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

● José-Miguel Lana Berasain
Universidad Pública de Navarra/Nafarroako Unibertsitate Publikoa/Public University of Navarre
josem.lana@unavarra.es | 0000-0002-9277-4227

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

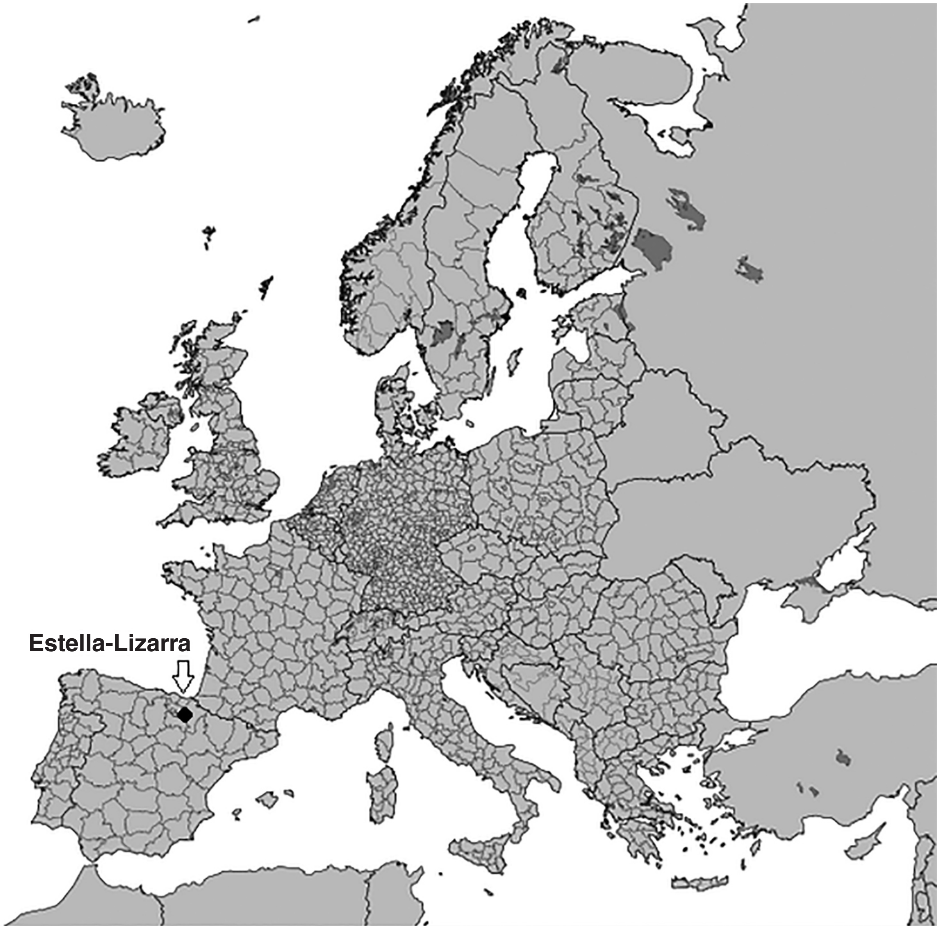
1 The twenty years elapsed since the publication of the dossiers in the journals *Annales ESC* (1988) and *International Review of Social History* (2008) complete the reappreciation of the guild issue in economic and social historiography. Conclusion on the issue in González Enciso (1998), Hernández 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)

blies in the chapel of St. George in the church of San Miguel, convened to discuss and vote on issues.

The guild had its own assets and shared income that it used to provide its members with a basic service and meet its financial commitments. The fulling-mill on the banks of the Ega River and beside the royal highway leading to Pamplona had been purchased with a mortgage (*censo perpetuo*) in 1565 from the estate of Lope Vélaz de Eulate at an annual fee of 28 ducats. The original flour-mill was soon demolished to make way for the fulling-mill's enlargement, which had two wheels, two buildings with eight vats, and 16 mallets.[5] The dyeing house, on the opposite bank of the river, had two boilers and three vats. These two premises were leased every three years at public auction, with the successful bidder undertaking to attend to the master craftsmen for that period for the agreed prices and to return the premises fit for purpose, whereby they were officially valued at the beginning of each lease period, with reimbursement of any improvements made as appropriate. The tenant also received a working capital fund, known as a *bistreta*, whose dual purpose was to ensure the necessary cashflow for purchasing raw materials and intermediate goods and to constitute a savings fund for the guild.

The consideration of the guilds as monopolistic institutions suggests that the carders sought sole ownership of these strategic facilities. Yet this was not so. There were two more fulling-mills, one belonging to the city council itself and the other to an independent estate, and three dyeing houses in private hands, but this did not constitute a divide between the carders and the owners of these other facilities. It was commonplace for master craftsmen to bid for the lease on both the guild's own fulling-mill and the other two. They were not fulfilling any mandate dictated by the collective, but instead their own personal interests. An agreement might sometimes be reached between the tenants of two or more fulling-mills to merge their concessions and operate as a single business to monopolise the service. Accordingly, and with a view to avoiding this, the lease of the guild's own fulling-house at the beginning of the 18th century included a clause that provided for an annual increase in rent of 50 ducats to penalise proven collusion.[6]

Ownership of these two properties ensured they were available to the collective of master craftsmen at fixed prices. This advantage was compounded by the provision of sundry privileges involving raw materials. The first was the right of first refusal on half the wool that the city's merchants had gath-

5 AGN, PN/E, M. J. Remírez, box 3558/1, 30/7/1727. The complex acquired by the guild consisted of a flour-mill and fulling-mill, which accrued an income in kind and cash amounting to 25 ducats. The owner of the estate asked permission to sell them and subrogate the duties of his Arínzano estate. (AGN, TTRR, no. 067287). About the traditional process of wool manufacturing and the role of carders, see Torras (1981).

6 AGN, PN/E, M. J. Remírez, box 3558/1, 25/5/1727.

ered for export. This guaranteed the availability of raw wool in the event of any scarcity, although it had to be purchased at trade prices.[7] The second privilege provided for the local use of olive oil from elsewhere for carding. This therefore constituted an exception in council procurement policy that ring-fenced the urban market for local producers. The oil the guild acquired from producers and drovers from southern Navarre and the neighbouring region of Aragón was shared among the master craftsmen according to their previously stated requirements. Collective negotiation ensured the necessary amounts at set prices, thereby increasing the provision of local olive presses.

