Assess Sir Moses Finley's findings that status within society held priority over Roman economic rationalism and, accordingly, that Rome 'did not have an economic system which was an enormous, conglomeration of interdependent markets'.

James Kirkland Morris, The Hills Grammar School
Roman economy. Contrary to this, however, Peter F. Bang has highlighted that conceptualisation has made less progress and that the debate has rarely moved beyond the schism of 'primitivists' (Finley’s adherents) versus the ‘modernists’ (Finley’s critics). This can in part be attributed to the fact that adherents and critics alike have continued to accept Finley’s terms of the debate. Willem Jongman has called this ‘the spell of Moses Finley’ and notes that modernists ‘tried to fight the battle with Finley using his rules of engagement’.17

It is indeed Finley’s terms of the debate that provide a second reason for a re-analysis of the Roman economy. My contention is that the primacy that Finley placed on the motivation behind Roman economic decision making resulted in a significantly biased assessment of the extent of its rationality and the overall nature of the economy itself. Indeed, Finley conceded in the Preface to The Ancient Economy that it was ‘not a book one would call economic history’.8 Rather, Finley set out to characterise the Roman economy and referenced the works of the socialists Max Weber and Karl Polyani in reaching his conclusion that economic growth and integration was not possible in a world that was driven by status. In his view, for example, manufacturers and traders were of low status10 and could not possibly therefore emerge as Rostovtzeff’s vision of a successful middle class of businessmen.

Whilst status did indeed hold importance in the Roman world, this factor does not within itself preclude the existence of economic rationalism. An assessment of the priority that Rome placed on economic rationality requires an analysis of the ‘drivers’ of economic growth that were employed by the State, in addition to the factors that reflect growth and integration. In other words, we should be considering evidence that the State deliberately manipulated the economy and the extent of the integration that ensued as a result. For the purpose of this analysis, I have focused specifically on developments between 100BC – 350AD as this is generally considered to be the period of the most significant economic growth followed by economic decline.11

Certainly, some of the evidence that has been gathered by historians to date pertains to specific regions of the empire13 as opposed to empire wide phenomena. Whilst ‘a micro regional approach shines only narrow beams of light... (and) no one would think it feasible to combine these narrow beams into one vast flood of illumination’13, as the editors of the Roman Oxford Economy Project14 have confirmed, the data does provide measurable indicators of trends in support of such a determination.

Whilst the Empire enjoyed the potential agricultural production benefits associated with two distinctly different environments – the temperate climate of Europe and the Mediterranean – economic rationality led to both the expansion and enrichment of agricultural land. Often of course, the land that was acquired by the Empire was already under cultivation and immediately contributed to the generation of revenue. The Roman government also, however, acquired large tracts of land that were subsequently distributed by centuriation15 for the purpose of development in Gaul, Africa, Spain and the Danubian provinces. In addition, the government drained lakes and marshes to create new arable land for the cultivation of cereal.16 Whilst these acquisitions and developments occurred in part to support the Roman policy of free distribution of grain to the citizens of the city of Rome (the annona),17 there is further evidence that the government deliberately employed stimuli to facilitate growth. In the 2nd century AD for instance, farmers were provided exemption from rent until their olive or fruit trees came to maturity on the marginal land of the imperial estates in North Africa (the Lex hadriana de rudibus agris).18 Field surveys demonstrate intensive terracing and cultivation of these areas as a result of this stimulus.19

Despite Finley’s assertions that technology remained stagnant under the Empire,20 there is clear evidence that imperial investment in technology further facilitated the increase in agricultural output.21 Evidence such as settlement patterns and pollen counts show that total agricultural output increased dramatically under the Empire and that the adoption of new milling technologies could have contributed up to a third of total annual growth of the Empire.22

