I

The Ancients and Their Economy

In 1742 Francis Hutcheson, Professor of Philosophy in the University of Glasgow and teacher of Adam Smith, published in Latin his Short Introduction to Moral Philosophy, followed reluctantly five years later by an English translation, the author having discovered that "the preventing a translation was impossible". Book III, entitled "The Principles of Oeconomics and Politics", opens with three chapters on marriage and divorce, the duties of parents and children, and masters and servants, respectively, but is otherwise exclusively about politics. It is in Book II, entitled "Elements of the Law of Nature", that we find an account of property, succession, contracts, the value of goods and of coin, the laws of war. These were evidently not part of "oeconomics".

Hutcheson was neither careless nor perverse: he stood at the end of a tradition stretching back more than 2000 years. The word "economics", Greek in origin, is compounded from oikos, a household, and the semantically complex root, nem-, here in its sense of "regulate, administer, organize". The book that became the model for the tradition still represented by Hutcheson was the Oikonomikos written by the Athenian Xenophon before the middle of the fourth century B.C. Cast in the form of a Socratic dialogue, Xenophon's Oikonomikos is a guide for the gentleman landowner. It begins with a long introduction on the good life and the proper
use of wealth, followed by a section on the virtues and leadership qualities necessary for the householder and on the training and management of his slaves, an even longer section on wisely virtues and the training of a wife, and the longest section of all, on agronomy (but agronomy in plain Greek, so to speak, demanding no technical knowledge of the reader). Fundamentally, this is a work of ethics, and Francis Hutcheson was surely familiar with it when he wrote his own chapters on marriage, parents and children, masters and servants, in the “economic” section of his *Introduction to Moral Philosophy*. In his preface, addressed to “the students in universities”, he explains that if his book is carefully studied, it “may give the youth an easier access to the well known and admired works either of the ancients: Plato, Aristotle, Xenophon, Cicero; or of the moderns, Grotius, Cumberland, Puffendorf, Harrington and others.” He then adds a charming apology for sparing himself the “disagreeable and unnecessary labour” of giving references “all along to the more eminent writers, . . . considering that this could be of no use except to those who have the cited books at hand, and that such could easily by their indexes find the corresponding places for themselves.”

Not that there were always corresponding places. Hutcheson’s conception of marriage and divorce, for example, was Christian (though liberal and deistic, without reference to a sacrament) and significantly different from both the Greek and the Roman. And he could not have found a precise ancient equivalent for the key word in his definition of “oeconomics”, which “treat of the rights and obligations in a family”.¹ Neither Greek nor Latin has a word with which to express the commonest modern sense of “family”, as one might say, “I shall spend Christmas with my family”. The Latin *familia* had a wide spectrum of meanings: all the persons, free or unfree, under the authority of the *paterfamilias*, the head of the household; or all the descendants from a common ancestor; or all one’s property; or simply all one’s servants (hence the *familia Caesaris* comprised all the personal slaves and freedmen in the imperial service, but not the emperor’s wife or children). As with the Greek *oikos*, there was a heavy accent on the property side; the
necessity never made itself felt to provide a specific name for the restricted concept evoked by our word "family". The paterfamilias was not the biological father but the authority over the household, an authority that the Roman law divided into three elements (I state this schematically), potestas or power over his children (including adoptees), his children's children and his slaves, manus or power over his wife and his sons' wives, and dominium or power over his possessions.²

This three-way classification is a precise account of a peasant household; the head manages and controls both the personnel and the property of the group, without distinction as to economic or personal or social behaviour, distinctions which could be drawn as an abstract intellectual exercise but not in actual practice. It is the same three-way classification on which Xenophon's Oikonomikos was constructed, though his aim was well above the peasant level, and it remained at the base of European society well into the eighteenth century (and even later in considerable areas).

There is no word in English for patria potestas, but there is in German, namely, Hausgewalt. German, too, lacked its own word for "family" in the narrow sense, until Familie became current in the eighteenth century.³ The German Wirtschaft had a history much like that of "economics", and there was a corresponding literature neatly labelled Hauswarterliteratur by a modern student.⁴ By the time we reach Wolf Helmhard von Hohenberg's Georgica curiosa oder Adeliges Land- und Feldleben, published in 1682, which employs the word oeconomia in the preface, the range of matter covered is much more varied and more technical than in Xenophon, but the fundamental conception of its subject, the oikos or familia, has not changed.

