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Colin P. Elliott
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CHAPTER 1

On Writing Roman Economic History

. . . it is our critical intelligence which is prior to the sources.
Keith Hopkins[1]

History-writing is a *subjective* art. The historian is an agent – an individual who selects, arranges, interprets and emplots a series of 'facts' within a narrative determined, whether consciously or subconsciously, by ideology.[2] There is a fundamental difference between the past – events which empirically occurred in physical, temporal reality – and what historical theorist Hayden White calls "the historical past" – "a construction and only a highly selective version of the past."[3] Even the historical 'facts' themselves – the building blocks of historiography – are inescapably subjective, even intangible. Neville Morley pithily observes "a fact is a verbal statement, an idea, with no empirical existence outside people's minds."[4] Although not all historians are willing to embrace such a deconstructionist or otherwise broadly postmodern dissonance between 'history' and 'the past', there is broad agreement in the mainstream of the discipline that history-writing is a process of argumentation, interpretation and weighing plausibilities. History-writing, therefore, cannot be called 'objective'.

Not so with many of the theories of modern economics – a result of many developments, but especially the early twentieth century's distinction between 'value-free' (*wertfrei*) and 'normative' economics as well as the widespread adoption of Chicago School economist Milton Friedman's concept of "positive economics" in the 1950s.[5] Now central within the overarching methodology of modern economics is the idea that economic propositions are 'testable' in the same way as scientific statements about the natural world. Economic propositions – accompanied scientific-sounding terminology – hold the status of *hypotheses* which can and must

[1] Hopkins (2002), 196. [2] White (2000). [3] White (2014), xiii. [4] Morley (1999), 57.
[5] Friedman (1953), 3–43; Weber (1949).

be either 'confirmed' or 'falsified' against observations.[6] Friedman won a Nobel Prize, in part because his use of mathematical models, combined with simplifying assumptions about the efficiency of markets and the economizing and utility-maximizing rationality of all human beings, reified economics' abstract logic into measurable and objective 'science'. Prior to these developments, economics in fact had much more in common with sociology; hence, economic models were often employed with the purpose of understanding and explaining human behavior, whether in the present or the past. Now, however, economics is a collection of scientific 'laws' which have been verified by repeated testing – laws which offer the tantalizing promise of predicting human behavior, whether in the future, present or past.[7]

How should this 'objective' economics accommodate the 'subjective' art of history-writing? Perhaps anticipating this conundrum, Friedman himself offered a solution which is still widely practiced: economic historians are to be *predictors of the past*:

> the 'predictions' by which the validity of a hypothesis is tested need not be about phenomena that have not yet occurred, that is, need not be forecasts of future events; they may be about phenomena that have occurred but observations on which have not yet been made or are not known to the person making the prediction. For example, a hypothesis may imply that such and such must have happened in 1906, given some other known circumstances. If a search of the records reveals that such and such did happen, the prediction is confirmed; if it reveals that such and such did not happen, the prediction is contradicted.[8]

Something like the approach Friedman advocates is at the core of what many call 'new economic history'; sometimes it is called 'cliometrics', most often by those who oppose it.[9] Roman historians became late adopters of the new economic history, but it is now safe to say that many who study the Roman economy do so after the fashion of Friedman's 'predicting the past' approach – testing models against evidence in one form or another, whether or not formal economic theory is explicitly involved. There are a few nuances to such an approach. The historian, for example, must assume that the model deployed is both internally consistent and historically applicable. Also, sufficient evidence must be available for testing the model. If the model is 'confirmed' by the evidence, however, then the

[6] Keynes (1936), 378. [7] Davidson (2012). [8] Friedman (1953), 9.
[9] E.g. Boldizzoni (2011).

historian can more plausibly state what 'actually happened' without necessarily having empirical evidence for what 'actually happened' – a prospect as intriguing as it is unsettling.