The guild exercised quality control over the fabrics market through the obligation to submit the goods on sale to the overseer responsible for their approval or stamp. In addition, the inspection visits to workshops and other facilities made by a committee that included representatives from both the city council and the guild verified that the fabrics abided by the regulations. These were not of a specific nature until 1675, being governed until then by the general ordinances on the textile sector decreed by the feudal parliament, or *Cortes del Reino*, in 1563. The path to regulatory empowerment was a slow one. In 1628, the city council passed a series of ordinances that were contested by the guild due to the harm caused, either because they meddled in private matters, such as the attendance of processions, or because they prohibited technological innovations that it did not consider harmful to the public. For example, they called for the repeal of the order that no eighteen-second flannel should fail to be drawn, as "by imitating the English one and having wool for the greater consistency of the fabric they are not drawn, as requested in Madrid".[8]

Before drafting its own ordinances, in 1674 this guild asked to be governed by those passed for the carders' guild in Pamplona in 1660.[9] They were nonetheless instructed to draw up their own, whereby they reserved the right of the overseers to make inspection visits throughout the entire district (*merindad*). In 1733, complaining about "the poor reception of the cloths made by the master craftsmen because they do not clean them with due care", they passed additional ordinances that required them to be sun-dried and aired.[10] The decline in the output of cloths was not redressed by this measure, so in 1761 the guild petitioned the *Real Consejo* to ratify new ordinances, as "there are currently very few or infrequently made fabrics other than ordinary and very fine fourteen-second flannel and thin eighteen-second ones".[11]

7 The parliament, or *Cortes*, held in 1580 extended the right of first refusal in favour of local manufacturers from a quarter to half the wool destined for export (Ordinances 1592, pp. 30-32).

8 AGN, TTRR, no. 58431. Cases such as these advise against jumping to conclusions when assessing the relationship between guilds and innovation.

9 AGN, Kingdom, box 30470, no. 31.

10 AGN, PN/E, M. J. Remírez, box 3561/1, no. 72.

11 AGN, Kingdom, box 30741, no. 5.

TABLE 2 ▪ *Registered capital recorded by the carders' guild of Estella with a mortgage guarantee on its common properties (fulling-mill and dyeing house), 16th–18th centuries*

Date	Principal (ducats)	Interest (%)	Yield (ducats)	Reason*	Annuitant	Redeemed
< 1598	400	6	24	0	Antonia Gómez	No data
< 1598	200	6	12	0	Juan de Gamarra	No data
< 1598	100	6	6	0	Sancho de Cegama	No data
< 1652	400	?	?	0	J. Sanchez	No data
No data	200	5	10	0	Juan de Munárriz	1639
1634.10.16	200	5	10	0	Convent of St. Benito	1639
	300	?	?	0	Estate of Master Munárriz	1652
1639.12.09	400	4	16	1	Cabildo de San Juan	1652
1645.01.30	100	5	5	0	Pedro Alsasua	1652
< 1652	300	?	?	0	Dr Gauna, chief physician	1676
1652.04.03	800	4	32	1	Master F. Ladrón-Cegama	<1678
< 1676	200	?	?	0	Convent of St. Francisco	1678
1666.02.19	200	4.5	9	0	Andrés Cartagena	1678
1675.08.14	50	4	2	2	Andrés Cartagena	1678
1675.10.04	50	4	2	3	Andrés Cartagena	1678
1676.03.15	200	4	8	1- 4	Ms. Antonia Ladrón-Cegama	1678
1676.10.08	300	4	12	0	Andrés Cartagena	1678
1678.09.10	1.250	3	37.5	1	Convent of St. Benito	1709
1679.07.27	300	3	9	5	Convent of St. Benito	1709
1680.09.08	200	3	6	0	Convent of St. Benito	1709
1681.09.23	100	3	3	4	Convent of St. Benito	1709
1692.03.17	300	3	9	3	Convent of St. Benito	1709
1692.07.19	150	3	4.5	3	Convent of St. Benito	1709

Date	Principal (ducats)	Interest (%)	Yield (ducats)	Reason*	Annuitant	Redeemed
1694.11.10	100	3	3	6	Convent of St. Benito	1709
1702.11.14	150	2.75	4.12	1,3	Convent of St. Benito	1709
1707.08.11	300	3.5	10.5	7	Convent of St. Benito	1709
1708.10.04	100	5	5	8	Matías Tarazona	1709
1709.06.11	3,050	2.75	83.87	3	Matías Tarazona	–
1733.12.30	150	3	4.5	9	C. Aranarache Foundation	No data

* *Code of reasons:* 0 No data; 1 Debt redemption; 2 Litigation; 3 Mill dam; 4 Oil purchase; 5 Dyeing House; 6 Exams; 7 Increase in the working capital fund (*bistreta*); 8 Boiler purchase; 9 Repairs

Sources: AGN, PN/E, L. Imberto, box 3079; M. Munárriz, box 3111/1, no. 137, no. 144, no. 145; J. Munárriz de Baquedano, box 3158/1, no. 50, no. 68; P. Vicuña, box 3140/2, no. 14; D. Salinas, box 3240/1, no. 52, no. 53, no. 79; J. Echeverría Armendáriz, box 3396/2, no. 83, no. 86, no. 100; M. J. Remírez, box 3561/1, no. 84; AGN, TTRR, no. 71567 (1598).

The downside of this institutional empowerment involved increasing indebtedness (Table 2): in 1598 the guild had arranged three mortgages (*censales*) amounting to 700 ducats; by 1652 the amount had risen to 1500 ducats, while by 1678 it had fallen to 1200, and then risen in 1709 to 3050 ducats. Although the principal had increased more than fourfold, the annual repayment of interest had barely doubled, increasing from 42 ducats in 1598 to 83.875 in 1710. This was prompted by the guild's involvement in the credit markets, exploiting the downward trend in interest rates, with operations arranged in 1639, 1652, 1678 and 1709 to redeem existing loans and take out new ones at a lower rate. Besides these financial restructuring operations, these mortgages were also arranged for repairing industrial premises, and occasionally for the purchase of oil and in 1707 for increasing the *bistreta* for dyeing from 300 to 600 ducats.

Despite Traggia's entry in the 1802 *Diccionario*, it was not during the 18th century that the debt had risen to unstainable levels. It was, in fact, during the last quarter of the 17th century when after reducing the debt burden, this soared from a thousand ducats in 1676 to 2850 in 1709. In June that year, the guild arranged its last major credit transaction at the very favourable rate of 2.75%, which involved replacing the Convent of Sisters of San Benito, which had been providing the guild with financial support since 1678, with an active creditor.

