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## An Inquiry on the Existence of Capitalism in Ancient Greece

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### *Antik Yunan'da Kapitalizmin Varlığına İlişkin Bir Sorgulama*

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**Abstract:** In this article, it is claimed that it is not possible to find a modern capitalist order in Ancient Greece. This claim is supported by the economic activities and historical findings of the ancient period and it is also shaped by reference to the 'primitivist-modernist debate'. In this context, firstly, Mosses I. Finley's primitivist views that claim capitalism cannot be possible in ancient Greece will be explained by taking into consideration the accounting system, commercial activity, social status, labor usages, and land treatments. Secondly, the article will analyze Michael I. Rostovtzeff's objection to primitivist ideas, and reveal his thoughts by supporting modernist ideas on the existence of capitalism in ancient Greek. Based on these analyses, it is concluded that it is unreasonable to talk about the existence of capitalism in ancient Greece.

**Keywords:** Capitalism, Ancient Greece, primitivist thought, modern thought, Aristotle, Finley, Rostovtzeff.

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## Introduction

Many economic systems have appeared throughout human history as economy generally takes an important part in people's lives and different types of economic systems have played a central role in the history of economy, such as kinship production, slavery, feudalism, capitalism and socialism. As it is known that some of these economic systems have existed for a long time. Kinship production and slavery, for instance, are generally accepted as ancient, since the first basic economic activities among the people can be seen in Paleolithic Era (500,000 – 10,000BC) (Cameron, 1993: 21-23). The existence of other economic systems did not last for a long time and some of them, indeed, appeared only very recently (Nillson, 2017: 33). Especially, there is a controversy about the history of current dominating economic system, capitalism. Some thinkers such as Michael I. Rostovtzeff believe that the history of capitalism can be traced back to ancient Greek times, while others (M.I. Finley) claim that capitalism has only existed for about 300 years. In this article, the idea about the existence of capitalism in ancient Greece is rejected by historical sources, definitions and also by the arguments provided by Finley, considering that the above mentioned time period is regarded as relatively short period of time compared to a hundred thousand years of human history.

As far as we know, the first organized considerations on money and trade in ancient Greek are explored in Aristotle's "Politics". He introduces money in his book as means of exchange in order to facilitate trade, barter and truck among people. According to him (1944: 1257a15-30), money evolves through four forms. Firstly, the exchange of goods without money, as it can be defined as commodities to commodities. In this step, money can be used in order to facilitate exchange from time to time, which leads to second form of barter. In this form, commodities are translated to money to buy other commodities (Aristotle, 1944: 1257a30-41). Aristotle (1944: 1257b1-40) states that when people get used to this system, they started to come to market with their money which is not getting from their surplus goods to buy commodities. This third form can be represented as money to commodities, commodities to money. The fourth form is usury, the lending of money at interest, or 'the breeding of



money from money', which is found by Aristotle (1944: XVI) as an unpleasant and most hated way of using money.

Today, this analysis made by Aristotle is generally discussed by modern scholars in order to understand whether this economic activity should be treated as a contribution to economics in the modern sense or to moral philosophy. These debates actually reveal a wider dispute about the nature of the ancient economy; was it capitalist or proto capitalist or should be understood in its own terms? At this point, two opposing views turn out, one of them is the primitivist interpretation which includes Mosses I. Finley's ideas and the other one is that modernist interpretation supported by Michael I. Rostovtzeff.

