Institutions and European Trade

What was the role of merchant guilds in the medieval and early modern economy? Does their wide prevalence and long survival mean they were efficient institutions that benefited the whole economy? Or did merchant guilds simply offer an effective way for the rich and powerful to increase their wealth, at the expense of outsiders, customers and society as a whole? These privileged associations of businessmen were key institutions in the European economy from 1000 to 1800. Historians debate merchant guilds’ role in the Commercial Revolution, economists use them to support theories about institutions and development, and policymakers view them as prime examples of social capital, with important lessons for modern economies. Sheilagh Ogilvie’s magisterial new history of commercial institutions shows how scrutinizing merchant guilds can help us understand which types of institution made trade grow, why institutions exist and how corporate privileges affect economic efficiency and human well-being.

Cambridge Studies in Economic History

Editorial board

PAUL JOHNSON  La Trobe University
SHEILAGH OGLIVIE  University of Cambridge
AVNER OFFER  All Souls College, Oxford
GIANNI TONIOLO  University di Roma ‘Tor Vergata’
GAVIN WRIGHT  Stanford University

Cambridge Studies in Economic History comprises stimulating and accessible economic history which actively builds bridges to other disciplines. Books in the series will illuminate why the issues they address are important and interesting, place their findings in a comparative context, and relate their research to wider debates and controversies. The series will combine innovative and exciting new research by younger researchers with new approaches to major issues by senior scholars. It will publish distinguished work regardless of chronological period or geographical location.

A complete list of titles in the series can be found at:
www.cambridge.org/economichistory
Contents

Acknowledgements vi

1 Merchant guilds, efficiency and social capital 1
2 What was a merchant guild? 19
3 Local merchant guilds 41
4 Alien merchant guilds and companies 94
5 Merchant guilds and rulers 160
6 Commercial security 192
7 Contract enforcement 250
8 Principal-agent problems 315
9 Information 344
10 Price volatility 391
11 Institutions, social capital and economic development 414

Bibliography 435
Index 476
Acknowledgements

I have been exceptionally fortunate to have so many colleagues and friends who gave their energy, ideas and time to help improve this book. Jeremy Edwards read several very different drafts, provided detailed comments, and encouraged me to say when I thought an emperor had no clothes. André Carus, Tracy Dennison, Erik Lindberg, Tom Scott, Danielle van den Heuvel, and several anonymous readers all made extremely helpful comments on the whole manuscript. In addition, the following provided stimulating advice on particular aspects of the book and reactions to some of its arguments: David Abulafia, Jörg Baten, Marco Belfanti, Ian Blanchard, Chris Briggs, Montse Cachero, D’Maris Coffman, Partha Dasgupta, Kent Deng, Roberta Dessi, Steven Durlauf, Ann Fender, Oscar Gelderblom, Jessica Goldberg, Regina Grafe, Oliver Grant, Tim Guinnane, Donald Harreld, John Henderson, Ajit Karnik, Timur Kuran, Paola Lanaro, Joe Manning, Chris Meissner, Leos Müller, Klas Nyberg, Geoffrey Parker, Maarten Prak, Tom Safley, Paul Seabright, Joel Sobel, Mark Spörer, Peter Spufford, Peter Stabel, James Thomson, Michael Toch, Francesca Trivellato, Allan Tulchin, Klaus Weber, Ralph Woodward and Hillay Zmora. I would also like to thank participants in the lively and well-attended session on ‘The Costs and Benefits of Merchant Guilds, 1300–1800’ at the Fifth European Social Science History Conference in Berlin in March 2004, for eloquently demonstrating that economic history can arouse inspiration and passion.