3. A creditor

A wealthy merchant by the name of Matías Tarazona y Aro and his wife Teresa Simón founded an entailed estate in favour of their son Manuel Matías on 23 November 1727. They did so "considering that divided and separate assets tend to be spent and vanish over a short period of time, while remaining as one in a single body they are maintained and survive".[12] This trust, whose usufruct they retained, consisted of the real estate the wife brought to the marriage. She hailed from Tarazona, the location of 38 of the 70 hectares of farmland she contributed to the partnership. This was completed by 32 hectares of farmland in Navarre, distributed equally between Mendavia and Estella, as well as two homes and premises for trading in wool in the latter city.

TABLE 3 ▪ *Timeframe for the acquisition of assets included in the estate of Simón Ignacio Tarazona on 28 January 1748*

Years	Urban property	Rural property	Mortgage	Register: capital	Register: interest	Average interest
	Houses	Hectares	Reals	Ducats	Reals	%
< 1700	4	0	14	320	117	3.3
1700-1709	2	6.46	48	9,282	2,984	2.9
1710-1719	3	0.97	45	8,333	2,916	3.2
1720-1729	1	10.63	0	12,156	4,342	3.2
1730-1739	9	7.52	139	24,912	8,337	3.0
1740-1749	8	6.09	0	31,872	9,403	2.7
Total	**27**	**31.68**	**245**	**86,875**	**28,099**	**2.9**

1 Navarrese ducat = 11 silver reals of 16 quarters

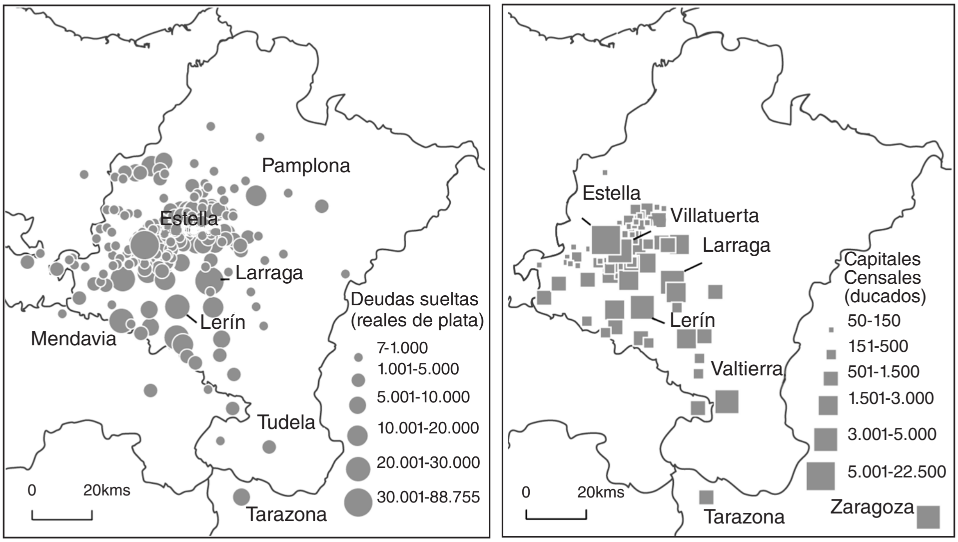
Source: BUPNA/FA, Comp. 4-11-3 (1), 160 folios.

Prior to his death in 1744, two years after his wife's passing, Matías made provisions in his will for the formation of a second estate in favour of his grandson Simón Ignacio with all the assets accumulated until then, once any bequest and gifts had been deducted. These included the instruction to hold a thousand church masses with which he hoped to ensure his soul's salvation, "as he had had business dealings with many in his lifetime [...] and he might

12 Library of the Public University of Navarre, old collection (hereinafter, BUPNA/FA), manuscript Comp. 4-11-3(1). Manuel Matías died in 1732, with the estate being passed down to his son Manuel Ildefonso and following the latter's death without issue in 1776 to his brother Simón Ignacio, the second in line. The founder was the son of Francisco Tarazona, one of the wealthiest merchants in Navarre in 1677, whose fortune of 8,000 ducats was surpassed solely by five other merchants in Estella, Corella, and Pamplona (Idoate 1966, III: 612).

MAP 2 ▪ *Geographical distribution of accounts receivable (Map 2a) and registered capital (Map 2b) added in 1748 to the estate of Simón Ignacio Tarazona*

Map 2a **Map 2b**



Notes: Figures stated in silver reals and Navarrese ducats.

Source: Compiled by Gonzalo Echeverría based on BUPNA/FA, Comp. 4-11-3 (1).

have wronged some".[13] His only surviving daughter, who consolidated the family's social standing by marrying the Marquis of Ariño, was responsible for fulfilling her father's final wishes, drawing up the deeds for the estate in her nephew's name in 1748.

The inventory compiled enables us to track the composition of assets that were more financial than property-based. Compared to the estate founded in 1727, the one created in 1748 had less farmland, more urban properties, and a large sum of registered capital and sundry accounts receivable. The value of the annuities, credits and deposits alone amounted to two million silver reals, without including the value of the real estate.[14] The testator had acquired all the second estate's assets during the first half of the 18th century in a meteoric process of personal enrichment (Table 3). The geographical distribution of the annuities and accounts receivable (Map 2) reveals that the amassing of this considerable fortune had involved land concentration, coinciding more

13 BUPNA/FA, Comp. 4-11-3 (1).

14 The land was distributed around Tarazona (7.96 ha), Estella (7.73 ha), Lerín (6.08 ha), Alfaro (4.81 ha), Falces (3.11 ha), Miranda de Arga (1.15 ha), Los Arcos (0.76 ha), and Lodosa (0.09 ha). The estate included 2553 accounts receivable, amounting to 694,719 reals. BUPNA/FA, Comp. 4-11-3 (1). The monetary figures stated throughout this article are to be understood as Navarre silver reals of sixteen quarters, equal to one Castilian real and 30 *maravedís de vellón*.

or less with the boundaries of the district of Estella, in Navarre's south-western quadrant.

The conversion of accounts receivable into fixed assets kept the will's executors busy. Between 1751 and 1754 they filed 21 claims for enforcement before the royal courts for a sum of almost twenty thousand reals.[15] A milestone in this process was the acquisition in 1758 of the fulling-mill belonging to the carders' guild following a court order for default on two years' annuities on the property acquired in 1709. This begs the question of how the guild of master carders, facing a debt of just 167.75 ducats, was unable to avoid losing assets whose value, according to an official appraisal following a decade of paralysis and dereliction (Table 4), was fifteen times higher.

The debt was admittedly high (20% more than the value of the mortgage stated in 1764), but this would not have posed a major problem over fifty years. Moreover, the sum of the annual yields was 8.5% less than agreed when the debt was arranged in 1709 (Table 2). The problem was not in fact the volume of the debt, but instead the frequency of the income assigned to servicing it.