Divisions and Debates

The use of the new economic history by Roman historians has not met with universal approval. Current disagreements over methodology, however, are merely the latest skirmishes in one of the most enduring and inimical disputes in all of scholastic history. As what would become neoclassical economics was emerging in the late nineteenth century, a clear division formed in the writings of several prominent German intellectuals. The economist Karl Bücher, building upon the foundations of nineteenth-century economist Johann Karl Rodbertus, argued that ancient economies were culturally and conceptually bound by the *oikos* – the autarkic household – and, therefore, were qualitatively different than the modern, exchange-dominated economy of the nation-state (*Volkswirtschaft*).[10] It was the ancient historian Edward Meyer – an ardent believer in the comparability of classical antiquity and modernity – who first labeled Bücher and others "primitivists."[11] Meyer's views were bolstered with the publication of Michael Rostovtzeff's *Social and Economic History of the Roman Empire* (1926) – a work many now see as the height of what would become primitivism's antonym: "modernism."[12] For Rostovtzeff, like Meyer before him, the differences between ancient and modern economies were merely quantitative.[13] "Ancient capitalism," as Rostovtzeff named it, was different from modern capitalism only in terms of scale, techniques and technologies such as "factory mass production with the use of complicated machinery."[14] Rostovtzeff's work roundly discredited primitivism. The modernist perspective, in turn, dominated the next several decades of scholarship on the ancient economy.

It was not until the 1950s and 60s that the primitivist remnant found an unlikely ally in anthropologist Karl Polanyi, whose work emerged in ideological, theoretical and analytical opposition to the modernizing tendencies in his own field.[15] In *The Great Transformation*, Polanyi argued that economic activity prior to the Industrial Revolution was "embedded"

[10] Bücher (1917). A long list of Rodbertus' relevant works is found in Schiavone (2000), 227 n. 2.
[11] Meyer (1924). Commentary in Cohen (2002), 1; Bang (1998).
[12] Southern (2001), 38; Bang (2007), 5; North (2009), 93; Saller (2002).
[13] Rostovtzeff (1933). Commentary in Morley (2006a), 43; Meikle (2002), 239.
[14] Rostovtzeff (1936), 250, 252.
[15] Granovetter (2007), 85–7.

in society – that is, that the economizing action of individuals was itself submerged within the political, religious and cultural aspects of society. The "great transformation" which took over the agendas of many industrialized societies in the nineteenth century, however, was a complete subversion of the historical position of the economy. The autonomous, self-governing market that efficiently regulates all human activity was not merely a theoretical abstraction, but a utopia to be adopted. Attempts to bring about such a system made society "an adjunct to the market" – a result which Polanyi saw as not only undesirable but unsustainable.[16]

Polanyi's skepticism of capitalism's excesses was not mere polemic. A central and lasting tenet of his interpretive framework was the observation that human societies have provided for their material well-being in three primary modes of economic interaction, two of which were non-capitalistic: redistribution (typically by political structures), reciprocity (in tribal, familial or gift-giving relationships) and exchange (by market institutions).[17] According to his analysis, the first two modes were dominant in the ancient Mediterranean world.[18] Despite the grand scale of economic activity in the Roman world, "it formed no exception to the rule that up to the end of the Middle Ages, markets played no important part in the economic system."[19] The only responsible means of studying pre-industrial societies, therefore, was through "substantive" approaches which accounted for the material realities of embeddedness.

By the middle of the 1960s, Polanyi's main theses were applied to the Roman economy by Arnold Hugh Martin Jones and then in the 1970s with Michael Crawford's *Money and Exchange in the Roman World*. Jones' and Crawford's work in turn prepared the scholarly landscape for the emergence of Moses Finley's foundational monograph *The Ancient Economy*, a book based upon his Sather Lectures given a few years prior at the University of California, Berkeley. Finley produced an account which crafted, mostly through cleverly selected anecdotes, an image of antiquity in which market exchange was important but ultimately constrained by overriding cultural and social frameworks.[20] *Homo economicus* – the idealized actor of neoclassical economics, 'perfectly rational' and self-interested in his pursuit of maximum profit, whether psychic or material – was not to be found anywhere in the classical world.[21] The actors in the ancient

[16] Polanyi (1944), 60. [17] Ibid., 47–61, 71–2; Polanyi (1957), 256. [18] Polanyi (1957).
[19] Polanyi (1944), 57.
[20] Bang (2007), 7. Another thoughtful revision of Finley's primitivism is in Hitchner (2007).
[21] Mises (1949), 286–91.

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economy, according to Finley, played by their own unique and embedded set of rules, constrained by the pursuit of status and other non-economic goals and incentives.[22] Elements superficially shared by both antiquity and modernity – trade networks, monetization, prices and markets – did not self-evidently imply the historical ubiquity of a *market system*.[23] "Trade," for example, Finley revised as "redistribution" or "administered trade."[24] Finley's rich conceptual framework – illustrated through carefully selected references from primary sources – showed the folly of the previous generations of modernizers who had uncritically classified and described the economic structures of antiquity within modern capitalistic concepts and constructs.

