Introduction

In contrast to what we normally hear, market society did not come into being in Europe in the nineteenth century. Attempts were made, yes, to create a thorough-going market economy, but they failed. These attempts are well known to historians, they constitute a principal element of the economic and political history of the period. But astonishing as it may seem, neither economic nor social historians have ever systematically considered the question of whether these attempts had the desired effect. The guiding assumption of the age of laissez-faire was that completely unregulated trade equals competitive, self-regulating markets. This assumption still has a profound hold on us today. Hence the tendency to accept as self-evident that laissez-faire reform created a market system. But nothing could be further from the truth.

Attempts to create a market society did transform Europe in the early nineteenth century, of this there can be no doubt, but the results in no way resembled the image that inspired these attempts. Rather than speak of market society for the new social order that resulted, it would perhaps be better to speak of "market culture."

The advantage of the word *culture* is that it at least raises the possibility of a disjuncture between perception and reality and forces us to interpret rather than blindly accept language used to describe or restructure social life. When a doctor administers a drug we say he is healing; when a medicine man recites his spell, we say it is his culture. Both have cultures, yes, but the doctor also has penicillin. In the nineteenth century certain medicine men saw a market society emerging and since then many have concurred. But they were deluded. Market culture, therefore, in the simplest terms, consisted of three elements: a set of (wrong) perceptions, a language through which these perceptions were formulated, expressed, and debated, and a set of (misguided) practices partially but imperfectly shaped in accord with these perceptions. Market society was a mirage. Market culture was the social order that emerged when the language of this mirage insinuated its assumptions into the everyday practice of European society.

Unfortunately, historians have done much in our own century to keep the mirage before our eyes. As recently as the 1940s, the belief in market society received powerful reinforcement from two scholars who, in other respects, were as different as night and day, Karl Polanyi and T. S. Ashton. Each of these economic historians wrote synthetic works on the industrial revolution in England that remain widely read to this day.[1] Polanyi saw the period from 1760 to 1830 in England as an unexampled catastrophe in human history. Ashton saw the same period as the harbinger of unlimited human progress. Yet both agreed substantially on what had happened. Both believed that a traditional English social order had been set aside. Rapid and often painful changes were carried out that made it possible for the basic factors of production – land, labor, and capital – to be put up for sale to the highest bidder in a competitive market. The enclosure movement transformed the use of the land. The developing banking system mobilized liquid capital. And the laissez-faire reforms of Parliament shook people loose from the paternalistic shackles of the past so that they could seek out the highest bidder for their services. The benefits in terms of sustained economic growth were well worth the price of momentary upheaval and dislocation in Ashton's view. In Polanyi's view, the continuing suffering and uncertainty created by forcing nature, man, and money into the mold of freely exchangeable commodities was enough to damn the whole experiment from the beginning. The rapid shift to protective reforms after 1834, in Polanyi's view, only proved that the effects of free competition were not bearable even with the pay-off of economic growth. Whatever side historians have favored in this ongoing debate, few have questioned the basic notion that land, labor, and capital had been changed to make them into commodities sold at competitive prices in open markets. But this never really occurred.

That this same interpretation could readily be applied to Continental society was demonstrated by Eric Hobsbawm in 1962 who spoke in his *Age of Revolution* of a dual revolution that had swept over Europe between 1789 and 1848, of which England had provided the economic, and France the political component.[2] For France, Hobsbawm found a ready-made interpretation of the Revolution that perfectly suited his needs. Georges Lefebvre and Albert Soboul, the two great students of the French Revolution in this century, both spoke of 1789 as having set the stage for capitalism.[3] The Revolution had swept away the vestiges of feudalism – seigneurial dues and ecclesiastical estates in the countryside, guilds and venal office in the towns – and replaced them with perfect freedom to dispose of self and property and perfect competition in the marketplace. That no industrial revolution occurred immediately in France could be attributed to exogenous factors: the impact of war, difficulties of transport, shortages of raw material, entrepreneurial timidity. French society was nonetheless, like English, a market society by the time of Napoleon's fall and nothing that the restored monarch attempted could change this fact. In spite of all the qualifications that have since been made concerning Lefebvre's or Soboul's views of the origins of the Revolution, no one has successfully challenged their estimation of its results.[4] Yet the creation of a market system in France was never accomplished, however "free" property and labor had become.

