

GENERAL ECONOMIC HISTORY

A comparative study of economic institutions, mainly on historical foundations

Introduction:

Part I: Conceptual and methodological. Center: Economics

I) ~~historical introduction~~ The meaning of 'economic' ^{The other social sciences}

Part II. Comparative study of economic institutions. ^{Center} ~~Central subject~~ ^{Here is the economic process} The changing place of the economy in society ^{in the historical}

II) ~~Central subject~~ The changing place of the economy in society ^{in the historical}

a) Classification of historical economies: The forms of integration ^{good?}

b) ^{Redefinition} ~~The structure~~ of the catalytic triad: Trade, money, markets

Part III. Historical problems: ^{forms of trade, money and market elements.}

We should be now enabled to formulate some of our questions to history:

1 }
2 }
3 }

1) Was the society of classical antiquity essentially ² modern or ¹ primitive?

2) Was it on the road to capitalism, a development interrupted only by the catastrophe of the fall of the Roman Empire?

3) What was the nature of Western feudalism - was it an altogether new start or rather a development out of the conditions of the late Roman Empire?

4) What was the origin of the Western urban civilization and of the ~~consequent~~ ^{subsequent} rise of the market?

5) What should we think of the mercantile phase of the Western market development?

6) How to account for the rise of the Western bourgeoisie and its role in the Industrial Revolution?

7) What was the nature and function of the 19th-century market system?

8) How to judge of the present recession of the market from dominance, and the so-called mixed economy?

Problems of the social and economic history of Western Europe

1. How was the heritage of antiquity rescued?

The answer lies in the complex character of Western feudalism, which developed on the ruins of Rome. Eventually, total barbarization of the West was avoided and the 'return of the towns' in the 11th century came just in time to link up ^{the almost irretrievable West} with Eastern Europe and the Islamic world.

2. What enabled the Western city to survive?

The distinctive characteristic of the Western city was that its ruling class ~~necessarily~~ linked its fate with that of trade, commerce and the crafts. The market, even though an all-round regulated market, for the first time in Western history became the focus of city life.

3. Where to seek for the origins of the modern state and commercial capitalism?

They lie in the challenge offered by the Age of Discoveries to the agrarian areas of the Atlantic. The organizing of the new large-scale foreign trade ~~fell~~ ^{fell} to the new state-backed capitalists.

4. Mercantilism.

Mercantilism was the conjuncture of two ^{mutually} independent developments: The ^{nation} ~~modern~~ State and Commercial Capitalism. The political movement towards ^{territorial} ~~nation-wide~~ monarchy was rooted in local patrimonial dynasties. Commercial capitalism - especially finance, banking and overseas trade - was international, (Papal See, Black Sea factories of J. Coeur). The political movement was one of territorial expansion; the economic ^{factor} was ~~localizing~~ and territorially restrictive. A unified and regulated national market system was the outcome. It led to the organizing of production by the merchant, through buying and selling.

5. This developed into the modern factory system or industrial capitalism, under the stimulus of the Industrial Revolution of the 18th century, which was England's response to the challenge of the Commercial Revolution - the response which led to ~~the~~ a new era in the history of mankind. It is only in our time that market dominance is recessing, with the breakdown of the gold standard. The latter fact again proved that the Political fact of national existence ~~nations~~ is weightier than the mere prospect of material welfare irrespective of social stability.

The problem of institutionalized personal freedoms looms large under our industrial civilization - it may prove one of the non-economic values ~~that~~ ~~constitute~~ ~~essential~~ absolute value.

Capitalism in Antiquity

Capitalism in antiquity hinges on the late Republic

- a) both as to large-scale business activities and
- b) powerful class of business men moving into the center of *political*
~~class~~ struggles.

Early Republic ^{was} a close parallel to Greek city-state conditions.

