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91

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J. M. LANA BERASAIN, *One guild, two merchants, and common property. A social capital crisis in textile manufacturing during the 18th century.* F. LARGO JIMÉNEZ, *"To recycle is to win!" The recovery of materials for war industry and institutional responses in Catalonia during the Spanish Civil War, 1936-1939*. I. YÁNYSHEV-NÉSTEROVA, *Internationalising Spanish firms to the East: business strategies of the National Institute of Industry towards the Soviet Union (late 1950s to 1991)*. L. CÁRDENAS DEL REY, *La dinámica salarial durante el franquismo tecnocrático (1957-1973)*. B. MORENO CLAVERÍAS; P. SUÁREZ CANO, *Represión económica a través del mercado de trabajo: Oficinas de Colocación, trabajadores «preferentes» y paro en la España de la Guerra Civil y los inicios del franquismo.*

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91

CONTENTS – CONTENIDOS

ARTICLES – ARTÍCULOS

REVIEWS – RESEÑAS

ARTICLES – ARTÍCULOS

One guild, two merchants, and common property. A social capital crisis in textile manufacturing during the 18th century

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Abstract

A case study of the wool carders' guild in Estella-Lizarra (Navarre) from the 16th to 19th centuries questions prevalent opinions among historians, which have tended to define these collective action institutions as monopolies. This study complements the traditional "outside-in" approach that considers the guild to be a monolithic agent, adopting an inside perspective that reveals tensions between collective and individual interests. The research focuses on the collective management of common properties (fulling-mill and dyeing house) until their disappearance in 1758, and guild relations with commercial capital in the form of a major financial sponsor and a new factory. Difficulties associated with the guild's financial management and the loss of its social capital lay at the heart of its troubles.

Keywords: Estella-Lizarra, guild, factory, social capital, commercial capital, textile manufacturing.

JEL Codes: N23, N63, N83, N93.

1. Introduction

> Show me a letter of authorization sealed by the Guilds, and not mere signatures of merchants, because the word of the Guilds is respected, for the Guild never dies, is never lost, while the merchants are seen to-day and are no more tomorrow.

These words by the patriarch of Constantinople in 1873, and cited by Sheilagh Ogilvie (2019, p. 81), reflect the dichotomy between communities and individuals, between commitment and interest. They also reveal the advantages

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of the guild arrangement from the perspective of information and transaction costs. The legal status that transcends the individual and joint responsibility within the heart of a permanent corporation are vital for generating trust: a key component of market dealings and the mainstay of economic growth (North 1993; Greif 2006).

The above quotation has admittedly been taken out of context, as Ogilvie does not contend that the guild system makes a positive contribution. By contrast, in the proposed dichotomy between "generalised" and "individualised" institutions, between those that apply their rules uniformly to all concerned and those that distinguish according to each person's identity and membership of selected groups, guilds were an example of the latter (Ogilvie and Carus 2014, p. 405). Ogilvie denies them the label "private-order institutions" because they do not consist of individuals based on voluntary collective action, without the involvement of the public authorities. Quite the opposite, the guilds obtained exclusive privileges by purchasing favours and ensuring the interested support of governments. Through such instruments as malfeasance, the payment of contributions, or helping to collect taxes, moneylending, military support, and political backing, the council of guilds ensured the support of authorities willing to sacrifice public interest at the altar of personal gain (Ogilvie 2019, pp. 46-77).

Did guilds conspire against the common good? If so, did they achieve their goals? Were they truly all-powerful institutions? What happened in the event of a conflict of interests between guilds? Would they not cancel each other out and act as a counterweight against the cornering of market power by one of them? And looking inside, could we consider them to be a consistent and immovable historical player, or were they corrupted by individual interests? How did they maintain a viable degree of collective action in the face of their members' opportunistic leanings? If they invested so heavily in upholding their privileges through handouts, taxes, loans and expenses in favour of local and central governments, how did they balance the books? Was it enough to control the local market to ensure a sufficient income?

The stereotype propounded by the classical scholars of economic theory (e.g., Turgot, Smith, and Campomanes) was first scrutinised towards the end of the 20th century.[1] A lively debate ensued using economic analysis to review certain aspects of its historical trajectory, such as its contribution to the formation of human capital, the neutralisation of information asymmetries between buyers and sellers, the dissemination of technology, and the mitigation

