

DUAL VISION OF THE MARKET :
LIBERTY AND OPPRESSION

Laurence FONTAINE, *Le Marché. Histoire et usages d'une conquête sociale*
(Paris, Gallimard, 2014).

Laurence Fontaine, senior research fellow at CNRS, is an historian of economic activities and trade in preindustrial Europe (16th-17th century). She has mainly devoted her attention to the poor. She has also coedited with Florence Weber, a sociologist, *Les paradoxes de l'économie informelle. À qui profitent les règles ?* [2011, Paris, Karthala].

Her last book, *Le Marché*, is an ambitious essay, encompassing institutional, geographic, and ethnographic aspects starting from the early Middle Ages and ending up with some relevant questions for the present time. A book review cannot pay justice to the richness of many vivid historical descriptions but the project of a link between historical lessons and present issues deserves attention and discussion.

The quotations in the opening pages manifest the author's admiration for Adam Smith, who built up modern economic theory on a mix of pragmatism and values: human dignity and liberty for everyone rely upon the capacity to earn a sufficient income in a secure country. "Sufficient income" in a preindustrial country primarily involves access to a plot of land to be cultivated; "secure country" implies adequate funding of the State for justice, the army and public services. Here Smith is more the author of *Theory of moral sentiments* who considered justice as the principal pillar of human society rather than the grandfather of capitalism depicted in today's textbooks. However, the market Smith had in mind was mostly made up of a collection of local markets where peasants, craftsmen and peddlers could coexist. Fontaine writes: "Smith will be our travelling companion." This is a bold assertion since financial markets are on the agenda, in the last chapter.

We find first three narrative historical chapters, followed by thematic chapters confronting past and present on the tension between liberty and oppression in the market, leading to this question: are the weaknesses of the market (or markets) structural? I will not comment on a nice case study concerning price formation in a 17th century flower market. The next chapter explores how the market

could improve well-being in poor countries, and the last pleads for better rules and an increase in morality by rich countries. Trade and markets are not natural. When they first emerged in early feudal times, the Roman Catholic Church condemned profit on trade. However, the ruling class (including numerous minor squires or landholders) soon defined highly detailed rules concerning the dates and places of market openings in the city, restrictions, etc. Rapidly they sold specialised licences with or without a fair estimation of the potential number of customers. Those who granted too many licences made little profit from local taxes.

At first, selling and buying in the markets was a male privilege, but a tolerance was granted to women selling their own produce: chickens, eggs, butter and herbs. Indeed markets allowed poor people to sell the product of their labour and buy wheat, salt, and sometimes meat or wool. Prices of first order goods, mainly cereals, were often under the strict control of the king or ruler. The notions of “fair price,” “common price” or “current price” are discussed at length in many Christian writings all over Europe. In cities everywhere, sooner or later, guilds of merchants opposed peddlers and obtained restrictive regulations frequently issued by local authorities but sometimes backed by the sovereign. The main thesis supports the idea of a duality of the market that simultaneously protects the poor from starvation and creates primitive accumulation and class domination.

In the 15th century, the Franciscans, followed by other mendicant orders asserted that credit was better than charity for human dignity. Nevertheless, profit was considered somewhat of a sin for Catholics for centuries. Fontaine discusses the thesis of *The Protestant Ethic and the Spirit of Capitalism*. She notes that Weber stressed a major distance between Luther, attached to the traditional social order (*Lebensstellung und Beruf*), and Adam Smith’s plea for economic and social change. She recalls that, before Weber, several authors had already documented the economic superiority of Lutheran Prussia and Calvinist Netherlands (see Cantillon, 1755, *Essai sur la nature du commerce en général*), but none of them before Weber contended that the religious core of Protestant asceticism implied the search for worldly success. Previously, most historians focused only on the elimination of close to 50 non-working days in the Catholic liturgical calendar. As concerns “Trust,” without which exchange and trade would be impossible, Fontaine quotes Weber rightly explaining how sects and the plurality of protestant denominations in the US helped build reliable interpersonal relations among merchants in this new

country. She opposes Raymond de Roove, contending that Christian churches had a negative impact on economic development and she quietly concludes that the churches were and might be double-minded: a conservative defence of a declining political position on one side, and making efforts at delivering audible messages in changing times and changing cultural values on the other.

