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INTRODUCTION

Markets in Classical and Hellenistic Greece

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In Aristophanes' *Peace*, two craftsmen approach Trygaeus, the protagonist of the play, shortly after he has secured an end to the war with the Spartans. Both are overjoyed at the news: one, a sickle maker, relates how his fortunes have been turned around. Whilst war with Sparta was raging, his business suffered heavily; he could scarcely sell any of his wares. For the audience watching the play in 421, this would have struck a chord: the rural occupants of Attica had fled behind the city's long walls a decade earlier when Archidamus invaded Athenian territory (Thuc. 2.14), and since then they had been largely unable to return to the normal rhythms of agricultural life. With Trygaeus' peace established, however, the sickle seller's business is thriving: he can sell each sickle at fifty drachmas (*Pax* 1201). The other craftsman, a potter, is enjoying the peace as well, since he can sell his merchandise for three drachmas apiece (*Pax* 1202). But not everyone is delighted with the fruits of Trygaeus' diplomacy. An arms dealer, a spear maker and a helmet maker approach him in a state of exasperation. As craftsmen and retailers whose businesses thrive in times of war, they are now out of pocket and cannot offload their goods for a pittance – even a thousand-drachma breastplate is completely unmarketable, except perhaps as a commode (*Pax* 1224–39). After enduring a few further crude jokes about the uselessness of their products in a time of peace, the arms dealers slink away without having sold any of their manufactures (*Pax* 1240–64).

Notwithstanding the effects of comic exaggeration on the prices in this passage,[1] this is a revealing text for the economic historian, for it shows a basic appreciation among the Athenians of the so-called market principle: that goods for sale will fluctuate in price depending upon the levels of demand and supply (and warfare is a prime example of the kind of circumstance that can alter these variables drastically).[2] Other Athenian texts further illustrate the fact that prices of commodities fluctuated according to variations in demand and supply, affecting a whole range of items, if not all those available in the marketplace. One commodity for which we have a number of attestations for price fluctuations is grain.[3] Millett believes that 'grain was probably exceptional in the extent to which customary and actual prices tended to diverge,'[4] but this assertion is not borne out by our evidence, which shows price fluctuation across a variety of commodities due to supply and demand. In a fragment of Diphilus (fr. 31 K-A) the speaker attributes a rise in wine prices to a spike in demand (cf. Dem. 42.20, 42.31). In Aristophanes' *Knights*, the sausage seller states that sardines are now cheaper than ever before during the war (Ar. *Eq*. 644–5; 647–50) and later in the play reminds his master how cheap silphium has been recently (Ar. *Eq*. 894–5). In the *Peace*, Trygaeus tells War that Attic honey is currently expensive and recommends another kind (Ar. *Pax* 253–4). In Theophrastus' *Characters* (4.12) a rustic coming to town asks about the prices of hides and salt-fish. Plutarch (*Demetr.* 33.5–6) narrates how Demetrius' murder of a maritime trader bringing goods to Athens so terrified other merchants that they stayed clear of the Piraeus. As a result, the price of salt rose to 40 drachmas per medimnus, and wheat to 300 drachmas per medimnus.[5] War did not just cut off supply, driving prices up, but might also have the opposite effect: when Agesilaus flooded the markets of Asia Minor with booty, it drove down the prices of similar commodities (Xen. *Ages*. 1.18). This principle was not limited to the Aegean world, but was widespread in the Mediterranean: Polybius (34.8.4-10 = Strabo 3.2.7 and Ath. 8.1.330c-331b) notes how the rich natural resources of Lusitania resulted in relatively low prices for items such as barley (one drachma per medimnus), wheat, wine (one drachma per *metretes*), lambs, pigs, figs, calves and oxen.