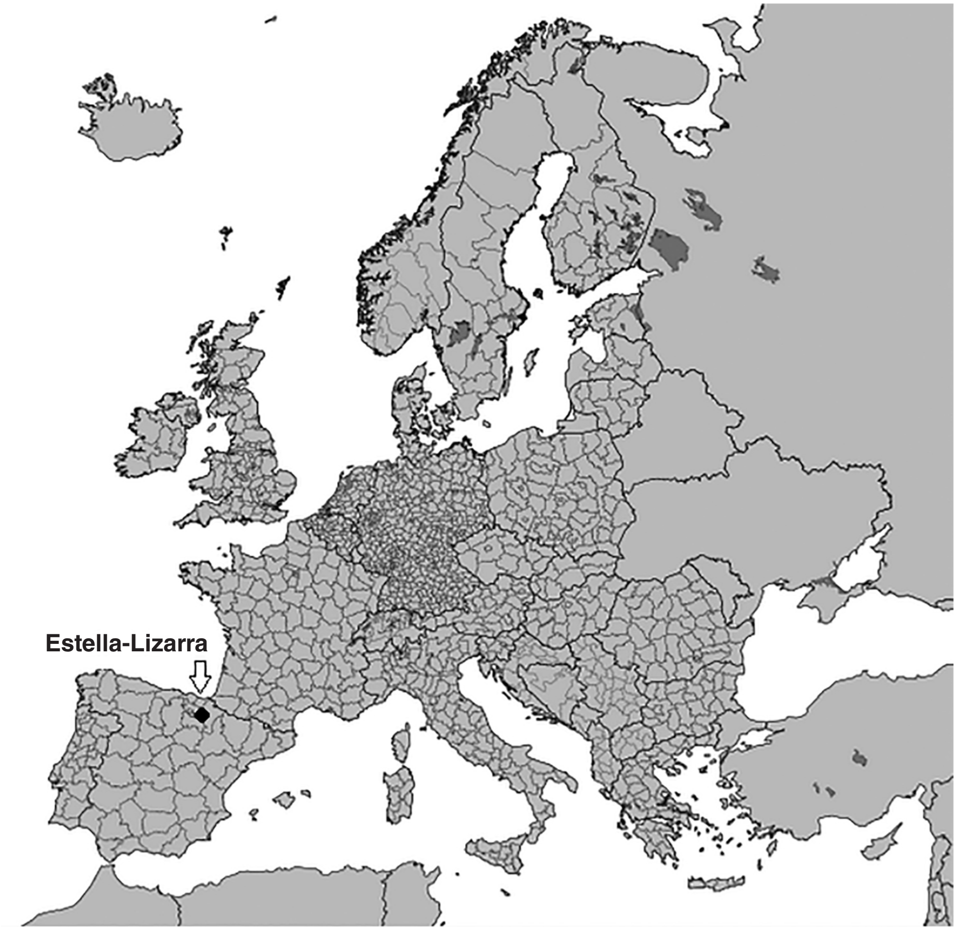
1 The twenty years elapsed since the publication of the dossiers in the journals *Annales ESC* (1988) and *International Review of Social History* (2008) complete the reappreciation of the guild issue in economic and social historiography. Conclusion on the issue in González Enciso (1998), Hernández García, and González Arce (2015), Laborda-Pemán (2017) and Fazzini (2022). For Spain's case, López and Nieto (1996) and Sola Parera (2019).

of inequality (Epstein 1998; Epstein et al. 1998; Prak et al. 2000; Epstein and Prak 2008; Epstein 2009; Caracausi et al. 2018; Prak and Wallis 2020; Bavel 2022). Research into original sources and a comparison between countries have uncovered a diversity that renders it impossible to reduce the historical reality of guilds to a single stereotype, revealing cases of ensured representation in local councils (Soly 2008; Ogilvie 2004), and others involving their absence (Monsalvo 2001; Lucassen et al. 2008). This diversity also extends to their definition as hermetic, endogamic groups that restricted the access of new members to reduce competition (Nieto and Zofío 2015; Prak et al. 2020; Nieto 2022).

The *return of the guild* in the historiographic debate has evolved in step with the dissemination of the concept of *social capital*, redefined several times since it was coined by Hanifan in 1916 through to its ensuing consolidation by Bourdieu, Putnam, and Coleman. According to the definition provided by Ostrom and Ahn (2003, p. 156), the concept embraces the notions of trust and norms of reciprocity, networks and forms of civil engagement, and both formal and informal rules or institutions. Field (2003, p. 1) affirms that the theory of social capital may be encapsulated in two words: "relationships matter". Yet what kind of relationships? Putnam and Goss propose a distinction in social capital between "bridging-based" and "bonding", with the latter grouping people around gender, ethnicity, social class and, as appropriate, occupation. The complicit nature of *bonding* may lead to negative externalities (Putnam and Goss 2003, pp. 19-20). The consolidation of relationships that orchestrate collective action "from below" may have diverse effects, including a "dark side" of social capital (Field 2003, pp. 71-90). This may or may not be the case: contexts and dynamics matter.