TABLE 4 ▪ *Valuation by surveyors of the fulling-mill and the dyeing house belonging to the carders' guild in Estella on 21 July 1764 (figures in hectares, ha; kilograms, kg; and sixteen-quarter silver reals, Rss)*

	Fulling-mill		Dyeing house			Total
Assets	**Ha**	**Rss**	**Ha**	**Kg**	**Rss**	**Rss**
Grove	0.1432	122.66				122.66
Orchard	0.1090	186.78	0.0660		154.66	341.44
Main building		8,219			6,098	14,317
Outbuildings		1,316			2,659	3,975
River dam		4,800				4,800
Carpentry		1,192			575	1,767
Smithy		19.5			240	259.5
Boilers (2)				265.61	1,947	1,947
Vats					270	270
Total	**0.2522**	**15,855.94**	**0.0660**	**265.61**	**11,943.66**	**27,799.60**

Source: AGN, TTRR, no. 231552, ff. 37-57.

This was not an issue at the beginning of the 18th century. The income from dyeing (115 ducats) and the fulling-mill (110 ducats) at the auctions held in 1707 and 1708 doubled the amount required to service the debt (which

15 AGN, TTRR, no. 137800, 137820, 168228, 192007, 217827, 259856, 273451, 273465, 273495-7, 273568-9, 273591, 290748, 302666, 315056, 335727, 335750, 335788, 336291.

included both the interest due to Tarazona and the mortgage on the fulling-mill).[16] In 1730-1731, the income of 214 ducats was still enough to cover these payments, although warning signs were beginning to appear. An 18% drop in income from dyeing was compounded by a reduction in the *bistreta* fund from 600 to 500 ducats.[17] Although the registered debt did not increase over those decades, the need for ready cash to pay for unforeseen expenses had been resolved by dipping into the working capital fund; a process of decapitalisation that did not bode well.

The guild's governing committee was not oblivious to this problem, yet it proved incapable of resolving it. In 1725, a meeting of the chapter agreed to terminate any expenses they considered superfluous and called upon the committee to initiate a process of "redeeming one hundred ducats of four or five in five years in the event of no unforeseen expenses".[18] Such a judicious decision, nonetheless, was not upheld. By contrast, the temptation to cover pressing financial needs with funds from the *bistreta* continued, whereby the lease on the dyeing house arranged in 1746 was now reduced to 300 ducats.[19] By this time, a fracture was beginning to appear in the mutual trust among the guild's members that would worsen yet further in the 1750s until reference was openly made of factions. Decapitalisation no longer affected the depreciation of financial and tangible assets, as it had also extended to its social capital.

The segmentation within the guild had been commonplace, especially when creating a group to lease the trade's fulling-mill or one of the other two in the city.[20] Differences were also expressed at the assemblies, being resolved by a majority vote.[21] Personal confrontations had sometimes interfered with the organisation's normal business.[22] These internal disagreements prompted a struc-

16 AGN, PN/E, J. Echeverría Armendáriz, box 3396/1, no. 19, no. 87.

17 AGN, PN/E, M. J. Remírez, box 3559/2, no. 8; box 3560/1, no. 43.

18 They expressed their concern that "the case may arise in which the trade might be required to cover some unforeseen expense and need to refurbish or repair the buildings housing the fulling-mill and dyeing house, or leaking dams, and without the ready cash for the work the rents will go unpaid and business will be lost". AGN, PN/E, M. J. Remírez, box 3557/1, 1/7/1725.

19 AGN, TTRR, no. 231053.

20 For example, the agreement signed between the former and present tenants of the guild's fulling-mill (11 master craftsmen) and others from another private one (9 master craftsmen) to meet "as a single entity [...] any loss or gain" over the time remaining on both leases. The subscribers saved on the wages of a fuller by agreeing to keep only one of them operating. AGN, PN/E, M .J. Remírez, box 3553/1, folder 8, 14/7/1720.

21 In 1730, they disagreed when accepting the deposits presented by the winning bidder for the fulling-mill, with 34 master craftsmen voting in favour, while the other 27 (including the prior) deemed them to be insufficient. Subsequent events were to prove them right when the tenant was declared bankrupt and the fulling-mill closed down. AGN, PN/E, M. J. Remírez, box 3559/2, no. 8, no. 42, box 3561/1, no. 11.

22 In 1732, the guild's chapter agreed not to second the position taken by one of its members of calling for deposits a posteriori from the outgoing prior, as he had stated that "he was contrary or opposed, and only because he had only sought office to gain revenge upon him". AGN, PN/E, M. J. Remírez, box 5360/2, no. 57.

tural split between 1746 and 1758. The lease of the dyeing house in the first of these years was approved without unanimous agreement. The offer submitted by the last tenant, the master carder Andrés Ecala, presented certain advantages, such as the installation of a new vat and affordable prices (28 reals per cloth), but the condition was that it would not go to auction and the lease would be extended to six years. The outcome was 35 votes to 12 in favour of signing the agreement, with the express commitment to "refrain from entering into an alliance with any other dyeing house", at the risk of incurring a penalty of "double the rent".[23] The rent's reduction to 94 ducats in 1746 probably reflects the drop in production, or even deficient maintenance, as was also the case with the more worrying decrease in the rent on the fulling-mill from 100 ducats in 1741 to 62 in 1745. It might also have been due to the lesser patronage of certain master carders that preferred to take their fabrics to the privately owned fulling-mills and dyeing houses.

The shortfall in the income obtained from its common assets prompted the guild to agree in 1747 to levy a tariff of one real for each piece of coarse woollen cloth or flannel made or fulled in the city. The measure, approved by the *Real Consejo de Navarra*, applied to all the master craftsmen regardless of whether they used the common facilities. An example of the resistance to this measure was a new decree passed in 1752, "in order not to compromise the business by master craftsmen concealing some pieces", which reveals a problem of provisioning, and because "the city's three dyers are provided with dyeing houses with the result that the one owned by the guild is abandoned". The decree also raised the tariff to two reals per piece, which was immediately challenged by the owners of the other three dyeing houses. With their own premises closed that year because no bidder came forward, the chapter agreed to hold another auction for its lease "even though the bid might be low". The condition was "to pay 26 reals per piece in the dyeing house, which added to the two reals means 28 reals per piece", without depriving the master craftsmen of "the freedom to have their fabrics dyed in whichever one of the four dyeing houses they should choose". [24]

In 1753, a group of 28 master craftsmen took over the running of the dyeing house for a period of six years and a rent of 50 ducats against a background of open hostility within the collective.[25] This was partly due to their

23 AGN, TTRR, no. 231053, folio 3. In 1748, he conveyed the lease to a son so as not to be in breach by renting another dyeing house. He subsequently abandoned the trade, appointing another as his workshop manager. Andrés Ecala is an example of the permeable nature of the boundaries between trades, because depending on his own personal interests, he alternated between the guilds of carders, weavers, and dyers, for which he was licensed. He was not alone (AGN, PN/E, M. J. Remírez, box 3558/1, 3/4/1727; 3558/2, 12/4/1728, 20/4/1728; TTRR, no. 20013).

