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The Economic History of Byzantium:
From the Seventh through the Fifteenth Century

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Economic and Noneconomic Exchange

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The discussion of trade, exchange, markets, and merchants in Byzantium is inscribed in the context of a larger debate regarding the existence and function of these institutions in ancient and medieval societies.[1] The debate has been significantly influenced, indeed in some cases it stems from, the work of anthropologists and sociologists, primarily Karl Polanyi and his school, and Marcel Mauss, whose essay "The Gift" has had a lasting influence. It should be said at the outset that the documentary basis of these works rests on observations of primitive or archaic societies, and is therefore far from transferable *in toto* to the Byzantine economy or to other medieval economies. However, the work of anthropologists, especially economic anthropologists, has presented powerful ideas and established categories and modes of observing society that historians have found useful and have used to good (or less good) effect. Since these works affect primarily the area of trade and exchange (with the concomitant question of mar-

[1] For general bibliography on this section, see K. Polanyi, *The Livelihood of Man,* ed. H. W. Pearson (New York, 1977); K. Polanyi, "Ports of Trade in Early Societies," *Journal of Economic History* 23 (1963): 30–45; K. Polanyi, C. M. Arensberg, and H. W. Pearson, eds., *Trade and Market in the Early Empires: Economies in History and Theory* (Glencoe, Ill., 1957); G. Dalton, "Economic Theory and Primitive Society," *American Anthropologist* 63 (1961): 1–25; R. M. Adams, "Anthropological Perspectives on Ancient Trade," *Current Anthropology* 15 (1974): 239–58; N.J. Smelser, "A Comparative View of Exchange Systems," *Economic Development and Cultural Change* 7 (1959): 173–82; S. Cook, "The Obsolete 'Anti-Market' Mentality: A Critique of the Substantive Approach to Economic Anthropology," *American Anthropologist* 68 (1966): 323–45; S. C. Humphreys, "History, Economics and Anthropology: The Work of Karl Polanyi," *History and Theory* 8 (1969): 165–212; M. Mauss, "Essai sur le don" (1923–24), repr. in idem, *Sociologie et anthropologie* (Paris, 1960); R. Tomber, "Quantitative Approaches to the Investigation of Long-Distance Trade," *JRA* 6 (1993): 142–66; K. Hopkins, "Taxes and Trade in the Roman Empire (200 B.C.–A.D. 400)," *JRS* 70 (1980): 101–25; *Trade in the Ancient Economy,* ed. P. Garnsey, K. Hopkins, and C. R. Whittaker (London, 1983), esp. H. W. Pleket, "Urban Elites and Business in the Greek Part of the Roman Empire," in ibid., 131–44; C. R. Whittaker, "Late Roman Trade and Traders," in ibid., 163–80; C. Mossé, "The 'World of the *Emporium*' in the Private Speeches of Demosthenes," in ibid., 53–63; P. Garnsey, "Grain for Rome," in ibid., 118–30; P. Grierson, "Commerce in the Dark Ages: A Critique of the Evidence" (1959), in idem, *Dark Age Numismatics* (London, 1979), art. 2; R. Hodges, *Dark Age Economics: The Origins of Towns and Trade, A. D.* 600–1000 (New York, 1982); E. Patlagean, "Byzance et les marchés du grand commerce, vers 830–vers 1030: Entre Pirenne et Polanyi," in *Mercati e mercanti nell'alto medioevo: L'area Euroasiatica e l'area mediterranea,* 2 vols. (Spoleto, 1993), 2:586–632.

kets, merchants, and money), it may be useful to present some of the parameters of the discussion here.

The first important contribution of K. Polanyi and his school is the differentiation between, on the one hand, modern market economies that, according to these scholars, function independently of noneconomic social institutions such as kinship or political and religious systems, and, on the other hand, primitive or archaic societies where the economy is "embedded" in social relations. This idea may, at the time, have been novel to formal economics, but it does not surprise either the students of political economy or the historians of ancient and medieval societies. To the latter, what is pertinent, and immediately useful, is the proposition that what may look like market activities in some societies are actions devolving from rights and obligations that are socially determined and dependent on the preservation of status rather than on the profit motive.

