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*The Undevelopment of Capitalism: Sectors and Markets in Fifteenth-Century Tuscany*


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Florence, along with Venice and Genoa, were the economic centers of Europe in the 14th and 15th centuries. Those cities became the key nodes in European commerce and finance linking backward rural Europe to more advanced centers in the Middle East and Asia. Italian merchants rationalized long-distance trade and profited from the sale of goods manufactured by a labor force that became increasingly proletarianized. City-state governments protected merchants’ property rights and, by issuing massive amounts of bonds, created markets in financial instruments that opened opportunities for speculation as well as for long-term investment to a growing portion of the population.

City-states also achieved political autonomy from kings and aristocrats, conquered rural areas, and controlled Mediterranean trade networks. City-states financed the armies and navies that made such conquests possible with taxes on the commerce and wealth within their territory. As the budgets of the greatest cities came to exceed those of the largest kingdoms in Europe, city-states then fielded armies that rivaled and often overwhelmed the forces of kings and aristocrats.

The Renaissance ended in political and economic disappointment. Italian cities surrendered commercial dominance to rivals located in emerging nation-states, above all Paris, Amsterdam and London. Beginning in the sixteenth century, Italian economic growth slowed and innovations in manufacture, commerce and finance occurred elsewhere. The agricultural revolution that boosted yields and enriched landlords and some independent farmers as well bypassed Italy.

Ever since Italy’s decline began scholars have been trying to explain it. Emigh provides an excellent review of that debate and offers an incisive critique of the weaknesses of each position. In essence, some authors, including both Marx and Weber, argue that Italy never was capitalist and so its decline is merely a phenomenon of feudalism. Others, most notably Fernand Braudel, attribute Italian decline to the rise of nation-states that defeated city-states militarily and thus shifted the center of capitalism northward and expanded its scale. In this view, Italian decline is merely relative. A third perspective focuses on the internal politics of Italian city-states. Elite and class conflict created an opening for commerce and innovative forms of production, but as a single elite, such as that led by the Medici in Florence, gained unchallenged power various forms of property were refeudalized along with the governments of the city-states, undermining entrepreneurship and Florence’s dominance of finance and industry in Europe.

Emigh offers a new explanation for the decline of capitalism in 15th-century Tuscany. She focuses on economic and political relations between the urban and rural sectors. Although Emigh’s
empirical research and analysis is focused on a single case – Florence and the Tuscan countryside it controlled – her work is comparative in conception. Emigh is well known among sociologists for developing ‘negative case methodology’, which uses single cases that contradict predicted outcomes to challenge existing models and propose revisions or new theories.

Tuscany is a wonderful negative case since so many of the conditions for capitalism, highlighted in various theories, were present. As noted above, Florence was advanced in industry, commerce and finance, and it also lacked a feudal nobility, essential preconditions in various theories of the origins of capitalism. Emigh rightly focuses attention on the rural sector, something that is slighted in all the previous efforts to understand the achievements and ultimate failures of Tuscan economic development. Emigh reminds us that successful capitalist development required a growing domestic market as well as international trade networks. Since a majority of inhabitants remained in the rural sector, farmers’ prosperity was essential if sufficient demand was to be generated to encourage and sustain capitalists’ investment in industrial innovation and large-scale production. Such a home market never developed in Tuscany, nor did it in other Renaissance city-states. Emigh explains why.

Emigh contrasts the two principal forms of land tenure arrangements in Tuscany: sharecropping and smallholding. Neither was feudal. Both were shaped by vibrant, though differently structured, markets in land, credit, labor and commodities. Emigh’s picture of smallholding areas will not be unfamiliar to scholars of rural economies. Though small farmers sold land to one another to cover debts, to provide plots for children, and to consolidate scattered holdings, the decisions of how to price land and to whom to sell were determined much more by principles of reciprocity than efforts to maximize returns. Enterprising farmers could use the land market to expand their holdings, but partible inheritance ensured that property circulated from generation to generation and prevented the emergence of farms of sufficient size to accumulate meaningful surpluses that could create rich peasants able to buy manufactured goods or to invest in agricultural improvements themselves.