Not only were the prices of commodities sensitive to changes in demand and supply, but Greek writers noticed this and could explain price changes in these terms. One of the keenest observers of what we would nowadays term economic phenomena was Xenophon. In writing on the silver mines, he notes:

> Mining is not like working with bronze or iron, for instance, where if there is a large number of smiths their products become cheap and the smiths are forced out of business. Likewise, when grain or wine is plentiful, the price of the crop falls, working the land becomes unprofitable and in the end large numbers of farmers abandon their work and become traders or retailers or money-lenders instead. [Xen. *Vect*. 4.6, tr. Waterfield]

This passage forms part of a longer tract on plans to revitalize Athenian public finances through the development of the silver mines in southern Attica. Later, Xenophon suggests that the state buy 10,000 slaves to work the mines. But these are not to be bought all at once, for the spike in demand that would accompany such a move, as Xenophon notes, would raise prices and the degree of choice that the state had in relation to its purchases would suffer:

> If a whole lot of us go ahead and build houses at the same time, we will end up paying more for lower-quality products than we would on a gradual approach, and if we go in search of huge numbers of slaves we will be forced to buy inferior men at inflated prices. [Xen. *Vect.* 4.36, tr. Waterfield]

These passages show that Xenophon lived in a world where markets were commonplace and the knowledge that commodity prices would fluctuate given changes in demand and supply was familiar. Yet observations of the sort Xenophon makes in these passages are hard to reconcile with the picture of the Athenian economy and ancient economic thought that has proven popular in the last few decades.

MARKETS – OR THE LACK OF THEM – IN RECENT SCHOLARSHIP

Despite the abundant evidence for market exchange in Athens and other Greek cities, there has been relatively little discussion of the role played by markets in the economy of the Ancient Greek world in the past forty years. In his *The Ancient Economy* published in 1973, a book that has influenced much recent work, M.I. Finley downplayed the importance of market exchange in the ancient Mediterranean.[6] Finley began with a statement of 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.'[7] He then posed the question, 'what if a society was not organized for the satisfaction of its material wants by an enormous conglomeration of interdependent markets?' If this were not possible, 'economic analysis' would be 'impossible.'[8] Finley then claimed that '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.'[9] Even if this statement is valid for labour (which, as we will see, it is not) and credit, it does not take into account commodities, for which, as we have seen, there is much evidence that prices varied in response to changes in supply and demand. And the reason why wages and interest rates may not have varied may have been that supply and demand in these areas remained fairly constant over long periods, not because there were no markets for labour and credit.[10] Finley found support for his argument about 'the inapplicability to the ancient world of a market-centered analysis' in the work of Max Weber, Johannes Hasebroek and Karl Polanyi.[11] Finley did not provide evidence to prove his point but asserted that it had been established by Weber, Hasebroek and Polanyi, and thus required no further proof. In fact, his statement misrepresents the views of Weber and Polanyi: Weber did speak of capitalism in the ancient world, and Polanyi found traces of market-based activity in fourth-century Athens.[12]

Finley went on to criticize French for writing about 'investment of government capital in rural development' in Athens under the Peisistratids in the sixth century BCE and to scold Sir John Hicks for discovering the first phase of the Mercantile Economy in the city state. He then declared that 'if such assumptions prove invalid for antiquity, then all that follows must be false, about economic behaviour and the guiding values alike.'[13] Finley may have been correct to find these specific analyses by French and Hicks anachronistic or unconvincing, but a few unconvincing examples of analyses based on market principles do not justify banishing all discussion of markets.

Finley's main argument against analyzing economic activity in the ancient world in terms of markets is found on the last page of the first chapter of *The Ancient Economy*.[14] He continues his criticism of Rostovtzeff's use of the term 'world-market'. To refute Rostovtzeff's view that the ancient Mediterranean formed a single economic unit, Finley quotes the economic geographer B.J.L. Berry: 'neither local nor long-distance trade disturbed the subsistence base of the house-holding units in peasant societies. The role of central-place hierarchies is, on the other hand, predicated upon extreme division of labour and the absence of household self-sufficiency in necessities.'[15] Finley then adds the assertion (though not a single source is cited): 'neither predicate existed to a sufficient degree in antiquity.'