These were practical works, in their ethical or psychological teaching as in their agronomic instruction and their exhortations to maintain correct relations with the deity. In Xenophon, however, there is not one sentence that expresses an economic principle or offers any economic analysis, nothing on efficiency of production, "rational" choice, the marketing of crops.⁵ The Roman agricultural manuals (and no doubt their lost Greek forerunners)
do occasionally consider marketing and soil conditions and the like, but they too never rise above rudimentary common-sense observations (when they do not simply blunder or mislead). Varro's advice (De re rustica 1.16.3) to cultivate roses and violets on a farm near a city but not if the estate is too far from an urban market, is a fair sample of common sense.6 "The layman's knowledge," Schumpeter correctly insisted, "that rich harvests are associated with low prices of foodstuffs" is "obviously prescientific and it is absurd to point to such statements in old writings as if they embodied discoveries." In economics as elsewhere, he continued, "most statements of fundamental facts acquire importance only by the superstructures they are made to bear and are commonplace in the absence of such superstructures.7 Hauswasserliteratur was never made to bear a superstructure, and therefore it led nowhere insofar as the history of economic analysis or theory is concerned. There was no road from the "oeconomics" of Francis Hutcheson to the Wealth of Nations of Adam Smith, published twenty-four years later.8

Lexicographically the road began not with the literal sense of oikonomia but with its extension to any sort of organization or management. Thus, in the generation after Xenophon, a rival politician ridiculed Demosthenes as "useless in the oikonomiai, the affairs, of the city", a metaphor repeated two centuries later by the Greek historian Polybius.9 When the word crept into Latin, we find Quintilian employing it for the organization or plan of a poem or rhetorical work.10 And as late as 1736, Francois Quesnay could entitle a work, Essai physique sur l'économie animale—the same Quesnay whose Tableau économique of 1758 must rank with The Wealth of Nations as a foundation-stone of the modern discipline we call "economics".

Since revenues loom so large in the affairs of a state, it is not surprising that occasionally oikonomia also was used to mean the management of public revenues. The one Greek attempt at a general statement is the opening of the second book of the pseudo-Aristotelian Oikonomikos, and what is noteworthy about these half a dozen paragraphs is not only their crashing banality but also
their isolation in the whole of surviving ancient writing. It was the French, apparently, who first made a practice of speaking of l'économie politique, and even they normally meant by it politics rather than economics until about 1750. By then a large body of writing had grown up on trade, money, national income and economic policy, and in the second half of the eighteenth century "political economy" at last acquired its familiar, specialized sense, the science of the wealth of nations. The shorter "economics" is a late nineteenth-century innovation that did not capture the field until the publication of the first volume of Alfred Marshall's Principles of Economics in 1890.

Marshall's title cannot be translated into Greek or Latin. Neither can the basic terms, such as labour, production, capital, investment, income, circulation, demand, entrepreneur, utility, at least not in the abstract form required for economic analysis. In stressing this I am suggesting not that the ancients were like Molière's M. Jourdain, who spoke prose without knowing it, but that they in fact lacked the concept of an "economy", and, a fortiori, that they lacked the conceptual elements which together constitute what we call "the economy". Of course they farmed, traded, manufactured, mined, taxed, coined, deposited and loaned money, made profits or failed in their enterprises. And they discussed these activities in their talk and their writing. What they did not do, however, was to combine these particular activities conceptually into a unit, in Parsonian terms into "a differentiated sub-system of society". Hence Aristotle, whose programme was to codify the branches of knowledge, wrote no Economics. Hence, too, the perennial complaints about the paucity and mediocrity of ancient "economic" writing rest on a fundamental misconception of what these writings were about.

It then becomes essential to ask whether this is merely accidental, an intellectual failing, a problem in the history of ideas in the narrow sense, or whether it is the consequence of the structure of ancient society. Let me restate the question through two concrete instances. David Hume, whose reading in ancient authors was wide and careful, made the important (and too often neglected)
observation: "I do not remember a passage in any ancient author, where the growth of a city is ascribed to the establishment of a manufacture. The commerce, which is said to flourish, is chiefly the exchange of those commodities, for which different soils and climates were suited." More recently, an economic historian, Edgar Salin, contrasted modern cyclical crises, which he called "rational disturbances of a rational process" (I hold no brief for the language), with ancient crises, always attributed to natural catastrophes, divine anger or political disturbance. Were these only distinctions (or failures) in analysis or were there fundamental differences in the reality under investigation?

Modern economists do not agree on a precise definition of their subject, but few, I believe, would quarrel, apart from nuances, with the following, which I take from Erich Roll: "If, then, we regard the economic system as an enormous conglomeration of interdependent markets, the central problem of economic enquiry becomes the explanation of the exchanging process, or, more particularly, the explanation of the formation of price." (The word "market" is used abstractly, of course, and I cannot refrain from pointing out that in that sense it is untranslatable into Greek or Latin.) But what if a society was not organized for the satisfaction of its material wants by "an enormous conglomeration of interdependent markets"? It would then not be possible to discover or formulate laws ("statistical uniformities" if one prefers) of economic behaviour, without which a concept of "the economy" is unlikely to develop, economic analysis impossible.

