"Getting Things Done in the World:" New Perspectives on History and Theory

The structure of ancient economies offers an important window onto ancient life more broadly. But agreement on what one sees through this window has never existed. To say that the subject has been a "battleground" for a century is an understatement (Scheidel and Von Reden 2002, p. 2). The battle lines have been drawn with opposed conceptual pairs: primitivism/modernism, substantivism/formalism, pessimists/optimists, use-value/exchange-value, status/contract, *oikos*/*polis*, classical/near eastern, sort of like us/not like us at all. This poverty of thought (and of language) belies the ancient world's richness, complexity, and diversity over 4,000 years. (Typically, we focus on the ancient Near East to the end of Rome, but a broader perspective would include prehistoric economies.) Neither third millennium BC Sumeria nor the Roman Empire can be characterized as a world of hunter-gatherers or of venture capitalists. We can do better. The real challenge is to find the right "analytic narrative" (Bates *et al.* 1998), combining deep knowledge of the society with the explanatory power of theory.

The volumes under review here focus on specific features of the ancient economies. But they also raise broader questions: what is the value of the ancient world for the economic historian and the economist, and what is the value of economics to ancient historians? The usual answer to the first question has generally been: "not very much." After all, any glimpse at a chart of economic growth in human history clearly shows what really made a difference in human lives: the Industrial Revolution. Before then, there was not much growth to speak of, it was, at best, short-lived, and it was always constrained by the Malthusian trap. And the common answer to the second question has also been: "not very much." Economics and ancient history, thus, rarely came together. But in the last twenty years, this has changed; now it is not uncommon to see economists and ancient historians at the same conference.

It is fair, I think, to say that until recently if economic historians knew anything of the "ancient economy," it was almost exclusively through Moses Finley's very influential *The Ancient Economy* (1973, updated edition 1999). Finley argued that because the ancient world (by which Finley meant the classical Greek and Roman worlds—to him, the economies of Egypt and the Ancient Near East were structurally very different) was configured so differently, there was no "economic sphere," and little data amenable to quantitative analysis. Thus economics and economic theory could not be applied. Finley's has remained until recently the orthodox view.

Recently, however, there has been a major historical turn in economics, driven largely by the New Institutional Economics (NIE). Although there has been much criticism of the various applications of NIE to ancient economies, some of it fair, this development has brought ancient history back into long-run historical arguments about institutions, and has sharpened explanations for change over time. This development has also forced scholars to define terms and categories carefully and to argue clearly what is at stake, even though NIE may not explain all features of ancient economic life. All three of the books reviewed briefly here are engaged in historical economic analysis and acutely concerned with why ancient history matters. Ian Morris works within the world history framework, and emphasizes evolutionary theory; Walter Scheidel has produced a good overview of key issues in the Roman economy; and Peter Temin applies the economist's toolkit to ancient market data in a forceful argument that the Roman economy was a market economy.

The Journal of Economic History, Vol. 74, No. 1 (March 2014). doi: 10.1017/S0022050714000114.

I'd like to thank Tim Guinnane for his support and thoughtful conversations.

In a follow up to his blockbuster, *Why the West Rules—For Now: The Patterns of History, and What They Reveal About the Future* (2010), the ancient historian and archaeologist Morris explains how human civilization in the West and in East Asia (China mainly) have evolved over the last 15,000 years. This is big history, and to get a sense of how human societies have developed, it covers the last 15,000 years. Morris' work is revolutionary and profoundly imaginative, creating a "unified evolutionary theory of history" (p. 238), which, he also hopes, will provide us a glimpse of our future.

Both of Morris' books are very much in the vein of Jared Diamond's *Guns, Germs and Steel*. Morris explains long-run historical divergence between "East" and "West" using four key variables inspired by the United Nations' *Human Development Index*: energy capture, which he calls the "backbone of history" (p. 142); social organization, proxied by the largest urban settlements in each period; Information Technology; and war-making capacity. Morris calls the result the *Social Development Index*.

The basic idea behind this work is that history is a laboratory. The idea is not new, and all three books reviewed here share this approach. The idea of explaining "progress" was a common theme in European scholarship in the nineteenth century. So Morris is in fairly good company. But his efforts at quantifying social development are new and imaginative.

Morris has given us a model of long-term historical change. But there remains much work to be done. There are other scales of historic time one can consider; over a shorter time span one could introduce more issues, such as political economies. And certainly one can quibble with things Morris leaves out altogether. His "classical Mediterranean" world, 500 BC–200 AD, is centered on Greece and Rome, or "southern Europe." But there were contemporary civilizations in western and southwestern Asia (modern western Turkey, Syria, and Egypt) that were at least as developed. Morris' grand scale requires us to miss considerable diversity in economic organization and institutional structure. Nonetheless, he gives us much to ponder.

