

# The Economic Ascent of the Hotel Business

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**Second Edition**

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# 2 **Historic Agricultural Economies and the Hotel Business to 1750**

## **Introduction**

The practice and study of economics emerged during the historic agricultural period, which lasted until the mid-18th century. This was also the period when even the most advanced economies were simple and their structure was embedded in agriculture and fishing. Hotels and their early equivalents emerged, but remained small venues of little economic significance, with little national capacity serving small markets of traders and pilgrims as well as sundry and intermittent other travellers.

## **Historic agricultural economies**

From the first appearance of man to around 8,000 years bc, life was concentrated on survival by hunting and gathering food. Economics as we know it played no part in differentiating lifestyles or standards of living. Progress was slow; surpluses did not emerge in the early millennia neither did trading, which at first was based on barter when hunting and gathering activities were progressively supplemented by cultivation and herding. The historic agricultural economy, which emerged gradually in the Fertile Crescent, the area between the Tigris and the Euphrates in modern Iraq, spread to the other parts of the known world. Agricultural activities became economic activities and dominated the economic focus of man in almost all countries for the remainder of the period. Progressively, but still slowly, surpluses were produced that enabled the sale of products and the start of trading. The progress of technology and innovation in agricultural practices were slow and uneven. They involved tools such as the plough, practices such as crop rotation and towards the end of the period, the introduction of property rights so that by the end of the agricultural period in the most advanced economies such as Britain, output and productivity had improved substantially and fewer agricultural workers were needed. New technologies, new products and new markets were needed to utilise the increasing levels of unemployment among agricultural workers. This was

a serious problem since rural agriculture workers accounted for the bulk of the workforce even in the most advanced historic agricultural economies. As Bernstein reminds us, 'By 1500, the largest city in Europe was Naples with a population of 150,000. Only 865,000 Europeans, or about 1% of the continent's population lived in cities of more than 50,000. Another 6% lived in towns of more than 10,000. More than 90% of Europeans, then, were engaged in agriculture in the medieval period' (Bernstein, 2004: 21).

From the feudal medieval era, trade in agricultural products and spin-offs such as cloth, basic household goods and shipbuilding expanded from local to regional, national and in a few cases international markets, but they were all minor economic activities at the time. As trade grew, small-scale manufacturing and construction emerged. Cottage industries and new occupations evolved, which were not agricultural and involved different skills in jobs such as metal work, carpentry, textile production and tailoring. They also involved different work relationships between man and machine as well as man and materials rather than man and the land. They occurred in workshops rather than in the fields and they served different markets, being more affordable to those who had sufficient disposable income. During the historic agricultural period these secondary economic activities were in the minority, but were growing and in the most advanced agricultural economies accelerated the emergence of tertiary activities such as banking and transportation, which were the smallest parts of economies. The balance of the most developed agricultural economies was shifting away from agriculture as secondary and tertiary activities grew. In the last 200 years of the agricultural period in England, the most advanced agricultural economy of the time, innovations appeared which contributed to the introduction of new products and the growth of more surpluses, which in turn required more tertiary activities for support. These developments were reflected in the doubling of agricultural output between 1600 and 1800 (Jay, 2000: 180), but the agricultural period produced only ponderous economic development, a pattern that was reflected in the social structure that was based on heredity and class, which constrained progress and opportunity and relegated the mass of the population to subsistence living. Human rights and services such as education and health care were minimal at best and organised leisure was all but absent. For the vast mass of humankind, life in the historic agricultural economy was oppressive and short.

## **Inns during the historic agricultural period**

The historic agricultural economies were invariably subsistence economies and their inns were simple businesses with the prime aim of satisfying only the subsistence needs of customers and their horses as well as serving as the home of the innkeeper. Demand volume in the historic agricultural economies was small because populations were small and only a minute proportion travelled far enough to need to stay at an inn. The very low level of demand was a consequence of the structure of the historic agricultural economies that relied almost entirely on demand from agricultural traders and later in the period from traders in basic