There are several fallacies in Finley's argument. First, one should note that Berry never states that ancient Greece was a peasant society and that Finley appears to assume that ancient Greece belongs in this category without providing reasons for his decision.[16] Second, Finley operates with a rather stark dichotomy: either one speaks of peasant societies without markets or a 'world-system,' a 'conglomeration of interdependent markets.' This simplistic dichotomy omits the full range of possibilities that lie between these two extremes. Third, as Harris has recently observed, there may not have been much vertical specialization of labour in the economy, but there was a considerable amount of horizontal specialization, and this created one of the key conditions necessary for the creation of a market.[17] This is not an original observation: Plato noticed the connection between the specialization of labour and market exchange in the second book of the *Republic* (371b–e). But the key point is that Finley excluded the full range of types of markets that lie between the extremes of the world market and household self-sufficiency in necessities.

Finley's views set the agenda for several decades.[18] A decade after the publication of Finley's *The Ancient Economy*, K. Hopkins called Finley's approach 'The New Orthodoxy' and provided a useful summary of its main tenets:

> The new orthodoxy stresses the cellular self-sufficiency of the ancient economy; each farm, each district, each region grew and made nearly all that it needed. The main basis of wealth was agriculture. The vast majority of population in most areas of the ancient world was primarily occupied with growing food. To be sure, there were exceptions (such as classical Athens and the city of Rome), but they were exceptions and should be treated as such. Most small towns were the residence of local large land-owners, centres of government and of religious cult; they also provided market-places for the exchange of local produce and a convenient location for local craftsmen making goods predominantly for local consumption. The scale of inter-regional trade was very small. Overland transport was too expensive, except for the cartage of luxury goods. And even by sea, trade constituted a very small proportion of gross product. That was partly because each region in the Mediterranean basin had a roughly similar climate and so grew similar crops.
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> The low level of long-distance trade was also due to the fact that neither economies of scale nor investment in productive techniques ever reduced unit production costs sufficiently to compensate for high transport costs. Therefore, no region or town could specialize in the manufacture of cheaper goods; it could export only prestige goods, even overseas. And finally, the market for prestige goods was necessarily limited by the poverty of most city-dwellers and peasants.[19]

Hopkins proposed some small modifications to this orthodoxy. Without questioning the basic tenets of Finley's analysis, he listed seven factors that led to increased levels of production: first, total agricultural production rose; second, the population of the Roman world in the first and second centuries CE increased; third, the proportion of the total population engaged in non-agricultural production and services increased (attested by specialization of labour in Pompeii, Corycus and Rome – Hopkins does not mention Athens in the Classical period or any other Greek *polis*); fourth, as a result of increased division of labour, non-agricultural production rose; fifth, average productivity rose; sixth, the total amount and proportion of total production extracted in rent and taxes increased; and, seventh, the expenditure of taxes in the Roman provinces stimulated local production.[20] At the very end of this list Hopkins concedes: '[T]here is no intention here to underrate … the extent to which trade which was stimulated by other factors, such as reciprocal needs and *market forces*.'[21] This is as much attention as Hopkins is willing to concede to the role of expanding markets in stimulating an increase in the division of labour and enhancing productivity. In his summary of the essays by Snodgrass, Garlan, Millett and Mossé in *Trade in the Ancient Economy*, however, Hopkins calls them 'firmly primitivist in emphasis.'[22] The possibility that productivity rose in Classical and Hellenistic Greece through the expansion of markets is never even considered.