24 AGN, TTRR, no. 21206.

25 In addition to the litigation cited, a claim was filed in 1753 against the outgoing prior for the payment of the 250 ducats that corresponded to the *bistreta* for the dyeing house (AGN, TTRR,

agreement with the dyer to reduce the tariff on each piece of flannel dyed to 24 reals, while maintaining the fee of 26 reals for all the other craftsmen. To make matters worse, the misuse of the premises led to the breakage in 1755 of one of the two boilers and the loss of its contents, prompting a bitter argument over who was responsible for its repair. After two years without payment of the agreed rent, in 1757 the guild petitioned the *Corte Mayor* to file legal proceedings against the 28 master craftsmen. This propitious climate for disunity and internal division coincided with the claim for enforcement and the reinstatement of the fulling-mill and the embargo of the income from the dyeing house instigated by Tarazona.

The guild's bankruptcy, the tensions between its members, the embargo on its common assets, and its dispute with its creditor, prompted a long hiatus in which each pursued their own interests, with the master craftsmen processing their fabrics at other fulling-mills and dyeing houses, while those that had belonged to the guild fell into disuse and their inevitable decay. The guild had unsuccessfully asked the family estate to take charge of the dyeing house and its *bistreta* (which by then had fallen to a thousand reals), "as the guild was unable to maintain said dyeing house", but the offer was rejected because of doubts over the outcome of the legal proceedings between the guild's factions. Following a protracted process of litigation, the parties agreed to settle their differences in 1764, by which time there were twelve annuities outstanding on the property, which added to the principal and the costs incurred amounted to more than 60% of the valuation made that same year for the two buildings.[26] Finally, an agreement was reached on 26 April 1765 whereby the Tarazona estate took possession of the fulling-mill and dyeing house and leased them to the carder's guild for 25 years for a rent of 160 ducats. Tarazona himself paid for the refurbishment of both the fulling-mill (now reduced to five vats) and its dam (destroyed by floods in June 1762) and the dyeing house, paying the guild a *bistreta* of 600 ducats, which were to be reimbursed in cash after 25 years. In the same deeds, all the master craftsmen undertook to pay four reals for each piece of 14-count fabric to help cover those costs and the dyer's wages, at a daily rate of half a ducat. The scenario was primed for change after a long decade of conflict.[27] This new stage, which began on 26 May 1766 with the delivery of the freshly refurbished buildings, paved the way for new players.

no. 6426), and one filed by several master craftsmen that opposed the agreement to take individual responsibility for the shortfall between the guild's income and the payment of outstanding rents (AGN, TTRR, no. 6431).

26 AGN, TTRR, no. 231552. The estate had refused to renegotiate the debt by reducing the rent's interest rate to 2.25%, and a month later proceeded with the embargo.

27 AGN, TTRR, no. 112851. The investment made with the estate's own funds amounted to 25,414 reals.

4. A factory

A merchant from Tudela called Lorenzo Esteban Iriarte (1726–1798) clearly had an enterprising spirit. In the 1750s, he exploited the business opportunities provided by the collection of feudal rents, which he augmented with wholesale trade and commercial business.[28] In 1773, he embarked upon a new project: the establishment of a new textile factory in Estella-Lizarra.

Why did he choose Estella and not the larger Tudela? After all, the latter had three essential ingredients: a deep river (Ebro) for providing the energy required to operate the equipment; an abundance of raw wool provided by the large flocks of the livestock farmers grouped into the Ligallo guild, and a cheap supply of olive oil for carding, guaranteed by its olive groves and olive presses. Estella, in turn, had the advantages of an unrivalled manufacturing tradition in the textile sector and, therefore, an abundant supply of skilled labour; excellent and efficient facilities in the form of wool washing, fulling-mills and dyeing houses; a strategic location and a well-established position on medium- and long-distance trade routes; and, finally, a cohort of wealthy merchants ready to do business. Two of these, Manuel Modet and Juan Miguel Piedramillera, would initially act as the company's attorneys and directors.

The company headed by Iriarte began by petitioning the Crown and the Royal Board of Trade [*Real Junta de Comercio*] for tax exemptions and subsidies.[29] The petition was supported on 20 December 1773 by the instigation before the Royal Court [*Corte Mayor de Navarra*] of a process for gathering information. Its provisions and the statements provided by 22 testimonies between February and June 1774 reveal that the factory had been designed in 1773, as a "very efficient edifice on the banks of the Ega River". It had seven broad looms, "four in the English style and three of the Spanish kind", commissioned from "acknowledged and highly skilled specialists in English-style weaving" and six local master craftsmen and technicians. By April 1774, the decision had already been taken to shelve the three Spanish-style looms and replace them with the English kind, whereby all seven were of the latter type. Also "up and running" were two narrow looms, which were increased to three by April, which weaved "cheesecloth, fine serge, light woollen cloth, twills and other cloths that were not made in this kingdom or in the [Basque] provinces of Álava, Vizcaya and Guipúzcoa". Their operation involved bringing artisans from Montauban and Oloron, and by April there were five apprentices aged between 15 and 16 "learning the trade". The investment made included the installation of an expensive press, like the one at the royal factory in Ez-

28 AGN, TTRR, no. 232930; 335968; 206723.

29 About the Royal Board of Trade, see Calderón Berrocal and Romero Macías (2010).

caray, and separate facilities for hanging cloths with different specifications to those used in Estella. The wool was carded on six secondary-carding racks, with priming within the factory itself and at private homes. Six weaving schools had been set up by local master craftsmen, which by April had already increased to twelve, with eighty spinning-wheels. Testimonies estimated that over seventy women were spinning yarn on their spindles at home, with another eleven working at the factory. The company also had a fulling-mill with three vats, where the process "was performed differently to the one used in the city of Estella", with one dye with two boilers and two vats supervised by a French master craftsman, and more than two thousand *arrobas* of wool "collected and scalded at the city's exchanges". Overall, some estimated at 280 and others at 300 the number of people working at and for the factory.[30]