"The moment seems to me to have come," wrote Count Pietro Verri in the preface to the 1772 edition of his Meditazioni sull' economia politica, "when political economy is developing into a science; there had been wanting only that method and that linking up of theorems which would give it the form of a science." As a working hypothesis, I suggest that such a moment never came in antiquity because ancient society did not have an economic system which was an enormous conglomeration of interdependent markets; that the statements by Hume and Salin, which I selected to exemplify the point, were observations about institutional
behave, not about an intellectual failing. There were no business
cycles in antiquity; no cities whose growth can be ascribed, even
by us, to the establishment of a manufacture; no "Treasure by
Foreign Trade", to borrow the title of Thomas Mun's famous
work stimulated by the depression of 1620–24, with its sub-title,
"the Balance of our Foreign Trade is the Rule of our Treasure"—
and that work belongs to the early prehistory of economic
analysis. 18

It will be objected that I am arbitrarily restricting "economics"
to the analysis of a capitalist system, whereas non-capitalist or
precapitalist societies also have economies, with rules and regu-
larities and even a measure of predictability, whether they con-
ceptualize them or not. I agree, save for the word "arbitrarily",
and I obviously agree that we have the right to study such
economies, to pose questions about their society that the ancients
themselves never thought of. If I have taken so long over this
introduction, with perhaps an excess of lexicography, that is
because there is a fundamental question of method. The economic
language and concepts we are all familiar with, even the laymen
among us, the "principles", whether they are Alfred Marshall's or
Paul Samuelson's, the models we employ, tend to draw us into a
false account. For example, wage rates and interest rates in the
Greek and Roman worlds were both fairly stable locally over long
periods (allowing for sudden fluctuations in moments of intense
political conflict or military conquest), so that to speak of a
"labour market" or a "money market" is immediately to falsify
the situation. 19 For the same reason, no modern investment model
is applicable to the preferences of the men who dominated ancient
society.

Among the interest rates which remained stable were those on
maritime loans, the earliest type of insurance, going back at least
to the late fifth century B.C. A considerable body of legal doctrine
grew up round this form of insurance, but no trace of an actuarial
concept, and that may be taken as a reasonable symbol of the
absence of statistics, and hence of our difficulty in trying to
quantify ancient economic data— the subject of frequent grousin
by historians. Even the rare figure to which an ancient author treats us is suspect a priori: it may be no more than his guess or he may be giving it to us because it is exceptional, and we cannot always distinguish. It is frustrating to try to analyse landholding in classical Athens from precisely five figures for individual estates, scattered over a time span of about a century, at least one of which depends on difficult interpretation of the contours of the estate being described. Our lack of precise knowledge about Roman holdings is no less frustrating.\(^{20}\)

Or when Thucydides (7.27.5) tells us that more than 20,000 slaves escaped from Attica in the final decade of the Peloponnesian War, just what do we in fact know? Did Thucydides have a network of agents stationed along the border between Attica and Boeotia for ten years counting the fugitives as they sneaked across? This is not a frivolous question, given the solemnity with which his statement is repeated in modern books and then used as the basis for calculations and conclusions. The context indicates that Thucydides thought the loss a severe blow to Athens. A modern historian would surely have gone on to indicate what proportion of the total slave population 20,000 represented. Thucydides did not, because he did not know the total, nor did anyone else in Athens. It follows that the 20,000 is no more than a guess; we can only hope that it was an educated guess. And I doubt if we can be even that hopeful about the figure of 120,000 armed slaves said to have marched on Rome in 72 B.C. under the leadership of Spartacus.\(^{21}\)

But grousing is not good enough. Even in modern economic history, Fogel pointed out in a programmatic statement on econometric history, the “new economic history”, it “is often true that the volume of data available is frequently below the minimum required for standard statistical procedures. In such instances the crucial determinant of success is the ability of the investigator to devise methods that are exceedingly efficient in the utilization of data—that is, to find a method that will permit one to achieve a solution with the limited data that are available.”\(^{22}\) For us there are very narrow limits: no ancient historian can begin to parallel
Fogel's study of the economic significance of railroads in the nineteenth century, starting from the counter-factual assumption that the railroad had not been invented and that the canal network had been increased instead. We shall see, however, that methods can sometimes be found by which to organize ancient data that appear beyond redemption at first sight.