Sharecropping was quite different. Emigh’s extensive archival research has allowed her to reconceptualize our understanding of Tuscan sharecropping. Her explanations of what she found in her research and the implications of her quantitative findings are models of clarity. She shows that sharecropping was the most dynamic part of the rural sector. Emigh finds that Tuscan sharecroppers farmed relatively large properties, and that those properties increased in size as urban merchants bought land from smallholders and expanded their estates. As the farms grew larger so did the size of the loans which sharecroppers owed the urban landowners. Sharecroppers typically were in debt to one creditor, their landlord, while smallholders borrowed from a number of small creditors, often other farmers. This provided urban landowners with a key mechanism for controlling their tenants’ farming and marketing plans.

Wealthy urbanites bought land to diversify their investments, trading lower returns for the much greater capital security of land. However, Emigh shows that Florentine merchants did not become rentiers. They actively managed their estates and made some improvements that increased productivity. Sharecroppers had short-term, often unwritten leases, so they lacked the incentive to invest in agricultural improvements, unlike English commercial farmers with long leases. However, even when middle farmers had long leases, the increasing intervention of urban owners in farming practices and the marketing of surplus limited sharecroppers’ options and incentives.

Emigh finds that sharecropping increased the incomes of tenants (though not of the landless), but ‘the way in which it was institutionalized did not create market structures through which rural income could have increased the extent of the domestic market’ (p. 202). Sharecroppers became less likely to engage with markets over the course of the 15th century. Land sales were rural Tuscans’ entry point to markets. As urbanites bought up more land, locking it away in their family
estates, rural inhabitants had less access to markets first in land, but then also in commodities and labor as the new owners took over marketing of produce and tailored leases to family size.

Sharecroppers became separated from rural markets, which then atrophied. Urban merchants’ decisions to buy and manage farmland were rational, in terms of their interest in accumulating wealth and protecting their families’ long-term financial security. However, they eliminated the embryonic rural markets that could have provided a new and stable source of demand for their manufactures. In that way, the arrival of urbanites’ wealth and entrepreneurship undeveloped markets and capitalism in rural Tuscany. As productivity and markets atrophied in the countryside, Florence was left totally dependent on distant luxury consumers and on financial windfalls that required the city-state to be a major force in European geopolitics. Those advantages could not be sustained with the rise of states in the 16th century.

Emigh goes a long way in solving the mystery of Renaissance Italian decline. Her book looks at the Florentine economy as a system, in which the urban and rural sectors interact and affect each other in a dynamic way. She clearly shows how the arrival of urban investors transformed Tuscan agriculture, but most crucially she also shows how that urban intervention affected the entire structure of markets in both the urban and rural sectors. The decline of rural markets even affected farmers’ mentalities: ‘It may have reduced numeracy and literacy. . . it may have changed partibility into preferential partibility’ (p. 215).

Emigh’s study of a single case suggests significant general conclusions, which she explores in an expansive yet rigorous conclusion. It certainly demonstrates the efficacy of her negative case methodology. She also shows the importance of examining the dynamic of relations among sectors. While the key sectors in Renaissance Tuscany were urban and rural, her method suggests that sectoral differences and relations will matter in any society, even if the key sectors are not simply urban and rural or if there are multiple sectors. Further, the ways in which one sector can dominate or exploit another can vary. Emigh’s focus on economic relations provides a useful corrective to previous works that see urban Florence’s exploitation of the countryside as grounded in political power, yet future work can use Emigh’s theoretical framework to see how sectoral advantages based in political, institutional or cultural advantage can affect the weaker sectors and hence the entire social structure. This rich and carefully argued book should shape the future study of Italian economic development and also provide a model for, and justification of, the analysis of sectoral relations in other times and places.