Problems with this powerful synthesis have only emerged gradually since the 1960s. The seeds of these problems can be seen in E. P. Thompson's *The Making of the English Working Class*, which first appeared in 1963, and offered, among many other things, detailed accounts of the impact on certain artisanal trades of Parliamentary reform and Parliamentary resistance to popular lobbying.[5] The catastrophes that were befalling these trades, on close examination, resembled hardly at all what the effects of a free market ought to look like. And the demands for strong governmental control, made by artisans in the name of what Thompson called a moral economy (as opposed to the political economy of Smith and his followers), seemed strikingly practical and reasonable in view of actual economic conditions. Thompson's example inspired other studies of artisanal trades both in England and in France, and from these studies as well as other inquiries into women and the family that have since been carried out, a consistent picture emerged that is now there for anyone to see.[6] No market for labor was ever created in either of these countries. In this crucial sense the market system failed to appear.

The precise meaning of this claim will be laid out and documented in depth in this study insofar as the French textile industry is concerned. But it is important that its theoretical implications and its general applicability be understood from the outset because it is a claim not just about economic conditions in a particular time or place, but also a claim about the role that culture plays in human society as well as the role that social class and social conflict play in the formation of culture. How people came to accept that markets existed when they did not and to think of their defining social relationships exclusively in terms of commodities and exchanges when they continued to involve so much more – loyalty, deference, faith, fear, hostility – are the questions that must be answered. The implications are not just substantive, involving the way one sees this period in history, but also methodological. The simple act of reading a document needs to be completely rethought if one follows through all of the ramifications of this claim about markets.

MARKETS AND MOTIVES

No market for labor was ever created. To see what this claim means, it would be well to consider for a moment the famous case of the English handloom weavers, not because it proves anything one way or another, but because, being well known and thoroughly researched, the case provides the necessary ingredients for a thought experiment about the idea of a market.

The handloom weavers have long been cited as the first great instance of mechanization forcing a whole trade community into obsolescence. The superiority of the new steam-powered loom developed in the 1780s was decisive and it drove several hundred thousand independent weavers in England into unemployment and penury between 1800 and 1840. The merit of Thompson's exploration of this case lay in his underscoring of certain neglected facets of it.[7] First of all the power loom's advantage was not so great; it could out-produce perhaps four to six handloom weavers on common grades of cotton cloth, but no more. Handloom weavers remained competitive if they accepted wage cuts of 60 to 80 percent. Countless weavers did just that, as earnings dropped from 18 to 14 to 4 shillings a week in the first decades of the nineteenth century. Secondly, a power loom was an expensive piece of equipment which, once purchased, had to be kept going constantly in order to pay for itself. Clothiers preferred, therefore, to buy only a few of them, lest they be caught out by the next slump; and they continued to turn the major portion of their raw materials over to handloom weavers in dispersed cottages. Wages became severely depressed long before the power loom had become a significant factor in production. Merely the threat of its introduction induced weavers to accept cuts. Their willingness to do so, in turn, severely limited the profitability of the power loom, thereby slowing its introduction to a snail's pace. Thirdly, the weavers turned to Parliament for minimum-wage legislation, something that Parliament had often granted in the eighteenth century but now, citing Adam Smith, refused. Had the minimum-wage been granted, the power loom would have been introduced much more rapidly because the weavers would not have been allowed to undersell the machine. Their long drawn out decline, which more than anything made them the object of public attention and official inquiry, was itself as much a result of political influence and commercial timidity as of technology.

The question that has preoccupied both contemporaries and historians, however, is why weavers in such great numbers stayed in the trade when their wages began to fall below a minimum subsistence level. Even unskilled field work could bring in 8 shillings a week, twice what weavers were earning by the 1820s. This violated expectations. Why did the weavers not seek to sell their services in other ways? A variety of explanations have been put forward over the years. Thompson cataloged them as follows: Many weavers lived in isolated villages that had only one industry. Weavers' hands were without callouses, their backs stooped; the shift to field or road work was difficult for some, impossible for others. At first they had a stiff pride in their trade and to the end they continued to value the independence of working at home on their own schedule. Other skilled trades retained their strict apprenticeship requirements longer than the weavers' trade, so that shifting to a new occupation of equal status was only rarely possible. A combination of distance, physical debility, rank consciousness, and desire for independence, in other words, locked many thousands in the trade at four shillings a week. Some of these factors came to light at the time, others have been pointed out by historians.[8]

But what these factors add up to, quite simply, is that the handloom weavers were not disposing of their labor in a market.