This case study focuses on the Spanish town of Estella-Lizarra and analyses the challenges guilds faced from the perspective of collective action and social capital (Map 1). These include the complex alignment of their members' interests in favour of the social continuity of both the organisation itself and its individuals; as even within small groups in continuous interaction, in which reputation is a major factor, the temptation is to follow opportunistic strategies (Olson 1992). There is no guaranteed fit between the rules of appropriation and provision for protecting shared resources (Ostrom 1990, pp. 95-97). No less sensitive is conflict management within the group for neutralising confrontation (North, Wallis, and Weingast 2013), tolerating disagreement, and reinforcing mutual trust. It is essential to maintain suitable channels of engagement, participation, and accountability for harmonising members' interests and ensuring consensus, although this is not always easy to achieve. Indeed, a high turnover in governance bodies may hinder the monitoring of specific strategies and favour inertia. In sum, the weaknesses of collective action institutions render it difficult to accept the stereotype of guilds as monopolistic institutions and powerful money-grabbers.

MAP 1 ▪ *The town of Estella-Lizarra (Community of Navarre, Spain)*



Source: Author's elaboration based on the map of the European Union NUTS 3 regions, https://es.m.wikipedia.org/wiki/Archivo:NUTS_3_regions_EU-27.svg.

Such complexity differentiates between guilds and commercial capital, which may orientate its actions in a purely chrematistic direction. According to historiographic tradition, a guild is synonymous with conservatism and an aversion to change, whereas commercial capital embraces risk and innovation, as a transforming agent. Nevertheless, this opposition may be misleading. Over and above the existence of guilds, the interactions between organised producers and intermediaries provide both different interests and mutual dependence. These contrasting dynamics may be illustrated by the circular logic of collective reproduction and the progressive logic of individual accumulation, forming a complex relationship that is not mutually exclusive.

This case illustrates the difficulties inherent in the management of institutions of collective action and shared resources. The delicate balance sustaining social capital may be affected in adverse circumstances by a deterioration in mutual trust, giving rise to destructive dynamics. Such was the case with the wool carders' guild in Estella-Lizarra during the second half of the 18th century, prompting the loss of two strategic properties, a fulling-mill and a dyeing house, which they had owned and operated for centuries. This example confirms the need to shy away from the stereotype of guilds as monopolies and not attribute them the ability to purchase favours without first examining their financial dynamics. It is argued that their consideration as individualised institutions does not do justice to the complexity of institutions of collective action that catered for producers with different capabilities and provided them with the means to coordinate their access to raw materials and common services, thereby preparing for the subsequent appearance of other models of manufacturing organisation.

In the case of Navarre, as in the Kingdom of Aragon in 1528 (Mateos Royo 2001, p. 186) and in 1552 in Castile (González Arce 2008, p. 24), the feudal Parliament, *las Cortes*, sitting in Sangüesa in 1561 banned trade guilds, as "this would put an end to numerous monopolies and other excesses" (Vázquez de Prada et al. 1993, I, p. 143). Two years later, the *Real Consejo de Navarra* [Royal Council of Navarre] issued a number of general ordinances for the textile crafts. Following the formal dissolution of these guilds and the entrusting to local councils of the appointment of overseers, ordinance XCII provided for the exception in which they could convene a meeting,

> because it will often be convenient for wool-carders [...] to meet to discuss issues related to the proper management of their craft, such as quartering the wool for merchants, leasing the dyeing house and fulling-mill, and reviewing and renovating the patterns of the tinctures, and for holding masses and funerals for their folk [...] and to grant powers for lawsuits and proceedings that they may be involved in as claimants or defendants (Ordinance 1563, XCII).

Nonetheless, they had to provide prior notice to the mayor "to avoid any unlawful agreement or subterfuge" (Ordinances 1563, XCII). In Navarre, therefore, the church, nobility and the patrician class were steadfastly opposed to the guilds and stripped them of their regulatory rights (ordinances) and control (overseers) in favour of a strict policy designed to curb any monopoly.

Nevertheless, the guild structure proved to be adaptable (Farr 1997). Under the auspices of ordinance XCII, these artisans preserved their organisational capability and extended their competencies until they reestablished their powers of regulation and inspection. The case of the carders in Estella furthermore reveals that the main risk facing the institutions of collective action did not come from outside – from bans and restrictions – but from within, involving trust among its members; that is, their social capital.

The main characters are now introduced in succession: firstly, the guild of carders, and then the city's two leading representatives of commercial capital, namely, the merchants Matías Tarazona (1660–1744) and Manuel Modet (1739–1806), who play different roles in this narrative.