In a response to Hopkins' essay published almost twenty years later, Millett was willing to concede that there was economic growth in the Roman Empire during the first and second centuries CE: 'the relative stability and tranquillity of this period ... and the arguably unified economy of the empire, possibly provided conditions which were conducive to modest but more or less sustained growth.'[23] On the other hand, 'scope for sustained growth in the centuries BC was elusive or non-existent.'[24] Millett excludes a priori the possibility that expanding markets could have led to an increase in the specialization of labour and increases in productivity. Millett never mentions markets for commodities or labour, but claims there were no capital markets: 'studies of modern economic growth stress the importance of capital markets (in England, from the sixteenth century) in converting savings into investment. Such markets were almost entirely absent from the ancient world where the high incidence of hoarding may help explain relatively low levels of inflation.'[25] (Millett provides no evidence for the 'high incidence of hoarding' as opposed to lending and investment.) The exogenous shocks of famine, plague and war took a heavy toll in the smaller economy of the Greek world.[26] The main way to increase one's wealth was to take it from outside the community or by exploiting slave labour.[27]

In the 1990s the view that self-sufficiency was key to an understanding of the economy of Ancient Greece remained prevalent. For instance, G. Reger in a book on the economy of Delos asserts:

> [T]he goal of the peasant household was self-sufficiency: the ability to supply as many wants as possible from the activity of the members of the household itself. Landholdings suitable for grain and a garden plot, a few olive trees, and some goats could satisfy most food needs. For ceramics and the few metal tools a farmer needed, a handful of local village specialists sufficed. This microcosm, which numerically was undoubtedly the predominant unit of economic activity in the ancient world, had few points of contact with a larger trading economy.

Even though these peasants participated in festivals and occasionally bought items to celebrate weddings and funerals, 'an evaluation of the role of peasant self-sufficiency is crucial.'[28]

In a book published in 1991 Gallant took a similar approach: farmers in Attica were peasants who had little or no involvement in the market.[29] Likewise, in his account of recent work on the economy of Ancient Greece, Cartledge avoids any discussion of markets. According to Cartledge, 'to the extent that manufacture of goods for exchange on the domestic or external market always played second fiddle to primary domestic production for autarkic home consumption, the ideal-typical Greek city was always a consumer not a producer city.'[30] As a result, Cartledge believes the 'Athenian community pursued always and only an import interest rather than an export interest.'[31] In the opinion of Cartledge, as 'a vehicle for the distribution of goods, trade may have to take its place in the queue behind plunder and gift' and 'force, military force, remained the ideal economic specific, in the fourth as it had been in the fifth.'[32]

In a major study of the ancient Mediterranean published in 2000 Horden and Purcell questioned Finley's view that most communities aimed at self-sufficiency, which may have remained an ideal but was rarely achieved: '[T]he prevalence of autarky has been deduced from its persistence as an ideal: practice has been inferred from rhetoric.'[33] Yet according to Horden and Purcell, the Athenian system in which 'the market replaces the usual function of storage' was relatively unusual.[34] As a result, Horden and Purcell claim that the economy was embedded, prefer to use the term 'redistribution' and avoid the term 'market exchange.'[35] It should therefore come as no surprise that the term *agora*, a place that Herodotus and Pausanias consider a standard feature of the Greek *polis*, cannot be found in the index to *The Corrupting Sea*. In the section on 'Places of Redistribution' there is much discussion of ports and *emporia*, but marketplaces are not mentioned once.[36] When discussing metals, Horden and Purcell believe that 'redistribution of metals was carried out in a vast variety of ways in Antiquity, under state or elite supervision.'[37] The role of private entrepreneurs mining at Laurion (Dem. 37; 42.3) and that of private merchants transporting silver (Xen. *Vect*. 3.2) are overlooked in their account.[38]