### **The Beginning of the Discussion: Meyer-Bücher's Controversy**

Before moving forward to the discussion on the existence of capitalism in ancient Greek, it is necessary to mention about the definition of capitalism and the discussion on the historical basis of the subject in order to understand Finley and Rostovtzeff's arguments in detail. First of all, capitalism is simply defined by the 'Macmillan Dictionary of Modern Economics' as: "Political, social, and economic system in which property, including capital assets, is owned and controlled for the most part by private persons. Capitalism contrasts with an earlier economic system, feudalism, in that it is characterized by the purchase of labor for money wages as opposed to the direct labor obtained through custom, duty or command in feudalism. Under capitalism, the price mechanism is used as a signalling system which allocates resources between uses. The extent to which the price mechanism is used, the degree of competitiveness in markets, and the level of government intervention distinguish exact forms of capitalism" (Pearce, 1986: 54). In addition to the definition, Heilbroner (2008: 3) states that in capitalist system, goods and services are produced only for making profit and elements central to capitalism include capital accumulation, competitive markets, and a price system. Even though merely a very short introduction to the concept of capitalism as a system is given within the framework of these definitions, it is adequate for the clarification of Finley and Rostovtzeff's arguments, because their ideas will mainly rely on these definitions.



Second, the famous debate about the fundamental character of the ancient economy is initially discussed by Karl Bücher and Eduard Meyer (Amemiya, 2007: 57), which is called Meyer- Bücher's controversy. The ancient Greek economy was seen as primitive by Bücher in his publication "The Formation of the National Economy" and he argued (Bücher & Meyer, 1979) that the ancient economy never overcome the economic stage of the closed household economy that relies on exchanges instead of markets. Bücher's stance was rejected by Meyer who claims that ancient economy was well-developed economy only with a mere difference with the modern economy in terms of the quantity of economic activities. Hence, some periods in ancient times can be regarded as economically compatible with early modern capitalism. On account of this, Meyer found Bücher's views on the ancient economy unscientific and groundless. These claims lead to the beginning of modernist-primitivist debates that can shed light on the relationship between the existing capitalist system and the ancient Greek economy.

### **M. I. Finley's Primitivist View against Michael I. Rostovtzeff's Modernist View**

Finley's ideas on the economic system of ancient Greek play an important role in order to elaborate the differences between the economic system of ancient Greek and the current economic system, capitalism (defined above). As we know, Finley (1999: ix), as a primitivist<sup>1</sup>, claims that the economy of ancient Greece is different from the economy of the current western world. To show the distinction between the economics system of modern and ancient times, Finley first observes the concept of economy in ancient times and then he refers to Aristotle's views, because Aristotle's attitudes towards money in his "Politics" are considered (Meikle, 1994: 26) as the foundation of the majority of all analytical work in the field of money (Austin & Vidal-Naquet, 1981: 162).

According to Finley (1999: 17), there is no even the concept of eco-

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<sup>1</sup> "Finley argued, ancient Greek economy cannot be analyzed by the methods of modern economics, and one must develop new assumptions and new methods to understand it. He called this idea "substantivism." Thus, we might say, he shifted the emphasis of the debate, from modernist versus primitivist to formalist versus substantivist" (Amemiya, 2007:57).



nomics in the ancient period and the concept of the current economy cannot be translated into Greek, since the full comprehension of economics is not found in the ancient Greek. The word “economics” is combined from, Greek in origin, ‘oikos’ and ‘nem’ which mean one who manages a household. From this point of view (1970: 15), Xenophon’s notion of Oikonomikos (oeconomy) could corresponds to ancient time economy and Oikonomikos was used as a manual covering all the human relations and activities in the household (oikos) such as the relations between husband and wife, master and slaves, householder and his lands and goods. Aristotle (1944: 57-59) similarly divides the science of management into three part; relation of master to slave, paternal relation and marital relationship in a similar way. Moreover, oikonomia was sometimes used to mean the management of public revenues. Therefore, evaluating the notion of economy without clarifying its meaning, usage, difference from Oikonomikos leads people to make wrong assessments about ancient Greek economy, since they lacked the conceptual elements which altogether constitute what we call ‘economy’ today.