The response by the carders' guild was naturally hostile, although several members embraced the project. The guild attended the briefing process with its own writ and testimonies, indicating that its initial complaint was that "with the payment and increase in the prices and wages of the employees, said Iriarte and his associates have determined the removal of many of the labourers". This upheaval in the labour market led them to conclude that "they could not manufacture as they used to the increased number of fine fabrics with which they supplied a large part of the kingdom and the provinces of Vizcaya, Guipúzcoa and Álava", a view that fifteen testimonies corroborated as "the guild's master craftsmen do not produce many more fabrics than they used to" (Table 5). They also affirmed that the factory lacked quality, because "they did not clean the cloth in a due and proper manner", and they applied questionable methods to conceal its low wool content. In short, if the factory continued to operate it would be the ruin of the "eighty or hundred" carders' workshops, and the factory's owners "will monopolise the cloth [...] and as the sole purveyors" will impose "their law on buyers who were freely and honestly supplied by the numerous businesses that sold those goods".[31]

The payment of the tariff agreed in the 1765 deed was the guild's main line of attack against the factory. Thus, on 11 November 1773 they litigated against the factory's foreman and master carder, Miguel Gómez, calling upon him to declare the number of pieces of coarse wool he had supervised for the factory. Manuel Modet, partner and company director, defended his employee, arguing that the obligation accepted by the guild's master craftsmen, in which Gómez appeared as a signee, was applicable solely to the fabrics made at their own expense and risk, but not to those of third-parties, and that it would only make sense if they used the fulling-mill and dyeing house belong-

30 AGN, TTRR, no. 192585, folio 5-62. These testimonies correspond to four master carders employed at the factory.
31 AGN, TTRR, no. 192585, folio 64-86.

TABLE 5 ▪ *Production of wool fabrics in Estella by the carders' guild and collection of the four-real tariff per cloth between 1766 and 1775*

Years	Flannel	Coarse wool	Roncal cloth	Thin wool	Blankets	Tariff of 4 Rss	
	Pieces	Pieces	Pieces	Pieces	No.	Rss	Index
1766-1767	794.64	67.00	2.8	0	5	3,461.22	100
1767-1768	922.00	80.25	6.6	0.75	0	4,038.42	116.67
1768-1769	673.57	97.75	5.05	1.4	8	3,116.36	90.04
1769-1770	707.00	73.75	2.85	0	2	3,136.75	90.62
1770-1771	761.29	84.35	1.4	1	19	3,404.83	98.37
1771-1772	693.00	74.70	1.4	0	6	3,080.33	89.00
1772-1773	677.29	60.70	0	0	2	2,953.28	85.32
1773-1774	607.29	66.90	1.7	0	0	2,703.61	78.11
1774-1775	518.07	48.90	0.7	0	0	2,270.78	65.60

Note: The pieces of flannel are counted by 14 bundles, coarse cloth by 10 bundles, Roncal and thin wool by 20 bundles. A year runs from May to May. The last period ends on 7 April 1775.

Source: AGN, TTRR, process no. 112851, folio 211-214.

ing to the Tarazona estate, which was not the case. He added that such a move encroached upon the powers of the *Real Junta de Comercio* and compromised the project. Six years later, the *Consejo Real* issued a firm ruling ordering the foremen to pay the tariff. The amount payable suggests that 430 pieces of fabric had been made on Gómez's watch and 702 when José Erce was in charge.[32]

During the proceedings, it became clear that the factory was using the foreman as master carder to introduce olive oil from outside, circumventing the city's privilege that forbade it except when required by carders. It also emerged that the master's seal was being used to mark the fabrics being marketed. These were not the only establishments whose owners were not master carders but operated by appointing one of these as foreman: mention was made of four cloth weavers, a dyer, a fuller, a cobbler, and a merchant whose workshops were run by master carders hired as foremen, for which they regularly paid a tariff of four reals for each piece of coarse wool. Once the court had ruled in favour of the guild and the foremen had been left to their fate, in 1780 they sued their employer for losses and damages.[33]

By then, Manuel Modet was the "sole owner of his factory for woollen fabrics", following the withdrawal of all the other partners, probably in 1778

32 AGN, TTRR, no. 112851. The need to appoint a master carder as foreman was ordered by the ordinance of the Cortes in 1628 and by the guild's own in 1761 (AGN, Kingdom, box 30741, no. 5).

33 AGN, TTRR, no. 207142.

judging by the large sum that Modet took from the Tarazona estate at that time.[34] His backers may have decided to convey their rights to their partner and director because of the obstacles placed in the way by the guild, or because of more enticing business opportunities. In the case of Lorenzo Esteban Iriarte, by 1774 he had become involved in the canal project *Canal Imperial de Aragón* as attorney general of the Badín Company and the right-hand man of Ramón de Pignatelli.[35] Other departures involved Juan Miguel Piedramillera, who transferred his residence and business to Pamplona, and Joaquín Baraibar.[36] Meanwhile, the factory continued to evolve, and in 1782 it recorded an annual output of 180 pieces on nine looms, of which five were broad and four narrow, compared to the seventeen produced by the guild's master craftsmen. The exemption from customs' duties on its sales to the three Basque provinces granted towards the end of 1779 played its part in the increased production of narrow cloths (Azcona Guerra 1996, p. 205).

Modet pursued a three-pronged strategy. The first step involved ridding himself of the guild's bothersome dependence on the supply of olive oil for carding. Accordingly, in 1786 he began building an olive-press, bringing him into legal conflict with several convents and even the city authorities (Azcona Guerra 1996, pp. 410-411). The second one involved gaining the royal privilege that "he was not required to have a registered master craftsmen or a foreman recognised by the guild", sufficing "to state on the bundle the number of threads and its name and that of its provenance", petitioning again for this privilege in 1795.[37] The third step involving taking over the guild's former installations. By October 1774, during the legal proceedings lodged against the foremen, Modet had offered a compromise whereby he conveyed the lease on the fulling-mill and dyeing house, settling the debts incurred by the guild and promising to attend to the carders at the same price, albeit without the tariff of four reals per piece.

This proposal floundered, so an agreement was reached in December 1780 between the guild and Modet whereby the latter was included in the lease of the fulling-mill and dyeing house as a full member until the end of the allotted period with Tarazona, undertaking to pay the tariff of four reals per cloth and the price of the dyes according to the levy agreed by both parties.[38] In March 1786, Modet himself sublet the fulling-mill for the time left outstand-

34 AGN, PN/E, B. Ruiz de Galarreta, box 3989/2, no. 28. The capital, of 3500 ducats with an interest rate of 2.25% was redeemed in 1808 by his heirs. B. UPNA, Old collection, 4-11-3 (2), folio 73.