In recent years, some scholars have questioned Finley's view that the economy of ancient Greece was stagnant and have pointed to signs of economic growth. For instance, I. Morris has drawn attention to the increase in the size of dwellings from the Archaic to the Classical period and rightly views this as a sign of economic growth.[39] Yet although Morris has found signs of economic growth, he does not provide any model to account for this phenomenon. In the introduction to *The Ancient Economy: Evidence and Models*, the editors Manning and Morris repeatedly call for models to explain economic growth in the ancient world, but the possibility that expanding markets may have led to a better allocation of resources, stimulated production and fostered an increase in the specialization of labour is not entertained.[40] Likewise, in an essay optimistically entitled 'Wealthy Hellas,' J. Ober reviews the evidence for economic growth in the Classical period, but attributes this increase in wealth to political factors. Even though there was an *agora* in the center of most Greek *poleis*, Ober does find a place for markets in his discussion of economic growth.[41] Ober rightly stresses the importance of studying institutions and their influence on economic growth, but he neglects the institutions that Douglass North and other scholars in New Institutional Economics have identified as the key motors in the expansion of markets: the rise of the state, strong property rights, and third-party enforcement of contracts.

In their introduction to *The Cambridge Economic History of the Greco-Roman World* Scheidel, Morris and Saller note that from 800 BCE to a thousand years later the economy grew.[42] They identify the causes of this growth as changes in climate, a benign disease pool, improvements in agriculture and 'risk-buffering strategies such as fragmenting landholdings, diversifying crops, and trading surpluses.'[43] But little of this growth can be attributed to the expansion of markets because 'states remained major economic actors, markets were fragmented and shallow, with high transactions costs, investment opportunities were limited; money and markets generated intense ideological conflicts; and the economy remained minuscule by modern standards.'[44] Despite these constraints, the authors admit that 'goods moved around the Mediterranean more efficiently than ever before.' But how could goods move around the Mediterranean without effective markets? The chapters on the economy of Classical Greece in this volume contain very little discussion of markets, and in one chapter von Reden claims that there was not enough demand in Classical Athens to necessitate the creation of permanent markets (see discussion later in the chapter).[45] Despite some nods to New Institutional Economics, the editors and contributors in this volume make very little use of the insights of this approach with its stress on the importance of the expansion of markets fostered by robust institutional arrangements.

In the past fifteen years, however, some ancient historians have shown a willingness to pay more attention to the role of markets in the economy of the ancient Greek *polis*. In an essay published in 1998 J.K. Davies provided three diagrams of the flows of goods, services and money in the Greek *polis*. At the center of each diagram is the *agora* into which and out of which flowed goods and services from farms and households and which connected the *polis* with markets abroad. The *agora* was also connected to the *polis*, which provided regulation and protection and received taxes and fees in return.[46] In 2000 A. Bresson gave a collection of essays the provocative title *La cité marchande*, stressing the key role of market exchange in the life of the Greek *polis*. His two-volume synthesis, *L'économie de la Grèce des cités*, contains a long discussion of local and international markets and develops an approach building on the insights of New Institutional Economics.[47] In the introduction to a recent volume of essays about the economy of the Hellenistic world the editors Z. H. Archibald and J. K. Davies place market exchange alongside subsistence and redistribution as the major kinds of resource allocation in the Eastern Mediterranean during the third, second and first centuries BCE.[48] But one of the most vigorous calls for more attention to be paid to the role of markets has come not from an ancient historian but from the anthropologist Jack Goody. In a perceptive critique of the work of Polanyi, Finley and those influenced by them, Goody rightly observes that 'not to recognize the presence of market activities in the ancient world is to blindfold oneself.'[49]

In this volume, we forefront markets as a key element in understanding how the economy of ancient Greece functioned and in explaining economic growth. But 'market' is a term with multiple meanings and nuances. Before we proceed to set out the contents of this volume, it is necessary to unpack these meanings and to see how and when they apply to the ancient Greek world.