Moreover, in Aristotle’s “Politics”, economy refers to the natural wealth which serves needs of the household and it was evaluated as the most important economic unit in ancient times. Aristotle (1944: 45) finds that natural wealth-getting belongs to the household management, and he thinks that it is limited to needs of the good life. It can be understood that economy should mainly aid household managing and self-sufficiency for Aristotle. Due to these findings, Finley (1970: 20) takes the primitivist point of view and declares that the separate (autonomous) economy cannot be seen in ancient Greece, since it was embedded in society. That is why; it is not possible to claim that capitalism existed in this age, because it is necessary to disembody the economy from society in order to mention about the capitalist economic system (Hindess, 2007: 499).

Additionally, there are no sufficient evidences to accept advanced accounting system in ancient Greek because sophisticated systems to keep numerical data in that time was not found (Finley, 1999: xx). Evidences about these ages were mainly controversial and relied on the secondary sources. To demonstrate the primitive economic understanding in ancient Greece, we can also take into account the roles of orders and



people's status in those times. Commercial activities were organized and adjusted in connection with the upper orders and lower orders in ancient times, which means ancients were mainly interested in people's social status. For example, the acquisition of wealth indicated a high status in society in ancient Greek. However, two conditions must be met - it has to be free market system for everyone and people's status should not affect commercial activities in society - in order to emphasize the existence of capitalist system (Heilbroner, 1994: 74 & Scott, 2014: 142).

Finley extends his research by investigating the institution of slavery in order to analyze the labour systems of the ancient times. Ancient Greece was admitted as slave dependent society and slaves were considered as a necessary part of the economy and society (Finley, 1970: 13). Aristotle (1944: 61) considers the slaves as a tool-organ of production and asserts that they were born as a slave because slavery was in their nature. "The slave is a live tool, and slavery is natural" (Aristotle, 1944: xvi). The slaves of Athens were chattel that is the private property of their owners. Slavery was mainly used for household management and seen as a free labour for a variety of jobs. Also, they were traded by their owner with particular amount of money. In this context, the distribution of (free) labour and the means of production show that how the ancient economies differ from modern economies where human capital plays the determinant role in price setting as well as in supply. As it is known that the wage labor system is one of the main requirements of capitalism. However, there was no any wage system for laborers in the slavery system.

Finley (1973) also argues that the ancients' treatments of the land were not seen as a capital investment for the ancient Greeks. Lands were used for agricultural reasons and rarely for mining. In ancient times, the growth and sale of crops could have contributed people to make profit from these crops, but land was often used as an indicator of people's social situation, where economy plays no part. Hume states (1875: 451) that "I do not remember a passage in any ancient author, where the growth of a city is ascribed to the establishment of a manufacture. The commerce, which is said to flourish, is chiefly the exchange of those commodities, for which different soils and climates were suited". As can be understood from the quote above, economy was not an essential point in the society



and the commerce was based on exchange in ancient times. Based on these findings and Finley's perspective, it can be concluded that it is not accurate to define the existence of capitalism in ancient Greece. However, it would not be right to reach this conclusion directly without referring to Rostovtzeff's views. For this reason, it is necessary to include his views for a more comprehensive understanding, since his counter-views - which establish a connection between two rival ideas represented by Meyer and Bücher on this topic (Valeva, Nankov & Graninger, 2015: 389) - places himself closer to Meyer's thought instead of Bücher and Finley's claims.

A definition of what Rostovtzeff understood from capitalism can contribute to modernist's understanding of ancient Greek economy. According to him, capitalism means that "a form of economic life which was based on economic freedom and individual economic activity and which was directed toward the free accumulation of capital in the hands of individuals and groups of individuals. It was founded on rationally organized agriculture and industry, functioning not to satisfy the needs of the producers and of a local restricted market, but for an indefinite market, and tending toward mass production of specialized goods" (1936: 250). From this point of view, all the economic factors mentioned in this definition can be found in ancient Greek.