35 AGN, TTRR, no. 218720, no. 156040. In 1798, as treasurer and general attorney, he was owed 1,007,373 *reales de vellón* for loans arranged by Pignatelli and the count of Sástago (Pérez Sarrión 1975, p. 79).

36 AGN, TTRR, no. 207142, folio 10, folio 14.

37 AGN, Kingdom, box 30741, folder 35.

38 AGN, TTRR, no. 112851, folio 634-650.

ing on the lease, “with no obligation to pay any rent and with the sole condition of keeping the five vats available, operational, and in good condition”.[39] The guild’s weakness was made apparent by these conditions. It is no surprise, therefore, that when the lease arranged in 1765 expired in 1791, Manuel Modet signed a new contract with the Tarazona estate, despite the protests and lawsuits filed by the carders’ guild.[40]

This signalled the end of more than two centuries of ownership by the guild of the fulling-mill and dyeing house that had constituted its common property. This was the collective that Traggia portrayed in 1802 as a decrepit vestige of its former glory. Nevertheless, the organisation continued operating for a further half century.

5. Discussion

Are guilds an example of the dark side of social capital? Does this *bonding* capital necessarily generate negative externalities? Adam Smith wrote, “People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices”.[41] This is an overly general affirmation to circumscribe it solely to the world of guilds. Were they in fact “individualised” institutions, as Ogilvie contends?

Answering this question requires adopting a twin approach: from outside and from inside. From the outside, the guild seems to be a unitary and cohesive body. Seen as such, the guild stands apart from the rest of society and differentiates depending on whether someone is a member, erecting entry barriers. By embodying it in this way, it is attributed all-embracing market power, with the right to set prices, restrict output, and reduce performance in detriment to the rest of society, as well as a trading monopoly to the detriment of consumers and workers (Kula 1976, pp. 89-91; Ogilvie 2014, p. 174).

What happens if instead of considering a single body, we focus on its component members? Each one of them faces not the sum of demand but rather a share of it. Their market power is not therefore so great. They enjoy the same privileges as their fellow members, and a shared privilege ceases to be one. For example, the removal of competition would be feasible in a status quo in which each one was satisfied with their quota, but the short-term fluctuations of the preindustrial economy – the cycles of harvest and the price of wheat

39 AGN, PN/E, B. Ruiz de Galarreta, box 3988, no. 31.

40 AGN, TTRR, no. 113181, no. 113010, no. 93817.

41 Smith (2007/1776, p. 191). This author was not referring to a monopoly in the case of a guild, but instead to something akin to “a sort of enlarged monopoly”, whose privileges “have the same tendency, albeit to a lesser extent” (Smith 2007/1776, p. 105).

underpinned the consumption of other less perishable goods – impeded it. Producers' residual demand is reduced and they need to protect their quota. Competition is inevitable, even though the organisational structure provides the mechanisms for ordering it, focusing on quality and offsetting its more pernicious effects by sharing orders or subsidising those most in need (Romero-Marín 2015, p. 98). The inequality in wealth is a fact in the guild, although such heterogeneity does not impede each member having the same economic and political rights in terms of the exploitation of franchises and decision-making. As individuals, they enjoy the recognition and opportunities afforded to all the others. If so, are we dealing instead with "generalised" institutions and "bridging-based" social capital?

The combination of these two approaches, from the inside and from the outside, necessarily raises the issue of collective action (Olson 1992). We cannot rule out the guild's collective action in favour of the "enlarged monopoly" when the incentives for each individual prompt opportunistic behaviours that will ultimately render it unviable. This case has provided numerous examples: masters that join forces to lease two or more fulling-mills or dyeing houses and force all the others to comply with their terms and conditions; masters that lease their premises to set themselves favourable tariffs, and multifaceted masters that change "depending on the convenience of adopting one or other trade".[42] In addition, governance was sometimes lacking despite the mandatory yearly disclosure of accounts, some petty misappropriations, or backing projects that favoured only certain guild masters. How is it possible, therefore, that these secular organisations could perdure and even reinvent themselves when they appeared finished?

It is not simply a question of institutional inertia, or of high transaction costs for those that would have benefitted from the guild's disappearance (Ogilvie 2007). In this case, there were numerous occasions for the organisation, ignored from the outside (in the 1560s) or from inside (in the 1750s), when its future was in doubt. Nevertheless, it regrouped and lasted well into the 19th century. There are clearly numerous reasons for this and, together with those provided by economic analysis, other factors related to sociability, culture and identity should be considered. In this case, furthermore, there was a unifying factor: common property of vital strategic importance. This was not all they shared. The movement of skilled labour probably favoured the transmission of know-how and ensured quality in the workshops. The coordination of the collective trade in raw materials through the first refusal on wool or the import of oil reduced unitary production costs. Joint responsibility in the credit markets reduced the cost of their access. Is it not true

42 AGN, PN/E, M. J. Remírez, box 3558/1, 3/4/1727. For more examples, see Ferrer i Alós (2022).

then that guilds were closer to the logic of industrial districts than that of a monopoly?

The lure of opportunistic behaviour could be neutralised because other advantages rewarded collective loyalty. Marshall referred to this mutual trust and reciprocity as “social credit”, which paves the way for external economies that offset the intrinsic weakness of an atomised structure (Becattini 2002). The advantages of obtaining external economies in the supply of wool or oil, in fulling and dyeing fabrics, and in presenting a single voice to local council authorities and other guilds ensured that the network of specialised workshops could coordinate their competition in markets that were growing in an unregulated and unbalanced manner (Gallego 2022, pp. 104-105). In fact, one may well wonder whether the configuration of a propitious environment thanks the guilds led to the subsequent appearance of other forms of organisation, such as the factory. The reason Iriarte and Modet chose Estella rather than other locations such as Tudela for their business project may be because they hoped to exploit the existing network of professional skills, suppliers, customers, relationships, and know-how that the guilds had helped to create.

