

XIV International Economic History Congress, Helsinki, August 2006

SESSION 68: Working in the Shadow. Non-regular Economic Activities in Urban Europe (16th to early 20th Centuries)

**“Formal” and “informal” economy in an urban context: food trade in 17th
century Lyons**

Anne Montenach (Université de Provence)

Economists have taken up the topic of the informal economy over the past thirty years, as the experience of developing countries has challenged the western model of industrial development. Using recent works of economists, sociologists and anthropologists heuristically this allows us to reconsider the early modern European city and its economy.

I have attempted to reconstruct, at a micro-level, the sites, practices and participants of food trade of a large French city in the 17th century. Lyon is the second city of the kingdom with about a hundred thousand inhabitants at the end of the 17th century. This period represents a particularly interesting time during which the growth of the state goes together with the reinforcement of local power over the city and its inhabitants. The Consulat strives to extend its control over trade, and especially over food supply, in the context of population growth and frequent subsistence crises. Urban authorities also try to impose strict control over tradesmen (through guilds, which grow in number essentially in the second half of the century), prices and the quality of food products. These policies have generated a great amount of official rules but also numerous police statements and judicial inquiries pertaining to various kinds of legal violations.

Using these sources and going constantly back and forth between official and repressive accounts, it was therefore possible to reconstruct, at the scale of the city, the various forms of food trade that took place in order to understand better the real (as opposed to official) economy of an early modern European city. My hypothesis was that what takes place on the margins of the law should not be considered only as epiphenomenon but as an essential component of exchange. And in fact, the formal and the ‘informal’ economy (characterized, among other things, by the non-respect of the law) appeared to be closely linked, not only

within the city, but also in the practices of all those who were taking part, at a moment or another of their life, in the food trade.

I first concerned myself with the uses, negotiations and production of urban space, examined through the practices of various participants ('official' merchants, hawkers, buyers, local authorities) and their interactions with and within the city. For a long time, the city was looked at as 'an inert container for social, political and economic processes'. However, social and cultural studies have recently experienced a 'spatial turn' based on a new conceptualization of space, especially urban space, which is now considered to be socially constructed rather than simply given. In this new methodological and historical context, the city is no longer seen as a mere physical unit but as both an object and a subject of history, as 'a historically produced space that shapes, and is shaped by, power, economy, culture and society'¹. This shift has led, in particular, to new approaches in the history of urban economy and society.

One of my objectives was first to reconsider the various types of markets and shops and their legal definition, but also to look closely at the spatial aspect of illegal trade – for example smuggling networks and their articulations between city and suburbs – and how participants in the underground economy make the most of various juridical statutes between the town and its periphery:

1. Exchange is everywhere in the early modern city: in shops and markets of course, but also in the streets, squares and over the bridges. Shops, which are often very small spaces where economic and domestic activities are combined, constantly overflow onto the roadway, despite the attempts of the Consulat to regulate the use of 'public space' – a concept that is gaining ground during this period of town planning. A lot of sellers prefer displaying their goods on the fringes of the markets, where they do not have to pay taxes. Moreover, streets swarm with quantities of hawkers, countrymen, women and children selling fruit, vegetables, poultry, eggs, etc.

2. In the suburbs or in hidden places within the city itself, a wide range of illegal activities take place, from the clandestine making of cake and the unofficial meat market during Lent to large-scale monopolizing of wheat and flour. The 'shadow economy' seems in

¹ Bergeron, Louis/ Roncayolo, Marcel, «De la ville préindustrielle à la ville industrielle. Essai sur l'historiographie française», *Quaderni Storici*, 1974, vol. 27, pp. 827-876; Perrot, Jean-Claude, *Genèse d'une ville moderne. Caen au XVIII^e siècle*, 2 vol., Paris-La Haye 1975.; Perrot, Jean-Claude, «Recherches sur l'analyse de l'économie urbaine au XVIII^e siècle», *Revue d'histoire économique et sociale*, 1974, n° 3, pp. 350-383; Lepetit, Bernard, «La ville: cadre, objet, sujet. Vingt ans de recherches françaises en histoire urbaine», *Enquête*, 1996, n° 4, pp. 11-34, p. 22; Olmo, Carlo/ Lepetit, Bernard (eds.), *La città e le sue storie*, Torino 1995.

fact to constantly take advantage of the legal discontinuities of urban space. In some cases – for instance the unofficial meat market during Lent –, sources (such as judicial inquiries) are detailed enough to enable us to reconstruct the itinerary of the historical participants. The various means used by buyers and sellers to bypass the law, the ‘territorial’ strategies used by participants in and outside the city, as well as the continuous negotiations that take place between local authorities and the population about the use of urban space – streets, squares, shops, markets, etc. – help demonstrate that the physical space of the city is experienced and considered as a resource by all economic participants. To go further, it shows how social and economic practices – of merchants, consumers, the administration and the police – not only influence the construction of urban space, but also imbue it with meaning.