In contrast to Finley, Michael Rostovtzeff - as a modernist - endorses the idea that economy was a separate constitution in ancient Greece because its trades, markets and economic systems were advanced like our current system. He argues that "Greek goods were imported into the East in large quantities. We know this definitely for Alexandria from archaeological findings, and it is true of Syria also. It is, for example, a well-known fact that in Syria in early Hellenistic times the better pottery in ordinary use (not the fine ware) was imported from Athens. It was in this way that Alexander created for Greece and Asia Minor a rich, new market. Its buying capacity increased rapidly, and its demands became even larger" (1936: 235). The difference of ancient economy from current capitalist system is only found in terms of its quantity and not from its quality. Rostovtzeff then continued his analysis by arguing that capitalism was not entirely the creation of the Hellenistic period. We found the



emergence of it at Athens, for example, in the fifth and fourth centuries and perhaps still earlier in the Ionian cities of Asia Minor. According to him (1936: 233), the commercial capitalism of the Greek cities of the fourth century...brought the Hellenistic states very near to the stage of industrial capitalism that characterizes the economic history of Europe in the nineteenth and twentieth centuries.

Rostovtzeff augments his ideas about the ancient Greek economy in his book "the Social and Economic History of the Hellenistic World". Capitalism (Rostovtzeff, 1936: 249) should not merely be seen as a product of the Hellenistic period, features of economic structure of Greece and traces of capitalism can be mainly found in fourth century at Athens with its economic activity during this time. Rostovtzeff (1998: 90-91) defends the idea that ancient Greece had well-developed economic system, even though Finley finds the accounting system inadequate in ancient Greece. Rostovtzeff confirms that other cities were not as developed as Athens: "Nor do I affirm, that capitalism was the typical feature of economic life in all the parts of the Hellenistic world; extensive regions continued, to live in the Hellenistic period in conditions of almost pure household economy, and there still existed many Greek cities which never cut loose from their narrow self-sufficiency. But I am convinced that in the economic life of the Hellenistic bourgeoisie capitalistic organization was the most characteristic feature, and that capitalism was then rapidly penetrating into new regions and steadily conquering new individual households. In the Hellenistic period capitalistic mentality was continually spreading in the most progressive and best educated classes" (Rostovtzeff, 1936: 250). As can be understood from the quote above, other settlements in old Greece were generally rural areas and their economic activities were limited. However, even if only Athens met the requirements of current capitalist understanding, it is enough for him to maintain his belief (Hammer, 1943: 73) about the existence of capitalism, because Athens had an advantageous location and its economy was also tied to other regions due to import activities such as raw materials; timber, metals, tar. Because of this reason, he resembles old Athens to today's developed cities, which is sufficient to create the necessary ground for him to talk about the existence of capitalism in ancient Greece.





Furhermore, as mentioned earlier, the concept of economy was not even found in ancient Greek thought because the economy was mainly associated with the 'household management'. Also the understanding of economy in ancient Greece was mainly related to the society and it was not seen as an isolated establishment. Within the framework of these arguments put forward by Finley, the existence of capitalism in ancient times cannot be accepted. Contrary to these arguments, Rostovtzeff claims that the ancient Greek covers the current usage of the economy which is autonomous from society: "In the united Hellenistic world, commerce became ecumenical in the full Ancient sense of this term. Even those parts of the Ancient world which politically and culturally stood outside it--China and India, parts of Germany, the Iranians of the Northeast--took part in it. Moreover, commerce was no longer enslaved to politics... It was a form of economic life which was based on economic freedom and individual economic activity and which was directed toward the free accumulation of capital in the hands of individuals and groups of individuals. It was founded on rationally organized agriculture and industry, functioning not to satisfy the needs of the producers and of a local restricted market, but for an indefinite market, and tending toward mass production of specialized goods" (1936: 249-250). As a result, Rostovtzeff argues that the ancient Greek economic system can meet the needs of capitalism easily, and thus it is possible to talk about the capitalist system during this period.