The embedded economy framework inspired a new generation of ancient economic historians. Almost concurrent with economists' embrace of Friedman's positive economics – a methodology which saw history as the testing ground for deductive economic hypotheses – a group of ancient historians, led by Finley, was showing that the inhabitants of the ancient world could not easily be forced into the mentality of modern capitalism. Division and conflict among ancient historians inevitably followed.[25] Keith Hopkins described Finley's framework as something like an inoculation which protected the classical world from analysis by modern economic models:

> [Finley and his followers] believe that it is impossible or at least unprofitable to use modern economic concepts in order to analyse a pre-industrial embedded economy. For them, the ancient economy was a cultural system, which was dominated by nonrational considerations of status and ritual and so was immune to cold rational analysis or reconstruction.[26]

Finley immunized Greece and Rome using a distinct strain of Polanyi's substantivism. As a side effect, scholarly positions took on distinctly ideological meanings. Many ancient historians found themselves on either side of a divide between substantivism and "formalism" – the use of formal theories and models in the study of ancient economies.[27]

In this environment, Finley's version of primitivism served as the rally flag for adherents or, conversely, as the main target of critics. Finley, however, was not nearly as ideological as Polanyi, but it is true that Finley's politics were shaped during his time in New York by members of the exiled Frankfurt School of neo-Marxists.[28] Indeed, the idea of antiquity's

[22] Von Reden and Scheidel (2002), 2; Morley (2004), 40–1. [23] Dale (2010), 141.
[24] Garnsey and Saller (1987), 48. [25] Andreau (2002), 33. [26] Hopkins (2009), 200–1.
[27] Cartledge (1998), 114–5. [28] Tompkins (2013), 18–9.

"fundamental break" with modernity was crucial to Karl Marx's materialist historiography.[29] Finley drew upon this aspect of Marxism (through the lens of Weber's revisions) to address a question of transcendent ideological significance: is capitalism inevitably conjoined with human society? The primitivism of *The Ancient Economy*, more than any other previous iteration of the idea, painted a vivid picture of a thriving society in the midst of a world which operated under different rules than the modern capitalistic order.[30] The implications were almost eschatological in scope: "we might now look to Rome to see how else things might have been – for example, it offers a reminder that capitalism is not the only way of organising a society – and perhaps also *how else things might be*."[31]

Finley's ideas were compelling, convincing and powerful. Although primitivists – whether or not they self-identified as such – never fully dominated the field, their contributions to the discipline easily overcame their smaller numbers.[32] The counter-reformation was led by Hopkins. In the *Journal of Roman Studies*, Hopkins constructed a 'taxes and trade' model of the Roman economy, which showed how taxation stimulated and directed trade in the Roman world. The model was what Hopkins called a "wigwam argument" – an amalgamative approach which collected scattered pieces of empirical evidence, weak generalizations and theoretical models into an argument greater than the sum of its parts; each element was like the poles of a wigwam – structurally sound and circumscribing of the truth.[33] Some of Hopkins' formulas were patently neoclassical, such as the one he employed to calculate the gross domestic product (GDP) – an estimate of the monetary value of all final-order or "consumer" goods – in a model year – within the territory of the Roman Empire. The same is true of Hopkins' use of the equation of exchange (sometimes called the 'Fisher equation'), which assumes an unbreakable mathematical connection between money supply, the speed at which money circulates, the total quantity of goods in the economy and the prices at which those goods are successfully exchanged.[34] The mathematics of the equation of exchange are predicated upon a certain verbal logic – that if the economic output of the economy stays the same while the amount of money increases, then prices must proportionally rise. Hopkins used hypothetical numbers in his equation to illustrate relationships rather than make predictions, yet he still

29 Marx (1847), 120–1; Morley (2006a), 42; Morley (2010), 39.
30 Cohen (2002), 5; Morris (2002), 27.
31 Morley (2000)(b), 207. Emphasis added. See also Morley (2004), 39.
32 Morris (2002), 27; Morley (2006a), 46. 33 Hopkins (1978), 19–20. 34 See 108ff.

felt the need to assure his assumedly skeptical readers of the purely speculative nature of the exercise. While Hopkins used neoclassical methods, his approach was not quite the same as the pure positive economics of Friedman (and some of the ancient economic historians who have since followed Hopkins) in which models are tested by data and either confirmed or falsified. Hopkins' model needed merely to be plausible enough to compare with the fragmentary data; his was ultimately a qualitative if not ideal-typical enterprise. By deploying theory heuristically, Hopkins avoided the circularity of positivist economic analysis, where it is often unclear whether theory is testing history or if history is testing theory. Instead, 'taxes and trade' provided what might be thought of as 'bounding' knowledge about the structure and scale of economic activity in the Roman world.