In Polanyi's analysis, the axiom from which all others stem is the distinction between transactions of goods and services and market exchange, the latter of which he simply called "exchange." He spoke of three different forms of integration in various economies, connected to three distinct types of trade. The first form of integration is reciprocity, which is the movement of goods and services induced by social obligation; this usually takes the form of gifts and countergifts, is the dominant characteristic of tribal societies, but survives in archaic societies where much of foreign trade is based on it. The movement of goods involved here is called "gift trade" and consists primarily of élite items. The second form of integration is what Polanyi called "redistribution," that is, the collection of goods and services (or of rights to goods and services) to a center, which then reallocates them to its subordinates, collectively or individually. The corresponding form of trade is administered trade, in which the government controls important elements, such as weights and measures, rates, credits, personnel. The third form of integration is what Polanyi called "exchange," that is, a two-way movement of goods between people, each of whom seeks to derive profit. This involves the existence of market trade, with the market functioning as a self-regulating mechanism on the principles of supply and demand. This last form of integration, always according to Polanyi, reached its apogee in nineteenth-century Europe and North America and was also present in some other societies; his strong warning is that the analytical categories created by economists to describe the mechanisms of modern market economies are not pertinent to or appropriate for describing the functioning of any other economies that are not based on market exchange.[2]

The concept of "port of trade" was developed by Polanyi in conjunction with the development of trade, especially overseas trade, before the establishment of markets. According to Polanyi, what characterizes a "port of trade" situation is that products are exchanged in a location that is neutral and provides safety to the natives and to the outsiders. The neutrality is guaranteed by state authority, which also provides amenities, for example mediation mechanisms. This definition of "port of trade" includes

[2] Polanyi, *Livelihood of Man,* 35ff and 93–96.

the idea that the terms of trade (price, for example), are set by administrative action, although other things, such as the quality of the merchandise, may be the object of bargaining. Since there is no bargaining on the price, and no competition, there is no free market mechanism at work.[3]

These ideas were not accepted even by anthropologists without criticism, which served to refine them. Most important in terms of terminology is the notion of "exchange," and, in its use by Polanyi, it is also highly problematic. It was pointed out by scholars that all three mechanisms of integration described by Polanyi involve exchange of some kind, and one scholar suggested that instead of "exchange" the third concept should be called "self-regulating market," certainly an important point, which seems to have been accepted, consciously or not, by some members of Polanyi's school.[4] A corollary is that Polanyi's three integrative systems describe not economies but systems of exchange. N.J. Smelser also proposed a fourth category of integration, which he called "mobilizative," to take into account the collection of goods and services into the hands of those (such as a government) capable of pursuing the broad political aims of society. "Administered" trade, that is, trade whose rules and aims are regulated by government, is considered by Smelser to belong to the "mobilizative" rather than to the "redistributive" category. These refinements, a matter of internal debate among anthropologists, do have important implications and corollaries, which can be useful to us here. It seems useful to talk of "economic exchange" when describing exchanges that involve the marketplace and the supply-and-demand mechanism, and "noneconomic exchange" to describe exchanges where the economic factors of supply and demand do not play an important role; hence the title of this chapter.

While it is impossible and unnecessary to discuss here the further implications of the debate among anthropologists, the resulting division of scholars (historians as well as anthropologists) on matters connected with trade and exchange is important. The "substantivist" or "primitivist" group of scholars (i.e., those who, following Polanyi, define the economy as "an instituted process of interaction serving the satisfaction of material wants"),[5] rejects the economists' assumption that scarcity is a general basis for economic activity. Therefore, the definition of "economic" as the process of maximizing gain is also rejected as a universal definition. If men do not engage in economic activities for profit (or, not only for profit), they may do so certainly for subsistence but also in order to gain or preserve status, or because of custom and tradition, or to serve the needs of a collective authority. Indeed, "primitivists" see the role of the collective authority (the state) as paramount in establishing laws and provisions that make eco-

[3] Polanyi, "Ports of Trade." For more recent discussions of exchange by anthropologists, see J. Sabloff and C. C. Lamberg-Karlovsky, ed., *Ancient Civilization and Trade* (Albuquerque, 1975), esp. the article by Colin Renfrew, "Trade as Action at a Distance: Questions of Integration and Communication," 3–59. On these matters, cf. G. Dagron, "The Urban Economy, Seventh–Twelfth Centuries," *EHB* 396.