TYPES OF MARKET IN THE GREEK WORLD

The general reluctance to discuss the role of markets in the economy of Ancient Greece is rather astonishing when one considers that the *agora* was a standard feature of the Greek *polis*. According to Herodotus (1.153.1–2), the Persian king Cyrus scorned the Greeks because they place an open space in the middle of their cities where men deceived each other on oath. The historian explains that the king was referring to marketplaces (*agorai*) for buying and selling, which indicates that they were a characteristic part of every city-state.[50] When writing about the city of Panopeus in Phocis, Pausanias (10.4.1) hints that it can barely qualify for the title of *polis* because it lacks an *agora* as well as other public buildings. The Athenian Standards Decree from the late fifth century BCE about weights, measures and coinage instructs officials to set up a copy in the *agora* of every allied city (*IG* i^3 1453E, line 4; 1453G, line 2); this command would have been pointless if every city in the Athenian Empire did not have an *agora*. From a passage in Plutarch's life of *Aratus* (8.3) we can see that it was a normal occurrence for farmers to come from the countryside to the market at Sicyon. Even Sparta in the Classical period, a city not known for its trade and crafts, had a permanent market where more than 4,000 people met to exchange goods on a single day in 397 BCE. This market was so large that it had a special section devoted to items made of iron, including knives, swords, spits, axes, hatchets and sickles (Xen. *Hell.* 3.3.5–7).[51]

Even though one must distinguish between the term 'market' in the physical sense and the term 'market' in the abstract sense, the two are closely related: the construction of markets in the physical sense facilitates and encourages the development of market exchange. In the physical sense, a market is a place where people regularly come to buy and sell. In the Greek *polis* the community marked this space out by boundary markers or the construction of buildings such as stoas to provide shops for merchants. Market in the abstract sense is a sphere in which prices are created by the forces of supply and demand.[52] Market exchange is distinguished from other forms of exchange such as taxes, redistribution, gift-giving or payment of ransom. According to K. Polanyi, the market in this sense 'is motivationally distinct, for it receives its impulse from the urge of monetary gain. It is institutionally separated from the political and governmental center.'[53]

When discussing the role of markets, one must avoid the question: Was the economy of ancient Greece a market economy or a non-market economy?[54] There are several reasons not to frame the issue in these terms. First, this question implicitly assumes that in any society one can identify a 'basic' or 'dominant' form of exchange to the exclusion of other forms of exchange. A more extreme version of this approach claims that the 'basic' or 'dominant' mode of production determines the shape of social relations in a given place. For instance, Polanyi thought that one could divide all societies according to their integration by three different forms of exchange: reciprocity, redistribution, and market exchange.[55] But most societies exhibit many different forms of exchange.[56] In modern societies, several forms of exchange co-exist: friends and family give each other gifts on holidays and at birthdays, states collect various forms of taxes and provide a range of services to citizens and residents, and different types of price-setting markets exist for different goods and services. True, markets are larger and more extensive in the modern world, but market exchange still remains one form of exchange alongside other forms of exchange. In several countries in Western Europe (e.g., France) the government absorbs more than half of gross domestic product in taxes and redistributes a large amount of the public budget to its citizens by providing subsidies and services such as health and education.

Instead of framing the question as a stark dichotomy (market economy or non-market economy), one needs to ask what kind of price-setting markets existed.[57] Posing the question in this way provides a more flexible approach to the evidence, one that allows us to take account of diversity in economic behavior and to identify different patterns of exchange. Markets can vary in three basic ways: in terms of time, in terms of space and in terms of items exchanged.[58]

Time

First, there can be occasional markets, periodic markets and permanent markets. The earliest literary evidence for an occasional market comes from the *Odyssey*, which reflects the social realities of the late eighth or early seventh century BCE.[59] In his story about his kidnapping, Eumaeus the swineherd tells how Phoenicians came to his country with merchandise and traded until their ships were full of cargo bought by exchanging their goods (*Od.* 15.415–416, 455–456). There is no indication that the Phoenicians came on a regular basis, and their trade did not form part of any social relationship such as the guest-host relationship (*xenia*). They came to Eumaeus' country and stayed