This is a contentious claim. But it is also a claim that pivots ultimately on the use of terms rather than on empirical evidence, because a judgment about the motives of human beings is involved and no such judgment can ever be finally settled on the basis of empirical evidence. One thing is certain: Handloom weavers did not respond to wage levels very strongly when disposing of their labor. How one interprets this fact is another matter.

In itself it is not very remarkable; economists have long held that wage level is only one of many factors determining job choice. Even classical political economists claimed only that wage levels would tend to equalize the mix of nonmonetary advantages and disadvantages of different jobs. A very unpleasant, or dangerous, or dishonorable occupation would pay relatively well; a pleasant, safe, respectable occupation, relatively poorly. The handloom weavers would therefore appear to be an extreme of the latter sort. This was precisely the conclusion of a Parliamentary investigation, later cited with approval by John Stuart Mill:

> He can play or idle as feeling or inclination lead him; rise early or late, apply himself assiduously or carelessly, as he pleases, and work up at any time, by increased exertion, hours previously sacrificed to indulgence or recreation. There is scarcely another condition of any portion of our working population thus free from external control . . . The weaver will stand by his loom while it will enable him to exist, however miserably.[9]

More recently economists have added the notions of information cost and psychic costs as possible factors in such a situation.[10] The cost of gaining information about alternative employment or the psychic pain associated with leaving the loom may have been great.

There are two problems with this method of accounting for responses to wage levels, however. In the first place the idea of nonmonetary advantages and costs is, in fact, merely a metaphor, an interpretive device rather than an empirical claim.[11] There is no imaginable human decision that cannot be spoken of in terms of maximizing advantages and minimizing disadvantages. If the handloom weavers' wage had dropped to zero this would only show that the nonmonetary advantages of the occupation were infinite or that the "psychic costs" of quitting were insurmountable. To explain any conceivable behavior one can invent counterbalancing nonmonetary advantages and costs at will and attribute them to the weavers' subjective calculations. The equation will always come out right. Whether use of such an interpretive device really represents the high road to understanding human motivation is another matter. It is completely empty, provides no new information, and only paltry insights about where to search for new information. The bald implication is that every human experience – of pleasure or pain, honor or shame, moral anguish or ecstasy – can be meaningfully compared with a particular wage differential and is so compared by human actors in society. Clearly this cannot get us very far. Of course, there is no way to prove that it cannot, nor to prove that it can. Human motivation is not accessible to outside observation; claims about it can never be definitively disproved.

The second problem with this approach to accounting for wage levels is as follows: Even if one accepts that wages operate to equalize the nonmonetary advantages and costs of different jobs, it does not necessarily follow that wage levels can smoothly fulfill the function of balancing supply and demand for labor within the economy. By any account, this did not happen in the handloom weavers' case. The nonmonetary costs to the weavers of leaving their occupation were evidently high. A precipitate drop in wages failed to induce them to deploy their labor services elsewhere. Others were dissuaded from entering the trade, true. But the result was that a large labor force was only shifted out of weaving when death finally ensued.[12] In a proper market, price is supposed to ensure that demand and supply balance each other out. If it takes the loss of a generation for the price mechanism to do its work in balancing supply and demand, then one has a very inefficient labor market. So inefficient, surely, that one can deny with justice that *market* is the proper term to use for describing this form of labor distribution. In effect, even if one admits the utility of the notion that wage levels balance out nonmonetary costs and advantages, it is still necessary to recognize that the market model may apply only very poorly to the social reality of the handloom weavers' case.