The Roman government’s introduction and control of coinage facilitated the establishment of prices and the subsequent uniformity of the monetary system assisted the growth of trade. Indeed, Moses Finley’s statement that ‘money was coin and nothing else’23 significantly misrepresents the importance of coinage to the Roman government’s monetary and fiscal policy.24 Despite Moses Finley’s assertions that the State failed to allocate sufficient coinage at times,25 more recent research suggests that the quantity of coinage that was emitted was in fact a rational tool for the control of the economy.
Teaching History during inflationary and deflationary periods. The high levels of metal pollution samples from the Greenland ice cap dating back to the Republican and early Imperial times are evidence that the production of coinage also saw the emergence of mining as a significant industry. Indeed, mining technology enabled metal extraction from Spanish mines in the first and second centuries at a level that remained unparalleled again until the nineteenth century.

The government further assisted the expansion of trade through its suppression of piracy in the last decades of the Republic contributing to the reduction of risk, and therefore cost, associated with shipping. The government also invested significantly in infrastructure such as roads, bridges, harbours, warehouses, and river and canal navigation. Despite Finley's insistence that we should not be distracted from the fact that 'most public works...required more muscle than skill', these rational investments did reduce transaction costs and therefore played a role in the increase of trade.

Key to the government's support of trade and economic growth was its legal framework. Literary records from the jurists and epigraphic evidence from the Mucine and Transylvanian tablets and the Campian archives confirm that Roman land holdings were surveyed and recorded and that contracts not only protected private property, but also facilitated the establishment of legal liability, defined the relationship of 'principal' and 'agent' and inspired the confidence to invest. Further, commercial and financial documents clearly underpinned and validated the movement of goods and services throughout the Empire. The law of slavery is a further example of the incentive provided by Roman law. Not only was slave ownership protected under contract, slaves themselves were provided with the incentive to work harder due to the manumission regulations and the prospect of freedom under Roman law.

From the mid-republic onward, there was an identifiable community of financiers and bankers who made loans and kept deposits. Interest paid for the use of capital is of course an essential component of a monetised economy but interest rates that exceeded what the market could tolerate would have seen the economy grind to a halt. Accordingly, the 12% ceiling rate referred to as the lex unicaria that was introduced by Sulla remained for centuries. Key to Finley's determination that the Romans did not employ economic rationalism in their decision making, was his assertion that no evidence had been found that substantiated the use of double entry book keeping. Evidence does however confirm that Romans did keep detailed books of account that included ledgers and memoranda.

Whilst Moses Finley decreed that 'Taxes were not used as economic levers' and that 'direct taxes whether on income or land were politically impossible' a synthesis of recent data reveals that he was incorrect. Land taxes, which were levied and linked to the monetary value of the estates, exerted a positive influence on the economy due to their low rate relative to G.D.P. Further, taxation rates on imports also served a 'protectionist' role for local farmers and manufacturers with a 5% tax on goods manufactured within the boundaries of the Empire and a 25% tax on those goods that emanated from outside it.

These types of institutional stimuli resulted in a significant increase in both trade and consumption. Indeed, Finley himself conceded that these increases at times reached 'fabulous proportions'. Data collected from shipwrecks shows that during the period of Roman imperial expansion (200BC to 200AD) the extent of seaborne trade would not be matched for another thousand years. Contrary to Finley's assertions that long distance trade only involved luxury items, archaeological evidence from the last thirty years has established that long distance trade also involved low cost commodities such as wine, oil, salted fish, grain, table pottery, glass and millstones.

Whilst agriculture remained fundamental to the Roman economy, growth also saw a trend to urbanisation with a 'larger sector of the community involved in non agricultural production than any other society up until the 18th century. The manufacture of glass, pottery, mosaic, metal and other goods began within the towns and the manufacture of replications of high demand imports was an important 'proxy indicator of local economic growth. Whilst past historians have emphasised that profit hungry aristocrats and low grain prices pushed peasants from their land, more recent theories have suggested that pull factors, notably employment opportunities and better living conditions, inspired most urban migration.