Both Hopkins' model and his imaginative but controversial methodology provoked the ire of primitivists. He was criticized most famously and enduringly in the work of Richard Duncan-Jones throughout the 1980s and 90s.[35] Duncan-Jones overwhelmed his readers with tables of coin finds and carefully dissected hoard analyses – a strategy which directly attacked the empirical pole of the 'taxes and trade' wigwam. Hopkins, however, like Finley, had his own methodological inoculation: deductivism.

> The logical connections [of Hopkin's argument] cannot be proved or disproved by examples, or by counter-examples. The only proper disproof, I claim, is by counter-argument ... some critics, true to the positivistic traditions of history, have simply taken for granted that showing errors of fact would be sufficient disproof of my propositions. I do not think that disproof is so simple.[36]

Hopkin's saw Duncan-Jones' coin hoards as counter-examples, not counter-arguments; they did not damage the logical core of Hopkins' deductive model and, hence, were ultimately impotent in fully discrediting it according to Hopkins.[37] Over the years, Hopkins became worn down by the constant need to defend both his 'taxes and trade' model, as well as the deductive approach behind it, from mischaracterizations and misunderstandings. Near the end of his life, Hopkins lamented that induction was "the dominant orthodoxy" while his approach was a "heresy."[38] Hopkins was a rhetorical savant, and the "protestant atheist's" use of religious

[35] Duncan-Jones (1990), 30–47; Morley (2014). See also Garnsey and Saller (1987), 49–53; Goldsmith (1984), 273. On rhetorical style, see Morley (2006a), 33–5.
[36] Hopkins (2002), 210–11. See also Hopkins (1980), 103.
[37] Morley (2004), 24–6; Manning and Morris (2007), 38.
[38] Hopkins (2002), 192.

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language may reveal his evaluation of the nature of many of the arguments made against him.[39] Alternatively, Hopkins may have simply been expressing humility, or perhaps reflection, or even hyperbole.[40]

Nevertheless, Hopkins' claims about the epistemological structure of his model demands a level of methodological reflection and debate with which few ancient historians have engaged. Instead, there persists a certain amount of methodological schizophrenia in the field of Roman economic history: things have changed, but they have also stayed the same. Confusion persists, for example, over the differing epistemological statuses of theories, hypotheses and models as well as the role of empirical evidence within these categories of argumentation. The main historiographical dichotomies of ancient economic history – primitivism/modernism and substantivism/formalism – are muddled almost beyond usefulness. Primitivism and substantivism, for instance, are often used interchangeably.[41] Furthermore, ancient historians practice the age-old scholarly pastime of distinguishing 'new' work by segregating the 'old' work into extreme characterizations and subsequently arguing against these stereotypes.[42] Approaches which were once nuanced and complex are now straw men which show the 'extremism' which new research will supposedly avoid through a 'third way', compromise or moderation.[43] The primitivist/modernist and substantivist/formalist binaries have been unfortunately reduced into caricatures, as over time short-term efforts to create 'third ways' have cumulated in diluting these otherwise helpful historiographic categories.

In addition to the need for clarity in the field of Roman economic history is a need for reflection. Social-scientific theories, models and organizing concepts should be evaluated for "their usefulness, the extent to which they can offer a persuasive view of the evidence, rather than being automatically ruled invalid and unacceptable."[44] Theoretical constructs should channel historians' inquiries toward questions the empirical evidence does not ask of itself.[45] Pure induction is a myth, not a method. Generalization may be problematic, yet it is impossible to write history without it. One of the more eloquent commentaries upon methodology and the ancient economy is found in the editors' introduction to *Ancient Economies, Modern Methodologies*:

[39] See his obituary in The Telegraph (2004).
[40] Manning and Morris (2007), 15. Contra Schiavone (2000), 176.
[41] As observed by Saller (2002), 252–5; Morley (2004), 44. [42] Katsari (2011), 4.
[43] Bang (1998); Saller (2002), 155–6. [44] Morley (2004), 44–5. [45] Harris (1993), 15.