Some may be inclined at this point to object that the case of the handloom weavers is an exceptional one, an extreme that hardly serves to test the existence of a labor market in England during the industrial revolution. But at the time, and down to the present day, it has overwhelmingly been treated not as an anomaly but as an exemplary instance of the functioning of the new order.[13] Unregulated competition was the engine of progress; in the case of the handloom weavers, machine was competing directly against man, and man was losing. Nothing could be more natural, or more salutary in the long run. Here again, however, a term is being used in a way that shades into metaphor. The notion of competition, like the notion of nonmonetary cost or advantage, is a loose one. In this case, handloom weavers were competing against the machine because they refused (or were unable) to deploy their labor in a competitive manner. The kind of competition that is supposed to characterize the market system did not exist here. This is why the weavers "competed" with the power loom. A competition that results from people not acting in a competitive manner cannot have the beneficial equilibrating effects within the economy that are normally claimed for it.

A market economy does not exist unless entrepreneurs are forced to buy all the factors of production in competitive markets and to sell their products in a competitive market. Not just here or there but at every stage of the production process, markets must exist in which supply and demand are balanced by free-floating prices – balanced not over decades, or generations, or centuries, but from day to day as in the highly regulated stock or commodity exchanges of our own time.[14] Here lies the problem with a whole still-potent myth about the industrial revolution. Free competition is said to have unleashed the drive for productivity, and the widespread introduction of labor-saving devices that followed brought unprecedented prosperity. Something like this did happen in some trades, notably in textiles. But it was a much less common occurrence than is normally supposed. The opposite effect was also possible, and terribly frequent. For example, if certain entrepreneurs can buy their labor over a long period at prices well below what others pay, they are at a comparative advantage that will allow them to put off introducing beneficial new production methods. Progress is delayed, not hastened; entrepreneur and consumer enjoy a false prosperity that really stems from the deprivation of those who work.

The clothiers in England who kept handloom weavers' wages at 4 shillings a week were able to avoid investing in risky new machines for decades. Progress was slowed down by this competition of man against machine because a competitive market for labor – one of the key factors of production – was not functioning.

There was nothing exceptional about the failure of wage levels to affect the handloom weavers' disposal of their labor, moreover, as studies of the last twenty years have shown. Wage levels throughout the economies of Europe in the early nineteenth century served a host of functions that impeded them from operating smoothly to balance supply and demand for labor. For one thing, wages served as powerful markers of familial status, of gender, and among adult males of social status. Since Hobsbawm's pathbreaking essay on this matter, "Custom, Wages and Workload," a great deal of detailed evidence has been gathered on the role that customary expectations associated with rank, trade, sex, and age played in determining wage levels.[15] Hobsbawm's emphasis on this role looks now, if anything, understated, for he assumed that bargaining and market forces grew in importance as the century wore on. More recent study does not bear out his idea; rather, bargaining appears to have come into play later in the century as a means of expressing and defending customary expectations or applying them to newly created job categories.[16]

What the early nineteenth century brought everywhere in Europe were legal reforms that wreaked havoc with those customary wage expectations. Everywhere in Europe laws that governed wage levels, production methods, and access to trades were summarily repealed. Women and children were quickly drawn into some of the biggest trades: the new factory industries, garment making, mining, shoemaking. They were given secondary or subdivided tasks requiring no training. Where training was required as in garment making, it was training that did not customarily confer status. (Women were expected to know how to sew a proper seam.) Wage levels for women and children in these industries remained one half or less of the rates paid to the adult males they displaced. But if they were in such demand, why did their wages not increase? True, population was growing rapidly in this period, but so was per-capita gross national product, even in France.[17] The most likely conclusion is that, here again, a competition of a dysfunctional nature was at work. Women and children did not aggressively follow up on their advantage. Neither they, nor their families, nor their employers expected them to ask whatever the market would bear. They were socialized out of such behavior or too young to know what it consisted of. Ironically, the customary low value of female and child labor only made sense in a context in which adult males were responsible for providing the bulk of the family income. In other words, adult males were in this case subsidizing the competition. The hardships experienced by thousands of displaced male tailors and shoemakers in both England and France bear witness to the real damage caused by such a free, but nonetheless nonmarket form of labor distribution.[18]

That this great influx of women and children into manufacturing resulted in higher productivity is also highly questionable. Subdivision of skilled jobs into a series of unskilled tasks did result in some increase in productivity, to be sure, but only at the expense of quality. Shoddy cutups (stockings), ready-made suits and shoes bore no comparison with made-to-order goods. What made these shoddy goods acceptable to the consumer and profitable to the entrepreneur were not productivity increases but the lower customary wage of women and children, which made prices even lower than shoddy methods alone ever could have.