Numerous authors, in the last four decades, have already documented the role of the peddlers since the early 17th century in international European trade and communications particularly between France, Northern Italy and Bavaria. Fontaine adds to our knowledge while focusing more on the networks. The Fugger brothers are well known but many other examples illustrate the passage from peddlers to families of merchants. Fontaine could not but come across Fernand Braudel's well-known narrative of the three successive steps of trade. First, nonprofessional peasants or craftsmen sell their products (including cattle) at fairs and street markets. Then comes the shopkeeper who is depicted as helpful, reliable, faithful, and faced with fierce competition. Later, and in opposition to the shopkeeper, we see the emergence of the ship owner, the founder of an extended business network based on subcontractors. He is "the evening visitor," dishonest due to the constraints of his role; servant of a capitalism that had unfortunately subverted the fair market economy and extended its reach throughout the world. Fontaine contends that Braudel uses his writer's talent to disguise his basic Marxism mixed with a kind of structuralism, fashionable in the 1960s. According to Fontaine, the supposed gap between merchant and capitalism is deprived of historical ground. We will see that this assertion raises an important difficulty when the author pleads for a market freed of capitalist domination.

In chapter four, "Political and Social Market Issues" [*Enjeux politiques et sociaux du marché*] she focuses on the ethical and behavioural differences between aristocrats and merchants. As of the end of the 17th century, the progress of the bourgeoisie threatened aristocratic privileges. The development of the merchant class was based on the principle of equality between all persons signing a commercial deal. Conflict was unavoidable with landowners claiming that their noble status entitled them to special consideration and discount prices. Merchants came out on top; they often remained bound to the procedures of the medieval guilds for the settlement of commercial litigation. Paradoxically, while the market called for equality, the power of the wealthy merchants led to juridical privilege

and a kind of legal inequality, a situation that persists to the present time in several countries.

The next chapter addresses the market's capacity to reduce poverty. Microcredit was first presented as a promising solution. Then came disappointment. However, even though poverty was not eradicated, the system was not a complete failure either. The investigations conducted by Esther Duflo and Kinnan, among others, show that the income usually obtained by the borrowers did not immediately raise them above the poverty line; however a small amount of borrowed money leads to the calculation, a sense of saving and of a personal future to be built. Several initiatives, from NGOs to Yunnus the banker of the poor and even a subsidiary of Unilever in India, are positively reviewed. Of course educational facilities and Amartya Sen's capabilities are called upon to support this optimism.

"Logics and Weaknesses of the Market" is a well-documented review of the contemporary varieties of fraud, speculation, bribes, corruption, and lobbying that can affect the markets (note the plural). "Weaknesses" are better exposed than "logics." A valuable section explains why, historically speaking, labour markets (plural to be highlighted) are not markets. In the sections devoted to speculation and the specificity of financial markets, excellent quotations from Montesquieu and Smith reveal the high level of confidence that these great authors had in the moral progress of their countrymen. To our dismay, they sound rather out-dated today.

The last chapter, "Market" as a public good attempts to define a compromise between market, equality and democracy. The collected historical data clearly demonstrate that access to markets, in different forms, protect the poor from starvation and perhaps even more. However, they also show that, one way or another, the already rich, powerful, dominant class did its best to capture the bulk of the potential benefits of any given market. Adam Smith already pleaded for a separation between hierarchic power relations on one side and marketed exchanges on the other. He wanted State and judicial rules for litigation, and he called for self-respect and a general desire to obtain the approval of one's fellow citizens on the other side. According to Fontaine, the challenge today lies in conferring a central position on the consumer. She contends that liberty and individualism in an egalitarian society would banish general egoism.

She thinks there is a core of the market behind the huge diversity of markets in time, space and content. This core is defined as monetary exchanges in fairs or shops between sellers and buyers regardless of

the identity of the persons involved. This is in a way reminiscent of the Weberian principle of the impersonality of bureaucracy. She clearly shows how markets in a capitalistic society operate through a struggle for domination, unequal relations between large retail stores and petty producers, frequent bribery with respect to exports, etc. However she wants this core to be innocent of all observed manifestations of oppression belonging to “human nature” [242]. All misbehaviours must result from external causes, an absence of adequate rules and/or greed, a lack of altruism. This echoes the debate on the varieties of capitalism. In both cases I am in favour of essentialism, but accumulation is consubstantial of the market.

This book could be viewed as a dangerously wandering and utopian journey presented by a well-respected historian. That would be more than unfair; it would be an error. Contrary to what some Greens in Europe ignore or refuse, access to monetary trade brings liberty. Tensions between the two values of equality and liberty, are quite normal, and democratic regimes are accustomed to dealing with them. Tension between liberty and oppression is not normal; oppression is not a value. The international network of institutions lacks the democratic pressure that could lead to the better regulation of major markets: finance, currency, wheat. This is Fontaine’s main message and her quotations of great 18th century writers are very welcome.

J A C Q U E S L A U T M A N