[4] Smelser, "Exchange Systems," 178. Cf. the preface to Polanyi, *Livelihood of Man,* xxxi, where the editor, H. W. Pearson, talks of the ways Polanyi analyses "exchanges."

[5] Polanyi, *Livelihood of Man,* 31ff.

nomic transactions "gainless" and therefore acceptable: the doctrine of the "just price" is invoked in this respect.

As far as trade and exchange are concerned, the most important contributions of the "primitivist" school may be considered to be the idea that exchange takes many forms, not only that involving the self-regulating market; the notion that the profit motive is not always paramount; and the differentiation drawn between long-distance and local trade in terms of their purpose, function, and structure. A further important distinction has to do with the social position and economic motivation of those who engage in trade: to put it briefly, the operation of trade does not always imply the existence of markets, nor does it necessarily imply the presence of merchants.

Polanyi's theories have been further criticized in detail by specialists in the fields that they were, in the first instance, developed to interpret. Historians and archaeologists of the ancient and medieval periods, on the other hand, have sometimes overused his theories.[6] At the same time, many historians of ancient and medieval economies have developed both theoretical statements and empirical studies that incorporate (or reject, in informed debate) these or similar ideas and have greatly enriched our understanding of economic phenomena. Thus the distribution of goods through gifts, although not unnoticed by traditional historians, has been studied from a new viewpoint. The exchange of gifts between individuals is certainly an economic phenomenon, either because the value of the gift is sometimes considerable or because the gift places the receiver under an obligation, the discharge of which involves a recognizable economic activity.[7] The fact that a gift may have a value that surpasses its market value, however, is also clear.[8] As for gifts between states, whether they are voluntary or a form of tribute or reward for alliance, they can, as we shall see, involve sums of substantial magnitude. Our understanding of the gift exchange owes a good deal to the seminal work of the anthropologist Marcel Mauss, written long before Polanyi's studies. He stressed, among other things, the socially obligatory nature of gift and countergift, where the obligation to give, to receive, and to return the gift follows specific norms. He identified gift giving (which involves luxuries primarily) as an activity that has economic aspects, that may encompass ideas that we recognize as those of credit, sale, loan, but that is not based on any notion of "economic" exchange in the sense used by formal economics. Indeed, sometimes the gift exchange may lead to great expenditures without visible economic gain. In any case, the purpose of gift exchange is tied not to economic profit but rather to status and honor and to the establishment or preservation of hierarchies.[9]

[6] See A. J. H. Latham, review of R. Hodges, *Primitive and Peasant Markets,* in *Economic History Review,* 2d ser., 42 (1989): 299–300. It should also be noted that some highly sophisticated studies of ancient and medieval trade have been written in the wake of the debate. See, e.g., L. de Ligt, *Fairs and Markets in the Roman Empire* (Amsterdam, 1993).

[7] For Byzantium, see Kekaumenos on merchants who take a landlord to dinner in order to persuade him to lend them money: *Sovety i rasskazy Kekavmena,* ed. G. G. Litavrin (Moscow, 1972), 212–14.

[8] For Byzantium, see the value placed on the gift of used clothing made by the emperor to officials.

[9] One must mention, in this connection, the highly influential work of M. I. Finley, esp. *The Ancient Economy* (Berkeley, 1973) and *Economy and Society in Ancient Greece,* ed. B. D. Shaw and R. P. Seller (New York, 1981).