### Conclusion

As a review of these modernist findings, ancient Greek economy cannot be analyzed by the methods of modern economics. Finley attempts to prove that the ancient economy was largely a by-product of status. In other words, economic systems were not independent; they were embedded in social status. On the other hand, Rostovtzeff argues, the economy of ancient Greece was advanced and separate from the society. They established well-organized market and trade economy. It can be seen that Rostovtzeff's mainly uses basic economic activities in order to prove there is a capitalist system in ancient ages. In response to this, Finley argues that even though "they farmed, traded, manufactured, mined, taxed, coined, deposited and loaned money, made profits or failed



in their enterprises, and they discussed these activities in their talk and their writing”, it does not mean there were economic activities that conform to capitalist understanding in that era. He claims, “what they did not do, however, was to combine these particular activities conceptually into a unit, in Parsonian terms into ‘a differentiated sub-system of society’ (1973: 21). In another sense, what the ancients did not do was to combine all their commercial activities into an overarching sub-system of society. Because of this reason, Aristotle wrote no economics, according to him.

To conclude, Finley’s opinion about the economy of ancient Greece seems to be more rational and comprehensible, since basic economic activities do not mean that there were advanced economic system as it is today and capitalism in ancient times, because an economic system (not strictly) generally meets all four of the following criteria in order to mention about the existence of capitalism:

- “Products are produced as commodities,
- Productions are for profit,
- Private ownerships of capital goods used in production exist and are narrowly distributed in the population, and
- Wage labors are used in production” (Nillson, 2017: 51-52).

The economic system of ancient Greece is not able to respond these criteria because it can be seen that its economic system mainly based on household management. Also, commercial actions in the ancient Greece were not organized and were conducted for the purpose of social status instead of the free market mechanism. However, today’s sophisticated economic system, which is capitalism, could not be verified by the economy embedded in the society and the status of people.

Furthermore, the distribution of labour and the means of production in the ancient Greek were used for a different purpose from modern economies. The slave dependent society could not meet the capitalist's wage system as slaves were seen as tools of productions by their nature and they were treated as the free properties by their owners. Even if they give some money for slaves, these activities were still different from the todays' labour market. When it comes to land treatments, lands were



used mostly for agricultural uses rather than capital investments to generate profits. As a result of this discussion and the lack of the evidence of advanced accounting system that keeps numerical data precisely, it is not unreasonable to conclude that capitalism did not exist in ancient Greece since its economic activity was extremely limited and primitive. Therefore, the ancient Greek economy should be analyzed separately from the modern capitalist system. For this reason, my advocacy is given to the primitivist idea which indicates capitalism cannot be found in ancient Greece.

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**Öz:** Bu makalede, Antik Yunan'da modern anlamda kapitalist bir düzene rastlamanın mümkün olmadığı iddia edilmektedir. Bu iddia dönem içerisindeki ekonomik faaliyetler ve tarihsel bulgular ile desteklenmekte ve 'primitivist-modernist tartışmaya' başvurularak şekillenmektedir. Bu çerçevede, ilk olarak, Mosses I. Finley'nin antik Yunan'da kapitalizmin mümkün olamayacağına ilişkin - primitivist (ilkelci) olarak adlandırılan - görüşleri, o dönemin muhasebe sistemi, ticari faaliyeti, sosyal statü durumu, iş gücü ve arazi kullanımı gibi unsurlar göz önünde bulundurularak serimlenecektir. İkinci olarak, makale Michael I. Rostovtzeff'in ilkelci fikirlere itirazını eleştirel bir biçimde analiz edecek ve onun antik Yunanda kapitalizmin varlığına ilişkin modernist fikirlerini destekleyen düşüncelerini ortaya çıkaracaktır. Bu analizlere dayanarak, makalede antik Yunan'da kapitalizmin varlığı hakkında bir argüman öne sürmenin mantıklı olmayacağı sonucuna varılmaktadır.

**Anahtar Kelimeler:** Kapitalizm, Antik Yunan, primitivist düşünce, modernist düşünce, Aristoteles, Finley, Rostovtzeff.