Clearly, Finley was wrong; Rome did employ mechanisms of rational economic control. Were these
economic controls mechanised through a 'system which was an enormous conglomeration of interdependent markets'.' The key diagnostic features of structural integration (i.e. the mechanisms of economic control coupled with the behaviour of a free market economy) can be clearly attested via synthesis of existing evidence. Whilst the 'mere presence of trade over long distances... does not warrant such jargon as a large unified economic space' what is crucial to a determination of integration is that a high level of trade occurred for an extended period of time, and that the laws of supply and demand (i.e. the 'market') had a clear and predictable impact on pricing. Further, it should be noted that surveys by Duncan Jones (1982) contain prices for all sorts of objects and activities and as Rathbone (1997) has noted, these prices represent extensive market exchanges that were typical of a market economy. This included the finance market, which was also permitted to operate under market forces below the lex unicaria ceiling.

Interestingly, whilst this does not mean that Rome had a capital market that resembles our modern day markets, the financial system did have some attributes of a modern day monetary system. The liquidity crises of 33 AD for instance, saw interest rates rise, loans called in, and land prices collapse. Tiberius subsequently loaned large sums of money to landowners without interest for three years in a bid to restore liquidity. The crisis reveals several important factors pertaining to the economy: members of the aristocracy were borrowing freely; the price of land was not fixed and the market price could fall when sellers outnumbered the buyers; and people could sell and buy as they wished.

Not only did the extent of trade within the Empire bring about shifts in the pattern of consuming, evidence of integration can also be found in subsequent specialisation based on comparative advantage. Italy, for instance had a comparative advantage in the production of wine and urban goods because this production required what Italy had in abundance (i.e. slaves and an urban labour force), whilst it had a comparative disadvantage with regard to grain production because this required land which was a scarcity in Italy. Archaeological evidence supports a subsequent shift due to this comparative advantage with grain imports to Italy growing from five million modii per year in 200BC to 30 – 60 million modii per year by the 1st century BC. Conversely, wine exports also peaked at this time with the excavation of amphorae revealing significant wine exports to Gaul, and archaeological digs revealing large tracts of land exclusively dedicated to wine production. Vertical specialisation due to integration has also been evidenced in the industrial sectors of the economy. For example, the specialist wool scourers, dyers, and fullers of Pompeii integrated as part of a highly organised chain of textile manufacture with spinners and weavers in other regions of the Empire.

Whilst the Roman Empire may not have represented a textbook case of a modern market economy, a synergy of the facts reveals that Sir Moses Finley was wrong, ancient Rome did indeed have an economic system that was an enormous conglomeration of interdependent markets.

With Roman economic rationalism and integration now established, the question remains - what did motivate Roman economic decision-making? A brief assessment of the historiography of antiquity provides a spectrum of theory.

Karl Marx and his more recent adherent Geoffrey de Ste Croix believed that the Roman economy was explicitly non-capitalist and that Rome’s oppressed slave and peasant classes were exploited to ensure that the needs of the elite were sufficiently serviced. As Neville Morley has highlighted, however, this stance 'is intrinsically bound up with (and to some extent serves to legitimise) Marx’s hostility to modern capitalism and his belief in the possibility of a new form of society.' The socialist historian Max Weber, who greatly influenced Moses Finley, accepted the capitalist nature of Rome but decreed that it fell under the banner of 'political capitalism' as opposed to 'rational capitalism'. In Weber’s view, Roman political capitalism was based on political exploitation for the purpose of funding the political conquests of the city-state. To support his views, Weber drew on the key elements of modern day capitalism and then summarised what he perceived to be the missing links in the Roman economy.