> the historian cannot simply withdraw from the realm of ideas to find safe and firm ground in the world of sources. We perceive the world through ideas and concepts. They determine what questions we ask of ancient material and how we organize the answers.[46]

Inductivism may offer the promise of substance, even objectivity, but there is no *self-evident* framework for organizing or examining the facts.[47] Historians can and must debate the degree to which generalizations are useful; yet they cannot pretend to be pure inductivists, as it is impossible to write history without prior assumptions.[48] Hopkins rightly notes that our critical intelligence is prior to the sources.[49] It seems imprudent, therefore, to dismiss economic theory on ideological or political grounds alone.[50]

How then should Roman economic historians account for the *otherness* of the various cultural contexts for economic activity in the Roman world? One approach is to subvert it to supposedly universalizing concepts. *The Roman Market Economy*, the title of a recent book by one of the most influential economic historians of the late twentieth century, for example, seems to beg the question.[51] The book's provocative title is no doubt meant to summarize the author's characterization of production and distribution in the Roman economy as driven by market forces in both qualitative and quantitative terms.[52] The Roman 'market' would therefore tend toward equilibrium and prices would reflect supply and demand.[53] Characterizations such as these, in which the economic forces of markets, integration and money are dominant, justify the use of neoclassical and new institutional economics: "ancient economies clearly differed from modern ones, but the principles of economics still hold true, and economics can bring clarity to the analysis of how resources were allocated in the ancient world."[54] Such characterizations, however, are odious to scholars sympathetic to substantivist approaches derived from economic anthropology, cultural history, classical philology and economic sociology.[55]

Roman economic historians are rapidly becoming more literate in social-scientific approaches – a change which brings new opportunities but also some challenges. Paleoclimatology and other 'hard' science is also becoming increasingly relevant if not essential for understanding the

[46] Bang, Ikeguchi and Ziche (2006), 7. [47] Mises (1933), 107–8.
[48] Bang (2008), 3; Morley (2006b), 320–1. [49] Hopkins (2002), 196.
[50] Bang (1998); Katsari (2011), 34. [51] Temin (2013).
[52] Some, however, maintain that Temin's work has "made the issue effectively closed" and "puts to rest Finley's claim"; see Grantham (2015), 59.
[53] Temin (2013), 6; Temin (2001), 170. Contra Bang (2007), 25 n. 59; Haley (2003), 11–2.
[54] Temin (2012a), 45. [55] Viglietti (2018).

Roman world.[56] New methodologies now confront Roman historians on a regular basis – an exciting but also potentially overwhelming situation.[57] Navigating the nuances of, for example, post-Keynesianism or economic anthropology is a burdensome dilemma for Roman historians who have already acquired background philological and historical knowledge and, in many cases, theory common to history-writing. In the case of economics, some practical helps have appeared such as Donald Jones' *Economic Theory and the Ancient Mediterranean* or Morris' now aged but still apropos "Hard Surfaces" chapter in the edited volume *Money, Labour and Land*.[58] Morris' chapter, which contrasts the approaches to model-building in neoclassical economics versus those of economic sociology, performs an invaluable service to the field by unpacking concepts otherwise foreign to many ancient historians. The expanding methodological menu has also brought new and more sophisticated challenges to the formalist enterprise broadly. Naïve substantivism (why study theory which is inapplicable if not alien to antiquity?) has been replaced by theoretically literate critiques of formalism and the use of economic theory broadly. Recent debates have taken place upon a fitting battleground: new institutional economics. The ideas of new institutionalist and Nobel laureate Douglass North –both a critic and a proponent of neoclassical economics – wield tremendous influence over the use of economic theory in the field of Roman economic history. Assessing the presence of new institutionalism in Roman history is not only valuable for understanding the present state of the field, but it is also possible to signal trajectories for future debates on the place for economic theory in the study of the Roman economy.

New Institutional Economics and Beyond

New institutional economics enjoys something like 'third way' status in the field of ancient economic history because the new institutional framework seems to enable (primitive) pre-industrial economies to be studied using (formal) economic theory. Roman economic historians friendly to new institutional economics tend to use the version articulated by North in which economic analysis accounts for 'institutional frameworks' – the rules, laws, political bodies and social norms which play a key role in controlling, guiding or influencing the actions and interactions of

56 Harper (2017a); Harper (2016b); McConnell et al. (2018); McCormick (2013); McCormick et al. (2012); Elliott (2016); Elliott (forthcoming).
57 Morris (2002), 24.
58 Jones (2014); Morris (2002). See also Manning and Morris (2007).