2. A guild

In 1802, the importance of Estella's manufacturing sector was mentioned in the *Diccionario de la Real Academia de la Historia* [Dictionary of the Royal Academy of History] in an entry penned by Joaquín Traggia:

> The city has a considerable number of wool carders and producers. There are currently 82 licensed master craftsmen that provide work for around 450 people. In the past, and even at the beginning of this century, the sector flourished further still. It had a fulling-mill with eight vats and a dyeing house, not counting others that were privately owned. It could thus cover the expense of dressing and arming a company at the service of King Philip V. It may have been this outlay and the foreigner's policy of advancing money to sheep-farmers for the wool that affected its price, reducing the number of workshops in Estella, and burdening the guild with so much debt on its property that it lost it. Nevertheless, work continues on the broad and narrow looms, twenty-two and sixteen second cloth, ultrafine flannels, thin or very thin twill, cheesecloth, fine serge and beaver cloth imitating the one from abroad.[2]

Traggia concisely describes a powerful yet decadent organisation, with numerous workshops and workers. He stresses the existence of common property in the guise of industrial facilities that, nonetheless, did not constitute a monopoly, as there were other items that "were privately owned". Thirdly, he appears to confirm the description of the guilds as gold-diggers through the purchase of favours from the public authorities; in this case by equipping a company of soldiers during the War of Succession. Finally, he advances a theory to explain the guild's decline, informed by the accumulation of financial liabilities and the increasing cost of raw materials. How accurate is this portrayal?

Two fiscal sources compiled two centuries apart enable us to identify the collective of carders in the city. The method for calculating the taxable income is different in each case: the valuation of property in 1607 considers the sum of urban, rural, and livestock holdings,[3] while the 1818 cadastral register re-

2 RAH (2003, I, p. 269). For manufacturing in Estella, see Bielza de Ory (1968), Sorauren (1984), Lana (2022).

3 With a view to identifying master carders in the fiscal register, it has been compared with the guild's own minutes that list those in attendance (General Archive of Navarre, Royal Courts [henceforth, AGN, TTRR], proceedings no. 133925, 058038, 041746).

TABLE 1 ▪ *Number of carders and taxpayers in Estella in 1607 and 1818, and a statistical multiple of the median (MoM) for carders' cadastral wealth in the city*

	Taxpayers (no.)		Carders (no.)		Carders (% wealth)	
MoM	**1607**	**1818**	**1607**	**1818**	**1607**	**1818**
0	154	129	(16) 14	(50) 1	0	0
> 0 < 1	232	469	27	35	0.5	1.0
1 > < 2.5	158	421	20	25	1.5	1.9
2.5 > < 5	100	128	15	12	2.5	2.3
5 > < 10	82	49	8	2	2.9	0.6
10 > < 25	39	14	1	1	0.6	1.0
25 > < 50	8	3	0	0	0	0
Total	**773**	**1213**	**85**	**76**	**8.0**	**6.8**

MoM: Multiple of the Median (in brackets, the number of carders that do not declare any land or property).

Sources: General Archive of Navarre, Comptos, bundle 11, no. 9 (box 32307); Council Archive of Estella, Book 104, bundle 049/5/3.

cords income from both property and labour. The social scale is based on the statistical median for classifying taxpayers according to the multiple of that core value. The image is one of a stable sector of about eighty workshops, with varied fortunes, accounting for around seven or eight percent of its worth. The distribution confirms their relative impoverishment over the course of these two centuries, decreasing from 24 craftsmen that represented more than 2.5 times the city's average in 1607 to just 15 in 1818. This is corroborated by the increase from 16 to 50 in those that did not declare any urban or rural properties.

These master craftsmen were members of an organisation that enjoyed external recognition. The guild of carders or wool-makers (as they liked to be referred to from the end of the 18th century) was governed by a committee chaired by a prior, who was accompanied by two overseers and two stewards, six members, and two auditors, who were replaced each year by co-opting, with the outgoing officer appointing his successor.[4] In addition, there was a supervisor, chosen by the city corporation, a messenger, and a scribe. The milestones on the guild's annual calendar involved the renewal of offices, ratified yearly on 29 June, the guild's feast day on 2 June, and the inspection visits to workshops and sundry premises. The organisational aspect included assem-

4 To ensure the co-opting mechanism would not become an oligarchical takeover of the governance bodies, "the aim was to avoid the guild becoming self-perpetuating by applying the rule of appointing those individuals that had not previously held office". AGN, Notarial records, Estella (hereinafter, PN/E), M. J. Remírez, box 3554/2, 21/6/1722. The semantic change from carders (*pelaires*) to makers (*fabricantes*), also in Torró (2004, p. 174)