The Cambridge Companion to the Roman Economy edited by Scheidel is not a comprehensive overview of the Roman economy, and much of what is in the volume is not new. Somewhat surprisingly, indeed, it neglects some important advances in knowledge, such as trade with India. But it introduces key themes and trends in the field and is certainly a book every Roman and economic historian will want to read.

The contributions consistently use economic theory and draw constrasts between the Roman and modern worlds. I summarize three key contributions. In "Human Capital and Economic Growth," Richard Saller argues that Romans were more educated than other premodern societies, although educational attainment remained below that achieved in premodern Europe. He stresses agglomerative effects of information exchange in Roman urban centers, and notes that Rome's European cities were different from its Near Eastern cities in ways that might have shaped the economy. Saller concludes that in the empire as a whole, the average person had less than half a year's education, and that only one in 200 hundred people over the age of five had even a "basic" education. Roman educational attainment reflected among other constraints limits imposed by nutrition, disease, and life expectancy, and helps to explain the low levels of technical innovation and limited growth in the Roman world.

Cameron Hawkins discusses another important facet of the Roman economy, its industrial organization. The Roman response to modest growth and an increasingly specialized work force was not to create large and integrated businesses, but to create networks of subcontractors who traded with other specialists for intermediate goods and services. Vertical integration in this world was costly and social institutions such as professional associations (the *collegia*) reduced the need to lower transaction costs by integrating vertically. Hawkins draws parallels to early modern European history. In invoking Coase's work on transaction costs, he insists on an important distinction between Rome and modern firms: "private order enforcement networks" rather than integrated firms arose in the Roman world to solve the transaction cost problem. This is a crucial insight into Roman social organization and the particular economic conditions of labor markets, and explains the evidence of the "persistence of small workshops" and a "differentiated workforce" (p. 178).

Finally, Peter Bang (Chapter 10), utilizes Mancur Olson's work on stationary bandits and Douglass C. North, John J. Wallis, and Barry R. Weingast's recent work on "natural states" to build a model of Roman state development firmly rooted (as it should be) in political economy and coalition building. The model is essential in understanding market integration, and it stands in sharp contrast to Temin's model discussed below. Scheidel has edited a very fine volume, showing most of the important features of the Roman economy and its key institutions, emphasizing the conditions of and the constraints on growth.

Temin's monograph is the culmination of years of engagement with the ancient (primarily Roman) economy. It is divided into three parts: "Prices," "Markets," and "The Roman Economy," with the last section focusing on economic growth. Temin has five main themes: (1) Economics is useful, (2) the Roman economy can be characterized as a market economy, (3) the *pax romana* (first two centuries AD), the height of the empire, stimulated trade, (4) ordinary Romans lived well, better than any other people before the Industrial Revolution, and finally, (5) there is much new work that is forthcoming. The real heart of the book, and of Temin's argument, is the regression of six wheat price pairs against geographical distance from Rome (Figure 2.2, p. 43).

Chapter 1 introduces basic Economic principles, and is essentially the same as his chapter in Scheidel's *Companion*. Chapters 2 and 3 deal with wheat prices in the early Roman Empire and price data in Hellenistic Babylonia. He includes the Babylonian data only because these data comprise one of the best data sets on prices from antiquity. Temin argues that Babylon was also a market economy and the observed price changes reflect reactions to supply and demand shocks. We know this already from Alice Louise Slotsky's work (1997), which Temin cites. But Temin goes astray in claiming the Babylonian data support his "integrated market" hypothesis; the Babylonian market prices, after all, are local, and cannot tell us whether prices in different parts of the Roman Empire moved together. Chapter 4 analyzes inflation and proposes an index of inflation. Chapter 5 focuses on the key issue, the grain trade, chapter 6 on the labor market, chapter 7 on land ownership, and chapter 8 on financial intermediation. The book's final section is devoted to Roman macroeconomics, growth, and Rome's rising living standard under Malthusian constraints. The book ends with an estimate of per capita GDP in the early Roman Empire. Temin concludes (p. 260) that Roman Italy was as prosperous as the Netherlands in 1600. His conclusions in chapter 10 on growth in a Malthusian empire should be read closely in conjunction with Scheidel's treatment of "outcomes" in the *Companion* to see where disagreements lie. Temin (p. 238): "Romans appear to have been living well." Scheidel (p. 330): "It appears that the imperial economy did not generally enhance biological living standards."