Greece: 621 over Draco, Solon 594 and Pisistratidae
to Cleisthenes,

Rome: 508-287 225 p

I. Basic social organization

phyle	phratry	genos
tribe	curia	gens

II. Basic constitutional terms

Annual magistracies

basileus	ekklesia	ephors	boule
rex	commitia	tribunes	council
			senate

III. Religion

King-priests, but secular kingship (not sacral).

Non-hierarchical priesthood - neither king nor priest sacred.

IV. Pastoral-agricultural warrior tribes?V. Forms of settling:

In small city-state organization

(nominal tribes: wards)

VI. Course of history

Monarchy

Oligarchy : early republic

Democracy

Elected annual magistrates!

VII. Constitutional development

Classes of citizens

Draconic Solonic

hippeis
zeugitae
thetes

Pentakosioi Medimnoi 500 metretres of oil or wine

Hoplite army: hippeis 300
zeugitae 200

Thetes (self-equipping trained yeomanry)

Army formation identical with
Servian Constitution

193 centuries (100s) :	{ 18 knights	1,800	98 centuries
	{ 80c. 1st class	8,000	
	{ 20 1st class	200,000	
	{ 20 2nd class	200,000	
	{ 20 3rd class	2,000	
	{ 20 4th class	2,000	
	{ 30 5th class	3,000	95 " "

Civilians going up behind their class

Social classes: rich and poor

plousioi

patricians

plebeians

clients

~~perietes~~
penetes

Solonic Crisis - Twelve TablesStasis

Magistracies and civic rights

Debt slavery and usury

Land and colonization

Many differences within the similarities . . .

367 Licinian-Sextian Laws

1. Limited seisachtheia
2. Limited to 500 jugera
3. One of the consuls a plebeian

287 : Lex Hortensia

Plebiscite to have the force of law

Plebs as a category disappears : wealthy families

join patrician Senatorial families.

Debt slavery

450 B.C. Confirmed: Weight of chains

Carriage for infirm

Trans Tiberum (adjudicated slave)

Nexum : after 387

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326 Lex Poetilia-Papiria

Livy: The liberty of the Roman people had as it were
a new beginning. . .

Debt slavery and interest

Interest : long story!!!

Interest and Usury

Limitations of interest rate; partial seisachtheia; actual abolition
of interest on loans (?) Lex Genucia

Uncertainty about early law (Cato)

Nexum abolished 326 B.C.

Livy: "The liberty of the Roman people had as it were
a new beginning.."

287 Lex Hortensia

257 B.C.

No coined silver

Res mancipi : ox, slave, land

The Greek military situation and expansion after 480 leads to
exploitation of the so-called Empire (Delian League 479 - 461 -
Peloponnesian War 431-404 and Second League 377-355)

Aristidians synoecism and Xen. 'Foroi'

No mercantile class in existence!!!

Roman development leads to new (capitalist) classes

- (a) Italian continental expansion had meant land for the farmer!
- (b) After the Pyrrhic war ~~xxx~~ 282-272 and Pyrrhus' alliance with Carthage, oversea expansion begins:

but {
 no financial system
 no navy
 no industries

No political organization apart from city state : effect citizenry!

Italy: The sphere of expansion up to 326 and 272 (Pyrrhic)

The clash with the Southern Italian Greek cities leads to Pyrrhic wars and the conquest of Sicily. Later, empire was organized as tribute-paying.

External development primary

- (a) Rise of business class.
- (b) Decay of peasantry - latifundia
- (c) Alliance of people and equestrians
- (d) Victory of Senate (Sulla)
- (e) The constitutional crisis overshadows all (Socii)

Greece : Athens

Worst crises of city-state Democracy!!

No business class

No serfdom ever, but

Small state

Exploitative empire

Then petered out politically

(Rostovtzeff's complaint)

Hellenistic market

Rome

4th century B.C.

...business class

Never democratized

Large plantation slavery

Eventually, serfdom

But (a) vast civilization
and(b) Equality of citizenry
in

the 5th century A.D.

