To What Extent was the ‘Second Serfdom’ a Consequence of Market Integration?

Bo Jacobs Strom

BSc Economic History (1st year), LSE

Abstract

To explain the second serfdom, two questions must be answered: why did demands for serfdom appear across Europe from the mid-14th century onwards, and why were these demands only successful in eastern Europe? Market integration is theoretically inconsistent in explaining the former and contradicts the evidence in explaining the latter. Instead, there is strong empirical evidence that demographic collapse answers the first question. While demography can begin to answer the second, it requires an accompanying explanation of why peasants' outside options were lower in the east. This is provided by eastern Europe’s underdeveloped military and economic structure.

I. Introduction

From the mid-14th century and throughout the 15th century, while western Europe saw increasing peasant freedom and the end of serfdom, eastern Europe saw a return to restricted peasant movement and to the substitution of rent with labour services.¹ This was the ‘second serfdom’. Demands for serfdom appeared across Europe from the mid-14th century, and some western countries such as England passed pro-serfdom legislation, including the Statute of Labourers, which attempted to prevent competition among landlords by limiting wages. However, landlords attempting to implement serfdom faced a ‘prisoner’s dilemma’ that required effective state enforcement to resolve, and in England this was lacking.² Thus, any explanation

of the second serfdom must explain both what incentivised demands for serfdom across Europe, and why the landlord’s dilemma was only resolved in the east. Overall, most explanations in the literature rely on either demography or market integration, often filtered through an inadequately explained social structure. I will argue that the second serfdom was not a consequence of market integration but of sudden demographic collapse, the response to which was determined by eastern Europe’s relatively underdeveloped military and economic structure.

II. The Demographic Explanation of the ‘Second Serfdom

Demographic explanations for the second serfdom have a contested history. In the 14\textsuperscript{th} century, the whole of Europe experienced severe population decline due to the Black Death, an exogenous shock increasing the scarcity of labour.\textsuperscript{3} Domar argued that this relative scarcity of labour incentivised the restriction of peasant freedom. Without restriction, competition among landlords would “drive the wage up to the value of the marginal product of labour”, in other words increasing the wage until it was equal to the value of the extra crop produced by one more unit of labour, as if it was any less, another lord would pay more. Where land was abundant, the product of this extra peasant would not be any less than the peasants already employed, meaning that the wage paid to each peasant would be roughly equal to what they produced (the average product), leaving little profit for the landowners.\textsuperscript{4} However, the scenario described above implies high peasant bargaining power, which was identified by North and Thomas as a significant reason for the western end of serfdom in the same period, as landlords lessened restrictions and labour obligations to attract scarce peasants.\textsuperscript{5} To resolve this contradiction, Domar, North and Thomas all regarded government action as the necessary condition for serfdom where land was abundant.\textsuperscript{6} Acemoglu and Wolitzky synthesised the two theories by showing that labour scarcity has both a demand effect, similar to the Domar effect, and an ‘outside option’ effect, increasing the amount workers could earn with other employers, in our case either other landlords or in cities, reducing the returns to

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{3} Blum, “Rise of Serfdom,” 819; Peters, “Government Finance,” 22-3.
\item \textsuperscript{5} North and Thomas, “Manorial System,” 798-9.
\item \textsuperscript{6} Domar, “Causes of Slavery or Serfdom,” 21; North and Thomas, “Manorial System,” 798.
\end{itemize}
\end{footnotesize}
‘Second Serfdom’

investment in coercion as workers will flee. It is clear to see that together the two effects created a ‘prisoner’s dilemma’: landlords had a collective interest in restricting competition due to the demand effect, but an individual interest in reducing restriction and actively competing, which would result in the worst collective result as competition forced up wages. Therefore, for the demand effect to dominate, landlords had to reduce outside options through effective collusion or enforced collusion through the state, as happened in eastern Europe. Working from the Acemoglu-Wolitzky framework, Klein and Ogilvie found quantitative evidence showing that during Bohemia’s second serfdom “the net effect of a higher land labour ratio was to increase serfdom”, suggesting that the Domar effect was dominant, and therefore the ‘prisoner’s dilemma’ was solved. Therefore, while labour scarcity due to population collapse provided a strong incentive for landlords to attempt serfdom across Europe, the weaker outside option effect in the east still requires explanation: why were only eastern landlords able to overcome the ‘prisoner’s dilemma’?

