the pursers and glovers petitioned the Corporation of the city of London to allow their merger for the reason that "both crafts were sore decayed in number of persons and in substance of goods."<sup>79</sup> There are a variety of reasons why guilds in the same industry did not merge when it was mutually beneficial to do so. First, there were some political advantages to keeping guilds fragmented and hence, unable to threaten the political establishment. Furthermore, since guilds in the same industry produced inputs for other guilds further along the chain of production (i.e. the weavers wove the yarn that the spinners spun), there was often hostility among the various guilds that comprised the industry with regards to the pricing of inputs. This tended to increase animosity and preclude cooperation.

Where innovation was present, it was usually present among craft guilds in the export industry.<sup>80</sup> When one sees the first trace of capitalism in medieval society, one sees it in these early enterprises. In export guilds, successful masters could expand production to minimize per unit production costs. Over time, putting-out and the employment of waged labour became increasingly common. Moreover, productivity was higher in the export guilds because export guilds were not as likely to be

<sup>78</sup> *Ibid.*, p. 38.79

<sup>79</sup> Ernest Pooley, *The Guilds of the City of London*, (1945), p. 17.

<sup>80</sup> Thrupp, p. 271.

sheltered from competition as were guilds that catered only to local markets.

## **Conclusion**

What can we say about the overall influence of craft guilds on economic well being in the Middle Ages? Unfortunately, it is not enough to try to plot some index of “guild strength” on one axis and some measure of economic prosperity on the other axis and see if there is any correlation. Some correlation may indeed exist, but this would not imply causation.

For instance, consider the effects of an exogenous improvement in agricultural productivity. Such an improvement would increase the surplus of food available to be sold in towns. Lower food prices would raise the disposable income that people had to spend on the goods that the crafts produced, which in turn would increase demand for guild-produced goods. This would increase the profitability of being a guild member, and as a result, raise the economic rent from guild membership.

On the one hand, this might encourage the guilds to try to adopt more restrictive policies to safeguard their privileged positions. Higher profits would also give the guilds more funds with which to lobby town officials to enact anti-competitive policies that were favourable to guild interests. Thus, we would see a correlation between economic prosperity and increasingly restrictive guild practices but the latter would not be causing the former. On the other hand, economic prosperity might make the guilds less concerned about retaining monopolistic practices and more inclined to share their wealth with outsiders. In that case, it might seem to the casual observer that the weakening of guilds was causing economic prosperity.

To take one dramatic example of an exogenous shock, consider the effect that the Black Death had on medieval craft guilds. The Black Death wiped out about a third of the population of Europe. Guild masters were then confronted with a double-edged sword. What were considered “restrictive” membership limits before the plague now seemed excessive relative to the diminished population. In addition, as conditions in the

countryside improved (since there was more land per person), masters were forced to raise wages to entice workers to stay in the towns. Thus, the rents associated with guild membership fell precipitously after the Black Death. The guilds reacted to this by trying to become *more* restrictive.

As time wore on and the guilds found themselves unable to compete with the new class of capitalist merchant entrepreneurs (many of whom had moved their industries to the countryside to avoid guild interference), the guilds responded in vain by trying to tighten their stranglehold on town trade. After the sixteenth century, mastership in the butchers' guilds of Paris, Poitiers and other cities in France became hereditary.<sup>81</sup> By the eighteenth century, the cost of admission to some craft guilds in France had risen to between 1500 and 1800 francs.<sup>82</sup>

This paper has argued in support of the monopolistic view of guilds. Most of the things that guilds did were done for the benefit of their members and at the expense of the community. To be sure, craft guilds had redeeming qualities: they provided valuable public goods, they fostered secular education, and their members facilitated the administration of town affairs. Yet, at the heart of the craft guild was the goal of monopolizing trade.

Of course, to evaluate the overall impact of craft guilds on the medieval economy requires us to say something about how successfully craft guilds acted as cartels and how different life would have been if there were no craft guilds. On this point, it is safe to say that few guilds ever attained anything that remotely resembles pure monopoly or monopsony power. Governments tempered their power as did competition and personal rivalries and by competition from other craft and merchant guilds. Hence, although the goal of the guild was to monopolize trade, that goal was rarely realized.

Thus, it is no surprise then that economic life in York, which had many guilds, was not substantially different from economic life in Norwich, which had few guilds.<sup>83</sup> Even in towns where guilds played a

<sup>81</sup> Renard, p. 109.

<sup>82</sup> *Ibid.*, p. 109.

<sup>83</sup> Clapham, p. 132.

dominant role, usually only a minority of the town's residents belonged to them. No one doubts that many craft guilds tried to restrict, or at least levy tolls, on the sale of goods made by non-guildsmen. But in an age when transportation was expensive and haphazard, even the total abolition of craft guilds would not have changed the fact that the production of most goods was exclusively geared for the local market.

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