Recession of markets

Historically the late Republic begins with the clash with
foreign Powers:

Pyrrhus	282-272
Carthage	264-241
	218-201

(a) Constitutional crisis : city state

(b) Financial and economic crisis

218 Lex Claudia (300 amphorae = 225 bushels)

215 *first publicans contract*

187 Vectigal auctioned

150 Polybius description

1 contracting

2 tax farming

3 domanial

4 tenancy

~~733~~ 133-27 BC Century of civil war

Decline of peasantry

Gracchi 133 }
123 }

Enormous empty lands of southern Italy

Peasants: Long foreign wars

- (1) Go to army
- (2) Stay overseas
- (3) Boondoggle in Rome

Senatorial class:

Princely wealth

Plantation slavery

- (a) Continued slave influx
- (b) Oil and wine now pay
- (c) Wheat from Sicily since 242

Carthage 146

Failure of the popular party to solve the constitutional and financial crises.

Three servile wars 135 -

A) Constitutional failure

1) Nativism

Socii : Italian bourgeoisie oppressed, excluded from suffrage; only wealthiest could afford to vote . . . (allies of senatorial class)

"Social war" 91-88

(Marius 107-88)
Sulla

B) Financial and economic : alliance with knights

forward

Capitalism in Antiquity

Pseudo-capitalistic culture traits in 4th century Greece and second and first century Rome are largely explained by

- (a) A considerable degree of trade activity
- (b) Money uses, ~~plus~~
- (c) The presence of market elements of a non-price-making character.
plus some actual markets (slave trade, corn market)

Under Hellenism,

- A) Trade had expanded beyond the Mesopotamian tankar trade of gift-trade and administered trade ^{type} to market trade carried on by merchants in the Eastern Mediterranean, but not by Athenian or Roman citizens. The bourgeoisie of classical Antiquity was not a commercial class. They were not burgesses, 'because' they were merchants, *as was the case in the M.A.S.*

The 'merchants' were non-Greeks and non-Romans : metics and freedmen.

Such 'markets' were sometimes ^{i.e. exceptionally} price-making, especially

- (a) The slave trade (Delos)
- (b) Corn trade after 322 ~~mainly~~ Delos.

- B) Money uses for payment and standard plus banking facilities were supplied by Rhodians (1st century) and Delian (2nd century) bankers - international bankers - in the corn trade and in political finance (wars). *this typically pre-market*
(Otherwise, banking was soon 'nationalized,' ^{i.e.} municipalized (cities), if not etatized as in Ptolemaic Egypt).

Again, neither Athens nor ~~ever~~ Rome developed banking to any extent or level adequate to offer facilities for market trading (and conversely: the market did not produce the credit instruments - bills of exchange - from which such facilities could be developed.)

*non citizen
traders*

*international
bankers*

^{remained}
(Reason: Not market-trade.) This was "sub-market" level banking.
Argentarius not a Roman citizen. Auction, safekeeping, payment, nummiarius (slave).
The pseudo-capitalistic culture traits of

- (1) Large-scale financial transactions (payments ^{of enormous amounts})
- (2) Political ^{+ lobbying} jobbery and/speculation fever ~~and lobbying~~
- (3) Large-scale accumulation of private capital ^{in shares} business for ~~economic~~ ^{These were} purposes, ~~with~~ accompaniments of ~~some~~ ^{proper}
 - (a) Markets - ~~some~~ specific: slave market; ^{grain market} luxury goods; ^{to some extent} market for booty sale (auctioning)

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and political finance :
confiscations
party funds
civil war
bribery

(6) Publicans' societies activities
^{chartered companies}
i.e. private ~~organization~~ of public finance and public utilities on an empire-wide scale.

- (1) Tax farming (3)
 - (2) Contracting and domanial farming
- Involved building, constructing, extracting; little manufacturing ^{competitive}.