The fundamental doctrine of Mikhail Rostovtzeff’s view was also founded on comparison to modern day capitalism: ‘the processes of development which we are experiencing now...differs from the ancient only in quantity and not in quality’. As Meyer Reinhold has suggested however, the judgements of Rostovtzeff, in particular his strong views on the existence of a ‘bourgeoisie’, ‘reveal a pattern of ideology that probably took form during the turbulent transition from tsarism to the Soviet regime in the land of his birth.’
It is my contention that whilst a comparative analysis of modern day and ancient capitalism holds some benefit, it also serves to negate the unique nature of the Roman economy. Yes, this was a society that was profoundly conscious of status, but it was also a society that facilitated consistent and considerable economic growth over the four hundred and fifty years under consideration. Douglass North’s perspective provides an explanation for this: ‘no theory of institutions can be complete that does not include ideology as a constraint on maximizing at certain margins, because measurement and enforcement are costly and the actions of individuals can be affected by their perception of the fairness or justness of contracts.’ In summary, ‘organizations may grow by accident but they are only sustained if they facilitate actions that society views as desirable.’ I therefore provide the theory that whilst the motivation behind economic decision making did factor in the needs of the elite and the military, a focus on fairness for the masses was also clearly maintained. Further, a synthesis of data and analysis of a range of perspectives has led me to conclude that Moses Finley was wrong: Rome did place priority on economic rationalism and these economic controls were mechanised through a ‘system, which was an enormous conglomeration of interdependent markets.’

