The Roman bazaar. A comparative study of trade and markets in a tributary empire.

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Published by EH.NET (October 2011)

Peter Fibinger Bank, *The Roman bazaar. A comparative study of trade and markets in a tributary empire*. Cambridge University Press, Cambridge, UK, 2008.

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A few years ago, when John McMillan published his history of the market under the title *Reinventing the Bazaar* (2003), many economists and historians were puzzled – why choose *bazaar* as the central concept underlying modern market structures? McMillan makes a powerful argument that the Persian word for marketplace best captures the diverse and lively interaction and the ensuing spread of ideas, innovation, and cultural development, including scripture and numbers that are at the heart of the market economy and its diverse incarnations in today's internet economy.

Despite such a precursor, Peter Bang's choice of title likely puzzled many readers all over again. *The Roman bazaar*? The amalgamation of the Middle Eastern (and South East Asian) *bazaar* and Western Rome seems perplexing. In Bang's case, however, the intention is different. The goal of his monograph is, indeed, to compare an actual Middle Eastern "bazaar economy" and a Western "market economy," namely, trade and trading in the Mughal Empire in northern India (starting from the 16th century) and in the Roman Empire (starting from the first century A.D., with occasional excursions into the Roman Republic). Bang goes to great lengths to explain why such a comparison is worthwhile and, in fact, more appropriate than many of the comparisons made by historians with a more modernist bent: Both are tributary empires whose governing elites aim to extract surplus from their agrarian economies. Both feature markets that are characterized by high volatility, slow and imperfect flow of information, as well as legal and bureaucratic regulations. Nevertheless, Bang argues, historians tend to characterize the Mughal economy in rather different terms than the Roman economy, whether it concerns the role of taxes and government control of the economy or the organizational and legal formats employed by businessmen to carry out long-distance trade. The goal, as stated in the Prolegomena and in Chapter 1, is to use the Mughal history to open our eyes for a different perspective on the ancient Roman economy.

How successful and convincing is Bang in this undertaking? It is clear that he has chosen a courageous and daring approach to analyzing the Roman economy. And, when trying to pull the reader away from the glorified modernist view of a well-functioning system of trade and credit in ancient Rome, from oversimplifications in the classification and status of various Roman elites (such as the senators and the knights), or from biased calculations of tax extraction in Rome, the Mughal perspective seems to help. Consider a key argument in Chapter 2: Historians have long pitched the interests of private entrepreneurs who had leased the rights to extract taxes (*publicani*) against the interests of the Roman government, which was supposedly more concerned about the abuses of such entrepreneurs. But, historians might want to consider the interaction of the local village headmen in the Mughal Empire (*zandibars*) and the Mughal elites. Once the *zandibars* were put in charge of the collection of imperial taxes in the Mughal Empire, the collaboration appears to have worked quite smoothly despite some undercurrent of power struggles between the two groups. Fundamentally, the *zandibars* enabled the Mughals to pursue their interest of maximizing tax extraction while benefitting themselves in terms of status and power. Applying this insight to Roman history, Bang suggests that, to a larger extent than historians have previously recognized, the over-extractions and other abuses might have been what the elites where implicitly aiming at all along.

Naturally, the danger in attempting such a Mughal-Rome comparison is over-simplification. For example, the above-mentioned discussion in Chapter 2 ends in a comparison of the Mughal aristocratic elites, on the one hand, and the Roman "elites" of senators and knights, on the other hand. However, senators and knights differed vastly in their involvement in the process of revenue extraction. While Bang talks about both groups "handling taxation" and receiving their share of the profits in return, in reality, senators were excluded from participating in the auctions for tax extraction rights and for other leases of public rights or services to the public. The knights, instead, made up the core group of entrepreneurs running such businesses. Similarly, when Bang devotes large parts of Chapters 2 and 3 to enumerating the limitations of the Mughal and Roman economies (infrastructure, information flow, price volatility, lack of legal and political protection), to arguing for their similarities, and to invalidating arguments for supposed dissimilarities (e.g., in the unity and stability of the legal system), it requires just a bit too much effort to establish comparability. One is tempted to infer that, maybe, the author might be "willing together" two interesting but disparate areas of historical research.

Despite these reservations, the many of the insights Bang develops are important. Chapter 4 focuses on the negative effects of taxes and insufficient legal protection on trading volume. Bang illustrates with credible examples the exorbitant amount of local duties and imperial taxes, which likely tripled the prices of goods in long-distance trade at their ultimate destination. This discussion not only sheds more light on the high degree of tax extraction by the governing elites and the resulting incentive alignment between those elites and abusive tax collectors; it also suggests that the link between the increase of trade since the late Roman Republic and the supposedly more favorable political environment (*pax Romana*) might be more tenuous than we thought. More likely, the dominant cause for the increase in trade was simply the increase in demand and purchasing power by wealthy elites in Rome.

The fifth chapter showcases again some of the limitations of comparing rather different cultures and periods. When discussing the legal format of trade organizations and their limitations, why would the shape and specifics of the format in one economy allow inference about the "correct" interpretation of legal rules and legal practice evolving in another economy? It remains unclear why insights into the development in the Mughal Empire lend any authority to the discussion of *collegia* and *societates* in Rome. The chapter also suffers from the neglect of the special rules governing the *societas publicanorum*, as opposed to the *societas*, and from the reduction of the role of the *publicani* to "local tax collectors" (rather than acknowledging the broad ranges of government leases they initially held). Still, Bang makes an excellent argument that previous historical research might have overemphasized the limitations of the *societas* (which was basically a "partnership" similar to today's partnerships), such as the lack of permanence and stability, relative to the flexibility that also came with the easy resolution and reformation of this business format.

Ultimately, the bold attempt to jointly discuss the Mughal and Roman Empires was successful in many important aspects. Bang convincingly argues for a shift in perspective, in particular in his careful analysis of legal rules protecting the *publicani* (or, lack of legal rules limiting their abuses). It is an important insight that many apparent barriers to trade and trading in ancient Rome are not due to the lack of legal or economics development, but to the purposeful political influence of political elites with aligned incentives. The lack of finer distinctions, such as the failure to link the entrepreneurial class of the *publicani* more explicitly to the *ordo* of the knights (as opposed to senators), is almost unavoidable in such an ambitious and far-reaching project. Fans of the advances and seemingly modern aspects of the ancient Roman economy and its financial system will not be pleased with Bang's attempt to pull us back towards a more primitivist perspective (–even if Bang denies being in either camp and criticizes both positions, as most if not all modern historians do–). However, if such conflicting perspectives prompt similarly innovative responses by other historian, both sides will have to thank Bang for triggering important progress in economic history.

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2011, vol. 66(5). For more details see: http://www.econ.berkeley.edu/~ulrike/research.html.