The genuinely capitalistic character of all this was ^{present} ~~limited~~ to the extent to which price-making markets entered into the picture. ^{This was hardly the} case.

- (1) Slave trade (partially)
- (2) Corn trade (very partially)
- (3) Luxury trade (No organized markets) ^{artefacts, cosmetics, fine spices, wine, ivory, jewels, silk, furs, fine cloths, etc.}
- (4) Manufacture (no organized market for private hands - only public or semi-public ^{hand})
- (5) Shipping (similarly)

However, the pseudo-capitalistic traits were at times very prominent. ^{Polybius' description of 2nd c. of 2nd century A.D.}

The highly specific development of ^P price-making markets ^{could} ~~was not~~ in evidence and ~~could~~ not be improvised. No such suggestion is on record. The talk about laissez-faire policy ^{is} so much talk.

The publicans provided ~~manufacturers~~ the banking, postal, accounting, storage, transportation, insurance~~x~~ services themselves. Supply was organized by them through internal methods; ^{of their own;} so was the demand, in case they had to 'sell.'

The Role of Market Elements in Ancient Capitalism

A) Price-making markets are absent in regard to ~~essential~~ necessaries

with a very few exceptions such as : slave labor
corn (in the East)

B) Sub-organized price-making markets are present for 'secondary' commodities :

- 1) luxury goods : cosmetics, spices, works of art, exotic textiles
- 2) Market for shares in publicans' ventures
- 3) Markets for usurious international loans to defray publicans' extortions
- 4) Land markets in the zone of political speculation

*proscription (Confiscations)
estate speculation (political)*

Barley

Instead of ~~primary~~ price-making markets: tax farming ¹⁸⁷ ₁₃₃
contracting ^{ca 150}
domanial farming

ad ad ratio

are performing
vital functions.

Consequently, pseudo-capitalistic culture traits are general in 2nd and
i.e. financing of public works; public utilities, state farming

1st centuries BC. There follows

This position of trade and commerce in the social order:

engagement
No ruling class ~~is~~ in trade. + Commerce.

Classes engaged in trade: (a) 'Ordo' publicanorum organized

as a class of political financiers

aim at senatorial rank and

consequently keep out of trade. *+ commerce*

(b) Negotiatores do not form an ordo.

They are engaged in land speculation *'bixas'; 17 ans.*

political jobbery: usurers

No bourgeoisie, i.e. no ruling strata, identified with market trade or with productive enterprise, with the one important exception, of agriculture.

To a ^{very} limited extent ^{some} culture traits ^{in evidence} were ~~therefore~~ of a genuinely capitalistic character, since ~~in~~ to the degree described above market elements were present.

These were (1) of local character (but as unmindful found units)
(2) specific in some parasitic branches of trade viz. slaves

Key: Market elements could not cope with the territorial factor in integrating the eastern and later the western empires.

of transportation and communication ^{were} available to private persons with sufficient status.

Only the central government, employing its army, navy + postal service; utilizing the prestige of the senatorial class ^{would} have ^{been} able to ~~mobilize~~ ^{mobilize} ~~treasure~~ ^{treasure} safely, make payments, organize supply ^{on a scale adequate for the requirements of markets on the scale that was called for.}

Instead, the postal service was completely official, and entirely closed to private persons; the transportation service was organized through shipper's guilds; communications were limited to official channels; the senatorial class - immensely wealthy through its principal latifundia and enormous political income from provincial offices - were rigidly averse to commercial (bank the honorary ban on) activities.

land and speculation

Hellenism: Capitalism in the East

Postovtzeff sums up the problem in the following points:

1. Hellenistic empires found less difficulty arising out of Persian forms of organization than from the Greek polis.
 2. He ascribes the reluctance of the polis to take on an active role to the fact that the Hellenistic empires did not offer independence to them. Hence they remained 'unreliable,' and continued to fight for their independence. This was the root weakness of the Hellenistic empires.
 3. Towns were mainly poor and very small. Pressure for synoecism.
 4. More political unity in first 50 years than we generally think.
- ~~IX~~ Alexander aimed at economic unity (trade routes, currency, colonization). But Greek cities were the extreme of autarchy: their federations never were (nor had been) economic units - nor could they be. R. explains this by Greek temperament.
5. Our study focuses here: On inherent constitutional limitations of the polis market.
 - a) Preconditions of agora-market limited it to political organization of polis - extreme rigidity of citizenship was required to have it function.
 - b) Therefore territorial limitations of such an organ - neither could the polis nor the market/spread. In post-Periclean Athens, kapeles in
 - c) Rather than Aristotle being wrong, he correctly realized the true nature of the polis, which did not and could not change during the entire Hellenistic period (6 centuries!) The city state survived, in the Hellenistic empire.
 - d) Agora not an institution which can be expanded at will. Political requirements do not permit it. This is linked to fact that the market could be organized as a redistributive system in an emergency. Only

a citizen could be ^{in the} huckster ^{or market,} ^{which made it the most} ^{distillable} ~~house~~ completely controllable and militarily effective.

National markets created for the first time (cf. Buecher) by mercantilist regulationism in 17th century Western Europe. Up till then no commercial organization ^{is capable of replacing} ~~can replace~~ the feudal and peasant structure of the rural economy. [Exception: European colonies, which export mercantilism (cf. New England, 17th century) and then establish through large-scale immigration of European metics a non-feudal market-organized rural society.]

But nothing of the kind could be done in the ancient West: The same applies ~~to it as~~ to the East. The political integration ^{of the West} ~~was realized~~ relatively more successful than the economic. The Empire solved the first ^{problem,} but equestrian capitalism could not solve the latter.

Synopsis: The role of market elements in ancient capitalism

Absence of price-making markets (some exceptions)

Exceptions:

(A) Slaves and corn

(B) Secondary (sub-organized)

- (a) Enemy goods : ^{supply through public hand}
- (b) Shares of publicans' societies ; ^{source of revenue: public contract}
- (c) International loans : Depos etc
- (d) Land speculation : ^{on increased} basis.

Synopsis: Accounting for capitalistic and pseudo-capitalistic culture traits
(cont).

Two social classes

- 1) The 'ordo' of the knights (since Gracchi) - Lex Sempronia
Lex Judicaria
- 2) Negotiatores (host of jobbers), ^{as} *as individuals belonging to no class*
but no merchant~~h~~ or trader class of Roman origin.

Agricultural capitalism (mainly plantation).

I. Eastern Mediterranean

The limited character of the agora

Exc: Banking and some international markets.

Failure of economic integration.

Top achievement: Alexandria

(Capitalism: Slavery of 5th (?) and 4th centuries)

II. Western Mediterranean

Equestrian episode:

Very substantial, but complete failure for absence
of price-making markets.

Equestrian order replaced by: Diarchy, of principate and Senate.

Administration and liturgy under

(a) Early Empire: successfully rationalized: conquest and booty ^{were (consumed)} lived up.

(b) Late Empire: Roman supremacy relinquished.
Conquered peoples 'nationalized' ^{themselves}
Backward peasant populations take over by ^{provincial possessors}
Foual development sets in.

Late EmpireIntroduction:

The coastal theory is primarily a territorial, i.e. a strategic and political theory: a strip of coastal cities involved an Empire development of a continental character, requiring great economic strength of its own. This was never forthcoming and certainly could not center on Italy (Rome).

Rostovtzeff essentially agrees that the economic weakness (burden of military transport and overseas service...) of the Empire was the reason for the 3rd-century peasant revolution, destroying the senatorial classes and making the semi-romanized peasant armies the power against the unproductive provincial bourgeoisies.

This led to rise of the provinces; impoverishment of the center; provincialization of Italy; rigid social structure with many compulsory elements (colonate, guilds, decuriones, dekaprotoi).