One of the many accusations levelled at guilds can be ruled out here; their alleged endogamy should have meant that workshops were firmly consolidated as they were passed down from one generation to the next. Yet what we find is that between 1607 and 1818 barely 7.5% of the carders’ family names persisted over this time.[43] This means that the social group’s continuation depended more on outside recruitment that on the marriage market (with a daughter inheriting the workshop) or by the influx of new members, either locally or from afar. There was no access to local council positions. In fact, their natural foes – merchants – were the ones with easier access to local councils. So much so, in fact, that in 1628 they protested, not because the ordinances passed by the city council permitted the visits to workshops and other installations by foreign craftsmen, but that they did so through the ballot-box for mayors and councillors “because these are merchants that buy wools to take out of this Kingdom and their intention is to hinder the carders from buying white wool”.[44] The assumed resistance to innovation may be doubted, considering the transition from the production of cloth to that of flannel following the shift in demand, support for the method of not levelling the flannel “for imitating the English ones”, and, finally, in their claim to have “tried the same method to clean their fabrics as the factory used at its fulling-mill before rejecting it as awkward”.[45] In turn, the barriers facing those intending to set up their own workshops only involved the obligations to put a licensed master

43 Only nine out of 120 family names are repeated in the registers in 1607 and 1818.
44 AGN, TTRR, no. 58431.
45 AGN, TTRR, no. 192585, folio 64.

in charge and have the fabrics inspected by the guild's overseers before their sale.[46] Finally, regarding the matter of privileges, were not the ones requested by Iriarte and Modet more exclusive, with all their rhetorical attack on the guild's hindrances and its alleged monopoly? This antitrust rhetoric was also used by the guild itself when referring to the new factory, as well as to the collusion of the dyers and tenants of fulling-mills.

How do we therefore explain the irreversible decline of the carders' guild in Estella? Ogilvie contends that when the guilds were no longer able to ensure the public authorities' backing for their market power, the only possible outcomes were their weakening, their transformation, or their disappearance. Is this what actually happened? Can we attribute their decline to an inability to curry the favour of the public authorities? If this is the case, why was it not wound up earlier, when the circumstances so advised? In fact, the reasons for the difficulties studied here are not to be found outside, within the sphere of the local council's political power, but inside the guild, in its governance, its financial management, and its members' mutual trust.

During the last quarter of the 17th century, the guild accumulated a debt that it was ultimately unable to settle half a century later. Its bankruptcy in the middle of the 18th century had deep roots that successive governing bodies were unable to address. The problem was not a strictly financial issue, or at least, the debt was no greater than it had been a century earlier. The key lies in the fall in income recorded by its fulling-mill and dyeing house. Was this fall in business and the drop in bids caused by a lack of competitiveness in Estella's industry? The virtual disappearance of the output of cloths seems to suggest this, although it was easily offset by the growth in flannel production. Furthermore, a sector-wide crisis would have affected the other two fulling-mills and the dyeing houses in private hands, which was not the case. The cause may thus have involved the disengagement between a faction of masters and the rest of the collective and their patronage of other fulling-mills and dyeing houses that may have tendered more affordable prices. The guild's crisis in the middle of the 18th century therefore seems to be one of social capital, which led to its financial collapse and, ultimately, to the loss of its common property. Nevertheless, from 1765 onwards the craftsmen managed to refocus their divisionary dynamics, maintaining their access and control for a quarter of a century more. The solution adopted, however, reduced the competitiveness of manufacturing in Estella-Lizarra by raising the sale price by four reals per piece. Its decline continued.

46 The ordinances passed in 1628 by the Cortes entitled anyone that wished to produce fabrics to do so "in their workshops, employing a registered carder as foreman". AGN, TTRR, no. 58431.

6. Conclusions

No case study can resolve the complicated debate about guilds and their role in the process of economic development. Such a study may, however, provide evidence to question entrenched opinions and add to the discussion.

This case raises a number of questions about the widespread definition of guilds as monopolies, at least in the modern sense (Richardson 2001). Nothing stopped the new factory opening in Estella, just as nothing stood in the way of other people from outside the guild opening their own workshops, provided they hired a licenced master as foreman. The guild's due diligence did not involve the number and size of the production units, but instead safeguarding the masters' know-how and qualifications.

We have studied an aspect that is often overlooked, namely, the financial viability and solvency of guild corporations. This case study is perhaps slightly unusual, because the carders' guild owned tangible assets that required a costly and regular upkeep. This study has shown that the problem did not lie so much in the volume of debt as in a lack of trust and the inability to pursue a strategy for its gradual redemption, such as the one drawn up in 1725. By focusing on the guilds' financial side, their definition as buyers of favours from the public authorities will require more rigorous proof of its implications.

In short, there is a need to consider not only the guild's outside dimension, which facilitates its identification as a rent-seeking agent, but also to investigate its internal dynamics in order to uncover the mechanisms that led to the master craftsmen's collective action and the circumstances that sometimes undermined it.

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■

Un gremi, dos comerciants i béns comuns. Una crisi de capital social a la manufactura tèxtil durant el segle XVIII

Resum

Un estudi de cas sobre el gremi de paraires de la ciutat d'Estella-Lizarra (Navarra) entre els segles XVI i XIX esdevé el punt de partida per discutir alguns judicis emesos sobre aquestes institucions d'acció col·lectiva, en particular sobre la seva caracterització com a monopoli. Es proposa complementar el tradicional enfocament des de fora —que considera el gremi com a agent unitari— amb una perspectiva des de dins, que permeti observar les tensions entre l'interès de la col·lectivitat i el dels individus que la componen. S'agafa com a eix del relat la gestió col·lectiva dels béns comuns (batan i tint) fins a la seva pèrdua l'any 1758, així com les relacions amb el capital mercantil, personificat en un gran prestador i una nova fàbrica. La crisi d'aquest gremi va tenir l'origen en les dificultats inherents a la gestió financera comunitària i la pèrdua de capital social.

Paraules clau: Estella-Lizarra, gremi, fàbrica, capital social, capital mercantil, fabricació tèxtil.

Codis JEL: N23, N63, N83, N93.

■

Un gremio, dos mercaderes y bienes comunes. Una crisis de capital social en la manufactura textil durante el siglo XVIII

Resumen

Un estudio de caso sobre el gremio de pelaires de la ciudad de Estella-Lizarra (Navarra) entre los siglos XVI y XIX se convierte en el punto de partida para discutir algunos juicios emitidos sobre estas instituciones de acción colectiva, en particular, su caracterización como monopolio. Se propone complementar el tradicional enfoque desde fuera —que toma al gremio como un agente unitario— con una perspectiva desde dentro, que permita observar las tensiones entre el interés del colectivo y el de los individuos que lo componen. Se toma como eje del relato el manejo colectivo de los bienes comunes (batán y tinte) hasta su pérdida en 1758, así como las relaciones con el capital mercantil, encarnado en un gran prestamista y una nueva fábrica. La crisis de este gremio tuvo su origen en las dificultades inherentes a la gestión financiera comunitaria, así como en la pérdida de capital social.

Palabras clave: Estella-Lizarra, gremio, fábrica, capital social, capital mercantil, manufactura textil.

Códigos JEL: N23, N63, N83, N93.