End Notes
1 Finley first rebuked Rostovtzeff’s model during his contribution to the Sulber Classical Lectures in Berkeley in Winter 1972. The substance of that lecture was then expanded in The Ancient Economy which was released in 1973.
2 The concept of economic rationalism involves the process of balancing costs against benefits prior to a determination of action and this concept in turn, provides a framework for understanding economic (and social) behaviour.
3 Rostovtzeff, M. (1957)
4 Finley, M.I. (1973) p.49-50
5 Finley, M.I. (1973) p.22-34
8 Finley, M.I. (1985) p. 9
9 Frederiksen, M.W (1975) provides an interesting analysis of The Ancient Economy in which he refers to the influence of the Annales school of thought on Finley’s writing.
10 In Chapter 2 Finley outlines his reasoning behind the use of ‘status’ as a conceptual category: ‘status is an admirably vague word with a considerable psychological element.’ He further asserts that a desire to maintain the ‘over-riding values’ associated with status drove decision making, as Romans sought to ‘live at a level to which they were accustomed.’ In this regard, his use of ‘status’ differentiated his concept of social inequality from the Marxist conception of ‘class struggle’. 11 Bowman, A and Wilson A (2009 forthcoming)
12 In using this term, I am also referring to the Republic 13 Bowman, A and Wilson, A (2009 forthcoming) p. 9
14 The Oxford Roman Economy Project is a five-year research project based in the Faculty of Classics, University of Oxford. The ‘research program addresses the fundamentals of the Roman imperial economy and will provide a detailed analysis of major economic activities...utilising quantifiable bodies of archeological and documentary evidence’. A number of chapters from the Project’s forthcoming book have been generously forwarded to me in support of my essay.
15 Centuriation was a means of distributing land to settlers of colonies using a grid traced out on the ground. Such land was normally state owned land that was acquired by conquest.
16 The discovery of the Barbegal Mill, which was constructed overlooking the wetlands of the Valle des Baux is a testament to this type of development.
20 See Finley (1985) Chapter 4
21 The recent discovery of 2nd century turbine-driven water mills at Chemtou and Testour in Tunisia attest to these types of production improvements. Recent evidence from North Africa also shows the modification of lever presses for the purpose of increasing olive oil production and the spread of iron tools allowed for greater exploitation of natural resources. In particular, the introduction of the plough led to pest elimination and better crop exposure to nutrients. See Bowman, A. and Wilson, A (2009 forthcoming) Archaeological evidence from around the Mediterranean suggests that the Roman elite were also investing in capital as small and large properties alike were outfitted with the necessary farm equipment, facilities and waterworks to increase production. See Hitchner, B.R. (2005)
23 Finley, M. (1985) p. 166
26 Hitchner, R.B. (2009 forthcoming) p. 3
28 Wilson, A (2002)
29 Extensive research of road and bridge building exists but more recent studies on the investment in ports and canals has been undertaken by the Oxford Roman Economy Project: ‘Ports are indicators and facilitators of the development of trade. From the first century B.C. to the second century A.D., a noticeable boom in port building activity is traceable throughout the Empire. The relatively newly discovered use of pozzuolana for concrete underwater structures, coupled with increasing trade demands, provided respectively the means and the incentive for durable port construction on the entire Tyrrhenian coast, which, the bay of Naples aside, is relatively deprived of natural harbours. As a result, the ancient harbours of the Tyrrhenian coast provide a particularly good case study of ports and infrastructure.’ See www.romanoeconomy.ox.ac.uk
33 See http://en.wikipedia.org/wiki/Articlojones.usury
34 Finley was drawing on Weber in this regard. See Love, J.R. (1991), Chapter 7 for an overview of Weber's definition of 'rational capitalism'.
35 In 90BC for instance, Cicero defended the quaeostor in his lawsuit against the charge of embezzlement and made clear reference to the accounting techniques used by him and the records that were kept in the tabulae. In another case, Fannius v. Roscius, Cicero defined the difference between a memorandum and a ledger. See also Winjum, J. O. (1971). 'Accounting and the rise of capitalism: an accountant's view.' Journal of Accounting Research: 333-350.
36 Finley, M.I. (1985) p. 175
37 See Duncan-Jones, R. (1994)
38 Hitchner, R.B. (2009) forthcoming pp. 6
39 Finley, M.I. (1985) p. 139
41 Hitchner, R.B. (2009 forthcoming) p.2
44 Hopkins, K. (1978)
46 Finley, M.I. (1976) p. 22
47 Finley Further Thoughts p. 177
48 Reference is made to the findings of the equilibrium model provided by Geraghty, R.M. (2007).
49 Finley had drawn implicitly on research by Polanyi (1944) to oppose the views of Rostovtzeff Polanyi argued that, 'the main forms of integration in the human economy are, as we find them, reciprocity, redistribution, and exchange (Polanyi, 1944, p. 35-36.)'
50 For instance, In December of 62 B.C., Cicero wrote to P. Sestius, telling him that 'there is plenty of money to be got at six per cent.' Less than a month later, in January of 61 B.C., Cicero reported to Atticus that even the relatives of [him] at less than 12 per cent.' See Cic., Fam. 5.6. and Cic., Att. 112
51 See Tacitus, Annals 6,16-17; Cassius Dio, 58.21.1-5; Suetonius, Tiberius 48.1; & cited in Duncan-Jones, 1994, p. 23-25
52 Verse on the Mausoleum of Flavii at Kasserine (a monument to Flavius Secundus and his family) characterises, for example, different provinces by the products for which they are famous.
54 See Greene, K. (1986); Jongman, W (1988)
55 See Greene, K. (1986); Jongman, W (1988)
59 Weber accepted that slaves and land in particular were normal objects of exchange and were acquired in the open market. See Weber, M. (1976)
60 For a summary of Weber's definition of 'political capitalism' see Love, R. (1991) p 224 – 227
61 As discussed earlier, a key element of the definition of capitalism for Weber was the use of double entry book and he asserted that no evidence of its use could be found, See p. 9 of this essay, however for evidence attesting to Weber (and Finley's) inaccurate conclusions in this regard.
62 Rostovtzeff, M. (1957)
64 North, D. (1990)
65 Temin, P. (2001) p.6

Bibliography

Books


2010
HTA Extension Essay Prize & Sydney Jewish Museum ‘Generation to Generation’ Prize for Holocaust History

Closing Date – 10 September 2010
Entry Forms – www.htansw.asn.au

There's a lot of sameness out there. But UNE's range of History courses will ensure you stand out from the crowd.

For over 60 years we have been leaders in distance education, and with most of our courses delivered on-line, your future is just a mouse click away, no matter where you are in Australia. So whether you want to add a Masters Degree to your CV, upskill in preparation for the national history curriculum or are just interested in tracing your family tree, UNE offers history courses with a difference.

www.une.edu.au/humanities

Now you're thinking