How does the "capitalism in antiquity" episode fit into this total picture?

Rostovtzeff's theory of the alternative financial organization:

He regards the redistributive oikos system and the farming-out polis system as motherland-Greek.

Tax farming could develop in either direction:

Egypt, extreme governmental control.

Rome, extreme privatization.

He showed how the Greek tax farming developed in Egypt into governmental finance (without a catastrophe). In Rome this happened through a catastrophe (civil war 1st century BC).

But the economic difference was

Egypt - flourishing governmental industries and farming.

Rome had neither public nor private productive activities,

and no direct taxes of any account.

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Instead: ~~egyptia~~ angeria

Industrial Revolution

A) What exactly is it? And why did it happen at all?

B) And why in England of all places?

No precise answer to any questions of this type possible.

But what were the consequences of the Industrial Revolution?

The development of market system to a full-blown market economy.

A) What? Why?

1. Not 'inventions' (cheap contraptions). Kay's shuttle.
2. Not use of 'power', such as water mills.
3. Not availability of raw material (coal and iron).

Representative industries: Cotton industry)
 Iron industry) Imports

4. Not dispossession of the yeomanry (labor was children, then women, then strangers - immigrants).
5. No ~~intercity~~ internal migration to the NW (Bedfield).
6. No capitalist investment pressure.
7. The whole thing went unnoticed. (Arthur Young in 1798.)

The 'spirit of the time' - no one expecting anything of the kind (even in 1816).

8. Science!? Ridiculous. Not before 1860's...

B) Why in England?

The Commercial Revolution hit the island of England stronger than others. Up to that time - read Ashley's essays - a part of continental Europe (in all and every respect). And: centralized since 1066 plus; no political feudalism.

Now it ceased to be. Cabot and Henry VII! Tudors means Navy and Navy.
 1588 Armada! By that time England in full ~~blast~~ Mercantilism.

Statute of Artificers	250 years	1563
Poor Laws (consolidated)	233 years	1600

During this period regulation was:

(1) On national scale(!)

~~(a)~~ From ~~the~~ Statute of Laborers onwards.

Especially: Statute of Artificers (including
 countryside) 1349, 1351

Poor Law (including rural area)

(2) Centrally controlled, effective (J.P. a crown agency).

(3) Anti-enclosure movement typical: national
 effective
 mercantilist
 paternalist
 church joined

The English ignored that they were the pioneers of mercantilism
 and - the only really successful ones! They succeeded in establishing
 a national market system.

(1) It was 'national' from the start (as you saw).

(2) Island conditions of security had destroyed 'walled towns,'
 spread industries in the countryside; coast nearness was general.

(3) Together with disappearance of villainage (ca. 1400) mass
 consumption was stimulated, while court was poor.

Decay of the regulative system misunderstood by 'liberals' as failure of mercantilism.

(X (a) It was caused by the success of mercantilism in creating a national market system.

(b) Not riots or political pressure! None.

Demand for labor increased together with pauperism.

1) New trades.

2) Desuetude.

3) E.g. wages rose above assessments, and yearly assessments were pointless, and so on.

(c) Enormous spread of 'putting out.'

(d) Marketization of the economy!

Why: Export industries?

The biggest foreign trade was the slave trade: with slaves were bought the spices of the West Indies. But the slaves were bought with trade goods:

a) Partly from East Indies.

b) Partly with special trade goods, i.e. cloth (cotton).

I.e. not military (Spain) means, nor settling as the French did, but buying with goods (not gold). Center: Liverpool.

Foreign trade dominated everything: Great wealth from booty, plunder, slave trade, spices - capital widely spread. Fluctuations caused dislocation of the countryside (rapid growth of pauperism, i.e. unemployment via dislocation); mainly commercial employments. Industrial enterprise was small-scale (cheap machines, swift turnover, merchants' credit sufficient...)x