We shall also see the dangers. Ancient historians are not immune from current number fetishism. They are beginning to claim quantitative proof where the evidence does not warrant it, or to misjudge the implications that may legitimately be drawn from their figures. Patterns, modes of behaviour, are at the heart of any historical inquiry such as the present one. "Apart from a presupposed pattern," said Whitehead, "quantity determines nothing." Statistics help both to uncover and to elucidate the patterns, but there are also facets that are not susceptible to quantification.

There is the further danger, when we have succeeded in producing a good set of figures, of then imputing that knowledge to the ancients themselves as an important component in their choices and decisions. "After all, a society does not live in a universe of statistics"—not even today, and a thousand times not in antiquity. In the end, therefore, our problem is less one of devising new and complicated methods, which, given the available evidence, will of necessity remain simple, than of posing the right questions. And, I must add, of abandoning the anecdotal technique of dredging up an example or two as if that constituted proof.

As for the ancients, their statistical innocence, like their lack of economic analysis, resists a purely intellectual explanation. A society that produced the work of Apollonius of Perge on conic sections had more than enough mathematics for what the seventeenth-century English and Dutch called "political arithmetic" and we call "statistics", defined by Sir Charles Davenant in 1698, in his Discourse on the Public Revenues, as "the art of reasoning by figures, upon things relating to government". The ancient world was not wholly lacking in figures of things relating to government. When Thucydides (2.13.3–8) tells us the number of
available Athenian hoplites, cavalrymen and ships and the amount of cash in reserve at the outbreak of the war, that was not a guess. All ancient states kept rosters of their fighting forces, at least, and some states, chiefly the autocratic ones, took censuses for tax purposes and filed other information in the interest of the public (royal) revenue. However, reasoning by figures is more than mere counting and recording, and there lies the great divide. Reasoning by figures implies a concept of relationships and trends, without which the categories that were counted were narrowly restricted, and what is equally important, few records were normally retained once they had served their immediate purpose. Hence no time series was available in antiquity, in either the public or the private sector, save exceptionally, and without a time series there can be no reasoning by figures, no statistics. Thucydides could not (or at least did not) provide the data necessary for a continuous assessment of the manpower position in the course of the Peloponnesian War.

I have not been saying anything particularly new. As long ago as 1831 Richard Jones protested that Ricardo’s theory of rent rested on the assumption that what he (Jones) called “farmer’s rent” was the universal form of rent, an assumption that historical inquiry proved to be false. More recently the inapplicability to the ancient world of a market-centred analysis was powerfully argued by Max Weber and by his most important disciple among ancient historians, Johannes Hasebroek; in our own day by Karl Polanyi. All to little avail. The currently standard work in English on Greek economics has neither “household” nor oikos in its index. Sir John Hicks offers a model for the “First Phase of the Mercantile Economy”, in the city-state, which presupposes that “the trade (oil for corn) is unlikely to get started unless, to begin with, it is a handsome profit” (my italics). A classical scholar tells us about the “investment of government capital in rural development” competing with “investment capital in trade” in Athens under the Pisistratid tyranny in the sixth century B.C. Their assumptions, expressed or implied, amount to “a chemical doctrine of society” which claims “that all forms of society can be
objectively analysed into a finite number of immutable elements". If such assumptions prove invalid for antiquity, then all that follows must be false, about economic behaviour and the guiding values alike. We have, I suggest, to seek different concepts and different models, appropriate to the ancient economy, not (or not necessarily) to ours.

But first it is time that I specified what I mean by "ancient". In the nineteenth century I should not have had to bother. The division of European history into the ancient, medieval and modern periods, a conception that had its roots in the Renaissance, was a universally accepted convention. In our century there have been challenges and objections of various kinds—epistemological, psychological, political. Yet in the end, when all the difficulties and exceptions are duly noted, when we allow that the "concept of historical period depends more on stipulation than on inferences from commonly accepted evidence"; when we agree to abandon the value judgment implicit in such a phrase as "the Dark Ages", when we recognize that China and India also had histories that are not to be ignored, it remains true, first, that European civiliza-
tion has a unique history, which it is legitimate to study as a distinct subject; second, that even casual acquaintance with the sweep of European history gives an unmistakable sense of qualitative differences among the traditional periods (whatever further differences there may be within the periods); third, that history and prehistory should remain distinct subjects of inquiry, that Neolithic settlements, like the contemporary non-literate societies studied by the anthropologists, belong to yet another "period" so to speak.

But is it also legitimate, with the vast new knowledge now available, to exclude from "ancient history" the important, seminal civilizations of the ancient Near East, the Sumerians, Baylonians and Assyrians, the Hittites, Canaanites, Hebrews and Phoenicians, the Egyptians, the Persians? It is not a valid argument for exclusion that these civilizations existed on the continents we now call Asia and Africa rather than in Europe; nor that mostly they spoke languages outside the Indo-European