Certain categories of adult males were played off against each other in similar fashion. In woodworking, shipbuilding, metallurgy, and construction entrepreneurs were now free to prefer unapprenticed males to apprenticed ones because they accepted lower pay.[19] But their cheapness was a matter of custom, not of the cost of acquiring a skill. Apprentices acquiring skills by every indication worked less hard and were better treated than unapprenticed child laborers.[20] The nonmonetary costs of not serving an apprenticeship should have resulted in higher pay, not lower.

Across a broad front, then, in the economies of England, France, Belgium, and to a lesser extent Germany, the stripping away of trade regulation between 1789 and 1815 created, not a competitive labor market, but a wide variety of distortions in the distribution of labor. Free trade provided ample opportunity for entrepreneurs to profit, not by increasing productivity, but by the adroit playing off of various customary categories of laborers against each other. Of course the very term, customary categories, implies an interpretation of the motives of laborers that is, like any other, open to question. But it is surely also a significant improvement on the idea, implicit in the notion of a competitive labor market, that all human beings without reference to age, sex, or life experience are avid barterers.

Contemporaries knew that these sorts of distortions in labor distribution and wage determination were occurring. But again, as in the case of the handloom weavers, there was a tendency to see these phenomena as a function of the proper operation of competition. When the great controversy over child labor arose throughout Western Europe in the 1830s and '40s, both advocates and opponents of legal restrictions on the use of children in manufacturing spoke as if the market system was functioning properly when children were drawn into industry.[21] In France, the Baron Charles Dupin, for example, an advocate of child labor legislation, believed children were paid less because they had less physical strength than adults. In his view, entrepreneurs had the evident interest of obtaining "intelligent collaborators whom youth and weakness render less expensive and more docile . . . "[22] But the lesser physical strength of children did not really make them cheaper to house, clothe, and feed. Their wages were low only because they were supplemented by those of others in the household. And if their docility were an advantage, then, in a proper market, it should have earned them higher wages, not lower ones. Opponents of child-labor legislation, likewise, warned the government against interfering with the free operation of the market. "Let us not forget," said a member of the Chamber of Commerce of Rouen in 1837

> that we owe in large measure the present state of prosperity of our country to the immense progress of industry. It has already caused us problems, but we have been able to overcome them. Let us not forget, further, that this progress only dates from that recent period when tardy but salutory reason unleashed industry from that cowardly and ridiculous swaddling in which our old guild system restrained it, limiting it over the centuries to a few meagre steps forward.[23]

This statement brings us to the heart of the matter. The facile equation implicit in it, that free trade equals competitive markets equals progress, gained sway over much of the thinking of the nineteenth century, more because of its weaknesses than its strengths. These weaknesses were concentrated in two deceptively flexible ideas. First was the notion that all people sought to maximize comparative net advantage – that is, that the motive of gain was the mainspring of human behavior. But this was an interpretive strategy rather than an empirical finding, based on metaphor rather than measurement.[24] Anything which a human being might want – honor, pleasure, security, salvation – could be categorized as a gain or advantage. This in itself is quite harmless. But when the mind is brought by degrees to think of all forms of gain as having money equivalents the metaphor has become a trap. The fact that propositions about basic human motivation are impossible to disprove further clinched the trap's hold on many minds, since converts could find any amount of evidence that did not contradict (and therefore appeared to conform with) their views.

Second, the notion of competition was made to cover too broad a range of phenomena, not just those in which it ensured the rapid dissemination of new techniques or the efficient balancing of needs with resources but also those – as in the case of the handloom weavers or that of child labor – where competition resulted from the failure of balance. The sinking wage of the handloom weaver failed to redistribute his energies; the low wage of the child was dictated by expectation rather than demand. In each case competition occurred, but the wrong competitor won. Handloom weavers successfully undersold power looms, children successfully displaced adults because each was failing to calculate how to maximize his monetary income, for whatever reason. Because this could be construed as competition, however, it was taken to be a normal consequence of economic law, even by those who wished to interpose a salutary human law to protect the young.

These two ideas, that gain was the basic human motive and that un-