III. Assessing the Market Integration Explanation

Another explanation dominant in the literature is market integration. However, it has serious limitations as an explanation for both the incentive for imposing serfdom, and for whether attempts would be successful. In one influential work, Blum argued that landlords shifted to seigneurial market production to compensate for falling rents after the Black Death left tenancies vacant. Lords increased demesne and labour services through customary powers and used their influence in government to restrict peasant movement. However, in this explanation labour scarcity is still the exogenous shock that leads to an endogenous response of market production. Moreover, it would create greater incentive for serfdom in more-integrated western countries, such as England, where transaction costs would be lower. To explain the east-west divide, Blum appeals to the greater

---

political power of the eastern landed nobility, but gives no coherent explanation for why this was the case.12 While this argument does show how the shift to market production shaped the second serfdom, it is a weak argument for the second serfdom being a consequence of market integration rather than demographic collapse.

Another influential argument for market integration leading to the second serfdom is based on increased eastern labour demand from the end of the 15th century, due to growing grain exports to the booming west, which was then experiencing the price revolution and population growth.13 Strictly speaking, the explanation relies on the rising price level rather than market integration itself, though market integration might be a precondition for trade factors to have an effect. This argument is complementary to Domar’s, as it would have increased the marginal product of labour. It has been argued by Peters that only the largest landlords, who would have the least incentive to impose serfdom due to their higher profitability, could access international trade.14 Nonetheless, it would have increased aggregate labour demand and likely did play a role in the maintenance and expansion of serfdom in the 16th and 17th centuries, without explaining its 14th and 15th century onset.

On the other hand, it is possible that market integration and monetisation may have actually had the opposite effect, disincentivising serfdom, as they decreased the transaction costs of cash wages or rents relative to labour services, which encountered high enforcement and negotiation costs.15 This is particularly important as landlords were not entirely reliant on labour services to restrict peasant movement. The peasant labour market was an oligopsony: there was competition between landlords, but there were significant dangers in travelling between manors and increased danger of the Black Death in cities.16 Thus, even in a cash wage or rent system, within which a degree of artificial restriction of movement would have been possible, the lord would still have been able to extract some surplus. Therefore, the lord would choose a system that maximised restriction of movement with minimal transaction costs.

'Second Serfdom'

The example of Bohemia can give us some clues as to the importance of either market integration effect relative to demographic decline. Bohemia was late to the second serfdom. Widespread replacement of cash wages and rent with labour services only came in the wake of the Thirty Years’ War, which killed a third of its rural population.\(^{17}\) Forthcoming research from Volckart and Schulze, based on previously published data and methods, shows that eastern Europe underwent significant market disintegration during and after the Thirty Years’ War, and that the areas with population losses of a third or more experienced the greatest disintegration.\(^{18}\) It was the areas of Bohemia with high land-labour ratios after the war that experienced the harshest imposition of serfdom; those ratios likely the result of high wartime mortality and therefore likely those same areas that underwent market disintegration.\(^{19}\) That it was in this context that Bohemia implemented serfdom suggests that either the Domar effect outweighed anti-serfdom market disintegration, or that market disintegration had a transaction cost effect and worked in the same direction as the Domar effect. In both scenarios, demographic collapse remains the exogenous shock that led to the imposition of serfdom, suggesting it was the more significant cause of the second serfdom.

IV. The Role of War in Explaining the Second Serfdom

An alternative explanation for both the incentive for serfdom and the reason for the east-west divide in its implementation is the spread of firearms.\(^{20}\) Pettengill argues that in a competitive peasant labour market it was always in the lord’s interest to impose serfdom, as it was the only way, other than central state taxation, to avoid competition between lords and collect a surplus. Whether they did so was determined by the costs of enforcement, in turn determined by the “relative coercive power” of the lords versus the peasantry.\(^{21}\) By Pettengill’s explanation, demands for serfdom came when the innovation of the firearm, a capital-intensive technology, allowed

\(^{17}\) Melton, “Manorialism and Rural Subjection in East Central Europe, 1500–1800;” Klein and Ogilvie, “Was Domar Right?,,” 6-7


\(^{19}\) Klein and Ogilvie, “Was Domar Right?,,” 41.