A second approach consisted in reconsidering social and labour relations within the city by questioning traditional classifications, especially occupational categories. Recent research has indeed demonstrated that guilds were only the tip of the iceberg and that an important share of the economic activity took place outside their normative structure². Moreover, a great distinction appears between the theoretical nature of the guild system and actual economic practice. One way to tackle the complexity, flexibility and dynamism of the craft economy was to question the occupational taxonomy and to put it in relation with the real activities of artisans, inferred for instance from probate inventories which enumerate goods, foodstuffs and tools found in the shop or around the house. It thus seemed possible to measure the role of “pluriactivity” (multiple activities) and to show, through this method, the limits of official denominations. The role of women (but also children) in the craft and retail trade had also to be reconsidered, by looking beyond their varied legal and professional status and trying to unveil their actual involvement in the early modern economy, within or outside guilds. One can therefore reposition their activity within a larger set of household strategies for survival³, from food resale to the theft of clothes. Moreover, it seems that a great deal of craftwork and retail trade was being done by non-corporate workers who acted in an illicit and sometimes clandestine way.

² Farr, James R., «On the shop floor: guilds, artisans, and the European market economy, 1350-1750 », *Journal of Early Modern History*, n° 1, 1997, pp. 24-54; Ferguson, Dean T., «The body, the corporate idiom, and the police of the unincorporated worker in early modern Lyons», *French Historical Studies*, vol. 23, n° 4, fall 2000, pp. 545-575; Sosson, Jean-Pierre, «Les métiers: norme et réalité. L'exemple des anciens Pays-Bas méridionaux aux XIV^e et XV^e siècles», in: Hamesse, Jacqueline/ Muraille-Samaran, Colette (eds.), *Le travail au Moyen Age: une approche interdisciplinaire*, Actes du colloque international de Louvain-la-Neuve, 21-23 mai 1987, Louvain-la-Neuve 1990, pp. 339-348; Swanson, Heather, «The illusion of economic structure: craft guilds in late medieval English towns», *Past and present*, n° 121, 1988, pp. 29-48.

³ Fontaine, Laurence/ Schlumbohm, Jürgen (eds), *Household strategies for survival 1600-2000: fission, faction and cooperation* (International Review of Social History Supplement), Cambridge 2000.

The early modern city should not be reduced, however, to a scene where ‘official’ and ‘non-official’ economic participants are fighting. The progressive emergence and institutionalization of guilds is often precisely justified by all these forms of unfair competition, and undoubtedly but paradoxically leads to the exclusion of poor, foreign and unqualified workers. This emergence must not hide the links that are actually preserved between these two sides of the economy. Most of the illicit forms of trade are closely linked to the legal side of the economy by both spatial and social connections as shown, for instance, by individual experiences or informal networks. Even members of guilds – institutions who fight precisely against illegal competition and are placed under the ever-increasing control of local powers – can occasionally be involved in illicit practices. Artisans and shopkeepers seem in fact deeply involved in interdependent networks: if subcontracting appears as a rule in early modern craft business practices, tradesmen also frequently deal with hawkers who resell second-hand products or spoiled foodstuffs on the streets, often to the poorest consumers. Streets and their resellers thus serve to enlarge and diversify the shops’ clientèle. One can therefore not consider the legal economy without its complement, the informal economy. Both are deeply linked by complex relationships of competition and complementarity and constitute, in a way, two aspects of one and the same economy.

This interweaving of legal and illegal urban economy can also be analyzed, in a third point, through the practices of exchange. At the city level, the provisioning policy of the Consulat indirectly helps maintain or even create parallel and illegal markets. This process is particularly apparent in the papers of the ‘Chambre d’Abondance’, an ‘annonarian’ institution created in 1643 which is responsible for buying corn and keeping stocks in order to regulate the local market in case of crises. At the level of the interpersonal relationship between buyers and sellers, legal norms – imposed by local authorities or guilds and concerning prices, weights and measures, quality of products, etc. – coexist and interfere with a set of tacit codes. The difficulty consisted in finding how to approach what could be defined as a ‘face-to-face economy’, characterized by the fact that in the majority of transactions, social ties seem to be at least as important as profit. Although the prices of several products are often officially set by local powers – according to various theological, moral or practical considerations –, bargaining seems to be the social norm on the market. Moreover, in the Old Regime weights and measures experience great variations from one place to another but also,

sometimes, within a given city: cheating over the weight or the quality of goods is therefore very common – sometimes even with the buyer's complicity⁴.

The early modern urban economy seems therefore incredibly complex and plural. The various rules and regulations only provide a partial picture of the actual practices and daily behaviours, which are themselves far from being homogeneous or frozen in time.