In the end, I am left unconvinced by Temin's argument, and would not agree that the Roman economy should be characterized as a market economy *tout court*. Markets certainly existed, but we cannot, in my view, characterize the Roman economy, or any other ancient economy, as a market economy. That goes too far. Moreover, Temin's own arguments undermine his hypothesis. The structure of the ancient world prevented integration of grain markets, even under the Roman Empire, and the data are insufficient for the broad claims he makes. Even Temin appears to be uncertain; he summarizes the lesson of his grain-price regressions as "there was something approaching a unified grain market in the Roman Mediterranean." Something approaching? Well maybe. But elsewhere he uses stronger language; "the early Roman Empire was primarily a market economy" (p. 4). No. I demur to that statement. The strong trend of Roman historians in recent years has been to emphasize local and regional economic structures. No one doubts or downplays the links to Rome, and those links might have been especially strong for the grain trade, but I strongly doubt the "fully integrated" aspects of the argument.

All three books amply demonstrate the value of reexamining the economic history of particular places and times using broader frameworks of economic history and evolutionary theory. The concept of the "ancient economy" has long suffered from the (largely culturally determined) shackles of particular geographic and temporal boundaries (premodern/modern, classical/near eastern, Hellenistic/Roman, and so on). Morris' "deep" (see e.g., Shryock and Smail 2011) history reflects an important trend in historical thinking in History and Economics that throws off such shackles, stressing both continuity and change since the Upper Paleolithic. This approach to history reveals the gaps in our knowledge, the problems with our categories, and the faults in our thinking. On the other hand, it is easy to skip over important institutional distinctions between past and present if we do not appreciate the context or the full range of sources concerning a particular issue. What emerges from the *Companion* and Temin's monograph is that the mature Roman economy operated at the very upper bound of what was possible, but it was a world quite different from our own.

Each author demonstrates the value of ancient history for long-run models that seek to evaluate performance. Morris gives the reader a good sense of the work remaining to be done. The agenda is less clear in the second two volumes. The Roman economy has been by far the most intensively studied of ancient economies, and now enjoys the most interest among economists. Here one feels that we are, without substantial new data, at the limits of what can be said about the Roman economy and its sophisticated institutions, including law, food production and distribution, and a banking system, perhaps, comparable to eighteenth-century Europe! The disagreements are a matter of degree, and a matter, too, of finding the right descriptive language, something that remains elusive. That was the brilliance of Finley's treatment. Finley would not recognize the ancient economy in these three volumes. And, while I think it is past the time that Finley should be a touchstone, his book is still well worth reading for its rhetorical power. Finley's explanation for why the ancient world, especially Rome, never escaped the Malthusian trap in its essence was not, after all, incorrect. Yet the ancient world is more interesting than that.

Morris's temporal and spatial scale and the efforts at quantification, the use of economic theory and the heavy use of quantified archaeological material in Scheidel and Temin, in fact, constitutes the opposite of what Finley believed was acceptable in analyzing the ancient economies of the Mediterranean. At the very least, it represents a very different orientation to ancient history. The right question is not whether there was "capitalist takeoff." We know there was not. What really matters, and why historians, economists, and others should care, is the more fundamental point put succinctly by Morris (p. 3)—evidence from the ancient world, even well beyond the Mediterranean and deeper in time, shows us how humans, over millennia, and with a considerable variety of solutions, got "things done in the world."

J. G. MANNING, *Yale University*

WORKS REVIEWED

Morris, Ian. *The Measure of Civilization: How Social Development Decides the Fate of Nations.* Princeton, NJ: Princeton University Press, 2013.

Scheidel, Walter. *The Cambridge Companion to the Roman Economy*. Cambridge: Cambridge University Press, 2012.

Temin, Peter. *The Roman Market Economy*. Princeton, NJ: Princeton University Press, 2012.

REFERENCES

Bates, Robert H., et al. *Analytic Narratives*. Princeton, NJ: Princeton University Press, 1998.

Diamond, Jared. *Guns, Germs, and Steel: The Fates of Human Societies*. New York: W. W. Norton & Company, 1999.

Finley, Moses. *The Ancient Economy*. Berkeley: University of California Press, 1973, updated edition, 1999.

Morris, Ian. *Why the West Rules—For Now: The Patterns of History, and What They Reveal About the Future.* New York: Farrar, Straus, and Giroux, 2010.

Scheidel, Walter, and Sitta von Reden. *The Ancient Economy*. Edinburgh: Edinburgh University Press, 2002.

Shryock, Andrew, and Daniel Lord Smail. *Deep History: The Architecture of Past and Present*. Berkeley and Los Angeles: University of California Press, 2011.

Slotsky, Alice Louise. *The Bourse of Babylon: Market Quotations in the Astronomical Diaries of Babylonia.* Bethesda, MD: CDL Press, 1997.

United Nations. *Human Development Index.*