\(^{21}\) Ibid, 204-205.
lords, the capital-rich class, to greatly increase their coercive power over the peasantry.\textsuperscript{22} However, there are several problems with this theory. Pettengill’s assumption of a competitive peasant labour market is flawed: as above, it would be more accurately described as an oligopsony with some degree of competition. Therefore, imposing serfdom was not always in the lord’s interest. For example, if land rather than labour was scarce, the lord would have the incentive to use his coercive power to ensure he had exclusive and transferable ownership of as much land as possible.\textsuperscript{23} Alternatively, if there was a high land-labour ratio, but it was declining due to competition for potential immigrants where coerced immigration was prohibitively costly, as was the case in eastern Europe before the Black Death disrupted migration flows, there would be little incentive for serfdom.\textsuperscript{24} Thus, Pettengill must still rely on population collapse as the exogenous shock which incentivised serfdom. Furthermore, the spread of firearms across Europe, dated by Pettengill as the 16\textsuperscript{th} and 17\textsuperscript{th} centuries, is simply too late to explain the onset of the second serfdom in the 14\textsuperscript{th} and 15\textsuperscript{th} centuries, though it may help to explain its continuation as the eastern population recovered.\textsuperscript{25}

More convincingly, Pettengill argues that military differences contributed to the east-west division in the implementation of serfdom. Unlike the west, eastern states were still vulnerable to cavalry attack from unsettled frontiers. This preserved the importance of the lesser nobility’s monopoly on cavalry service to the state and in the 16\textsuperscript{th} and 17\textsuperscript{th} centuries gave them control over enforcement-cost-reducing firearms.\textsuperscript{26} Pettengill argues that this division allowed the eastern lesser nobility, who were unable to pay high wages and thus had the greatest incentive to impose serfdom, to lobby for the effective state enforcement of serfdom, overcoming the prisoner’s dilemma and reducing peasant’s outside options in the Acemoglu-Wolitzky framework. Meanwhile, in the west, centralised control of the military and the new firearms allowed state centralisation and the increase of the peasant tax burden from the 16\textsuperscript{th} century.\textsuperscript{27} With the partial exception of Russia, where the state favoured the lesser nobility in order to centralise, that the eastern European lesser nobility held greater political power at the expense of the state, and that they used this power to

\textsuperscript{22} Pettengill, 204.
\textsuperscript{25} Pettengill, “Impact of Military Technology,” 204, 209.
\textsuperscript{26} Ibid, 223-5.
‘Second Serfdom’

have the state enforce serfdom, is close to consensus in the literature. Therefore, underdevelopment of eastern Europe’s military structure provides a convincing partial explanation for why the lesser nobility was powerful. However, it is made weaker in the onset period of serfdom by the lack of firearms and the presence of serfdom in east central Europe, away from the frontier, leaving the explanation for the east-west divide incomplete.

Eastern Europe not only had an underdeveloped military structure but also an underdeveloped economic structure. Eastern Europe’s economy was still relatively more agrarian than the west’s, with fewer alternative industries and cities; this completes the explanation of the second serfdom’s east-west divide. The east’s economic structure meant that groups with an interest to oppose serfdom, such as merchants who relied on free peasants to replace the workers dying in cities, had relatively little power or wealth. This forced the sovereign, who would in most cases find serfdom against their interests as it was an obstacle to the centralisation of coercive and economic power, to favour the landed nobility in return for revenue: the very same landlord class attempting to impose serfdom. Peters’ quantitative evidence confirms that serfdom was implemented where states had less access to forms of income independent from the landed nobility, such as England’s wool export duties, or large cities with wealthy merchants. Evidence for cities being outside options themselves is limited, perhaps due to high urban mortality. Overall, economic and military underdevelopment together preserved the lesser nobility as an important part of the ruler’s winning coalition. This enabled them to successfully lobby for the passing and enforcement of serfdom legislation, whereas in the west, state support for serfdom was tepid at best. Thus, eastern underdevelopment explains the divergent responses of east and west Europe to the common incentive of sudden demographic decline.

V. Conclusion

In conclusion, the second serfdom was not a consequence of market integration. Although it may have indirectly shaped its character by enabling seigneurial market production and thus, along with the spread of firearms, sustained it in later centuries via the price revolution, the exogenous shock of sudden

31 Peters, “Government Finance.”
demographic decline in the Black Death and Thirty Years’ War was a far stronger incentive. Demographic collapse created a Domar-dominant labour scarcity effect in the east and an outside-options labour scarcity effect in the west. The Domar effect was dominant over the outside option effect in the east as landlords were able to overcome the prisoner’s dilemma and collude. They did so by using their relatively greater political power to pass effective pro-serfdom legislation, power they had due to the underdevelopment of eastern Europe’s military and economic structure.

Bibliography


‘Second Serfdom’


