

## ABSTRACT

The purpose of this work is to explain the increase in agricultural product that took place in Western Europe around the 10<sup>th</sup> and 11<sup>th</sup> centuries, a period characterized both by a remarkable increase in the investment in agricultural physical capital and by a decline in royal authority, fragmented sovereignty and political instability. Land lords might have increased their investment in productive capital as a response to the submersion of exterior enforcement of their monopolistic property right. Their incumbency allowed them to respond to the threat of potential division of their property, by acquiring their own enforcement of property rights. With the use of a simple model from industrial organization theory, we show that deferent outcomes are possible: for relatively strong incumbents, with initial large property, the optimal choice was to acquire the self-enforced-property rights, which perform decreasing returns to scale, that meant investing in productive capital. For relatively weak incumbents, the optimal strategy might have been the imposing of a contract provided him with a monopoly over capital. And for incumbents with a relatively small initial property, the optimal strategy was to accept the division and no investment in capital was performed. The work will concentrate on historical evidence from Ponthieu, a region in northern France where the theoretical prediction will be tested.