The informal economy, which is the dark side of the formal economy, is made up of a variety of practices which all have one common denominator: deviation from the rule. Not only do they involve a great diversity of participants and cover a wide variety of different situations, but they are rarely completely cut off from the legal economy. The 'informal sector' thus plays the part of a paupers' market, offering impoverished people, but also those without any official professional status – such as women and children - a chance to earn some money. That being said, the participants of the shadow economy are not necessarily driven by poverty : there is nothing in common – except, evidently, the deviation from the law – between a minor breach of the law motivated by the instinct to survive and the organized economic crime which depletes the market. These different levels of action are often linked together through complex networks, as for example in the case of meat trafficking during Lent, which involves a multitude of players.

While the informal economy is far from being homogeneous, it is not « arcaic » either. One cannot view it as a set of behaviours coming from the dark ages which resists, as much as possible, to the unstoppable progress of civilisation. The collection of skills and capabilities displayed by the active members of the illicit economy leads us to dissociate ourselves from an approach overly “neo-institutional”. Trust, honour, and verbal agreements are the codes and values used by those involved in a transaction, along with written certifications (which are sometimes manipulated for illegal purposes), to reduce the uncertainty. The ability to seize opportunities at precisely the right moment, the art of circulating information or, conversely, of withholding it, are among the resources used by those who abuse the system.

Finally, to act outside the law does not mean to be lawless, and the informal economy is not an anarchy. There are moral and social norms based on trust, honour and verbal agreements which form an alternate system of hierarchy and values. Behaviour and practices are therefore most often guided by tacit, yet extremely strong, conventions. Switching from

⁴ Groebner, Valentin, *Ökonomie ohne Haus. Zum Wirtschaften armer Leute in Nürnberg am Ende des 15. Jahrhunderts*, Göttingen 1993; id., «Towards an economic history of customary practice: bread, money and the economy of the bazaar. Observations on consumption and cheating in the late medieval foodstuffs market», *German History*, vol. 12, n° 2, 1994, pp. 119-136.

one system of reference to the next is determined by the alternative roles played by each and every participant. Depending on whether they are sellers or buyers – and our sources show that for many these roles are quite flexible –, the participants do not turn to the same system of norms.

A wide ordering process of the physical, economic and social space of the city seems to appear in Lyons during the 17th century. It looks like the entire economic policy of the urban authorities consists in a progressive segmentation of the market. The participants of the ‘real’ economy unconsciously try on the opposite to restore networks and continuity. Forms of resistance to the new order, or of negotiations between the law and social norms, i.e. between the authorities and various economic and social participants, has to be taken into account. Cases in which new forms of law emerge from factual situations or social practices are, from this point of view, especially worthy of interest, as are the manipulative strategies adopted by social participants to take advantage of the contradictions of various normative dispositions⁵. That the informal economy continues to exist until the end of the century shows that the Consulat often chose to negotiate with those who acted on the margins of the law rather than get them out of the way. One explanation for this paradoxical attitude lies in the fact that the unofficial economy plays an essential role in the daily supply of the town and especially of its poorest inhabitants. As a consequence, the city authorities prefer to try and control a phenomenon that it is not in their best interest to fully abolish. By tolerating behaviours that were conceived outside of, and even against the law, they also try to keep a balance between legality and legitimacy, right and equity.

Moreover, to put an end to all these informal activities would deprive the whole economy of its substance. If the shadow economy represents above all a way to meet the basic needs of the poorest in the population, it is indeed also, and on every level, deeply interwoven with the legal one. Where space is concerned, the locations of licit and illicit trade collocate, be it at the shop, street, neighbourhood or town level. On the social side, official supply channels for grain, meat or any other commodity are intertwined with parallel networks. Individual paths themselves testify to this overlap. The multiplicity of activities and strategies used to deal with uncertainty cloud the issue and blur identities. They show how – at least until the beginning of the 18th century – social, legal or economic categories are not yet fully defined: the relationship with the law, for instance, is never clear-cut – one person is rarely acting totally within or outside the law – as shown by the illegal practices which exist within

⁵ Ago, Renata (ed.), *The Value of the Norm. Legal disputes and the definition of rights*, Rome 2002.

guilds themselves. In a way, the legal economy maintains its own parts (“pockets”) of informality, its inside flaws which make possible some accommodations with the global model. A «pure» legal economy does not exist; there is on the contrary porosity between the formal and the informal economy. The norm systems themselves overlap each other and sometimes share common values, which gives trade a great institutional flexibility. Formality and informality constitute therefore two relational categories of analysis, and it is the setting of a rule or a norm that creates a distinction between them. This distinction is dynamic: informality can become formal and in turn produce informality.

A question arises: to what extent, despite the discourse of urban authorities, does the physical, social and economic order have to be considered as a norm in the early modern European city? The issue is perhaps to bring out the coherence of an apparent disorder in the urban economy of the Old Regime.