The existence and extent of market and nonmarket exchange in ancient and medieval societies is very much a question that engages current scholarship. As H. Pirenne put it a long time ago, the question at issue is not the existence of trade and commerce but rather their scale and nature.[10] The reverse statement might be that it is not the existence of nonmarket exchange that is any longer at issue, but rather the applicability of the concept to particular historical societies and the extent and function of nonmarket elements in the economy. The late Roman Empire has been a particularly fertile ground for debate, partly because the distributive role of the government was manifestly great, although neither the implications nor the limits of this statement are easy to determine, and partly because there is a relative abundance of sources, very much including archaeological ones. For late Roman society, there are questions regarding the extent of local, interregional, and long-distance trade, noncommercial exchange, gift exchange, and the concomitant question of whether the merchants were independent entrepreneurs (*mercatores,* in Polanyi's terminology) or agents of the state or great landlords (*factores,* in Polanyi's terminology). Insofar as nonmarket exchange is concerned, Roman historians have pointed to the role of the state in the grain trade, surely the most important commodity traded in the ancient and medieval worlds. While the extent of state intervention remains a matter of debate, it seems that during the imperial period the production of grain on imperial estates increased, while at the same time there was also increased control of the grain supplied through taxes in kind, requisition, and state purchase.[11] It could be argued that even the activities of the *negotiatores* and *navicularii,* even if they were men of means, were greatly and positively influenced by the state, which gave them immunity from liturgies.

The role of the state, indeed, is manifold, and much of the debate has focused on it. The state, in the Roman Empire as in the Byzantine Empire, intervened decisively in three respects: by levying taxes, by providing services (primarily through maintaining an army), and by issuing coinage. In a speculative but well-argued article, Keith Hopkins has suggested that the Roman state had an important positive effect on the volume of trade in the period 200 B.C.–400 A.D. because of the imposition of taxes in cash. This effect would have operated in both local transactions and interregional and long-distance trade. Locally, the peasants would have had to exchange some of their produce to pay their taxes (and rents) in cash, and this would have stimulated both trade and productivity. At the same time, tax money given to the army increased its purchasing capacity and stimulated local trade. Interregional and long-distance trade would have been stimulated by the flow of tax money and, I suppose, by increased purchasing power. Similarly, the money supply increased, and monetization occurred through the medium of taxes and tax-stimulated trade. Although Hopkins introduces many qualifications in the argument, and although he suggests that the money economy was a thin veneer in the Roman Empire, involving a small segment of the economy, the argument regarding the effect of taxes in cash on the economy of exchange is worth re-

[10] H. Pirenne, *Mahomet et Charlemagne,* 2d ed. (Paris, 1937), 219, quoted in Whittaker, "Late Roman Trade," 163.

[11] Garnsey, "Grain for Rome," 118–30.

taining for our discussion of the Byzantine economy, especially for the period after which the land tax was collected in cash. Following Hopkins' argument, the effects would be greater commercialization of production, development of both local and long-distance trade, and division of labor, with concomitant urbanization. Worth retaining also is the comment that in the Roman period monetization of taxation had its greatest effects on parts of the empire that had, until then, paid their taxes in kind—in terms of the Byzantine economy, a case in point would be the imposition of taxes in cash on the Bulgarians in the early eleventh century, which led to rebellion.[12]

An interesting approach to the question of nonmarket exchange was offered by C. R. Whittaker. It is useful primarily because of the concepts developed, even if one does not agree with the conclusions drawn from the analysis. In seeking the precedents of early medieval economy in the late Roman Empire, Whittaker talks of "tied trade," that is, exchange that is controlled by a number of different centers of authority and economic power, outside the market. One such is the emperor and his court, that is, the state, controlling long-distance trade at ports of entry through the *comites commerciorum*. The manufacturing of controlled commodities, such as cloth and weapons, was also the prerogative of the state; traders attached to the court received tax exemptions (this is what Polanyi would include under "administered" trade). A second institution connected with tied trade was the church; Whittaker points to both the transfer of commodities among the various estates of the church and the commercialization of production, which, however, was carried out not by free-enterprise entrepreneurs but by agents. Tax exemptions given to the church for trade and for its shops afforded it a protection not available to the merchant. Similar arguments are adduced for "tied trade" connected to the landowners, who could get tax exemptions, exchanged the products of their own estates, and sold some of them through tied agents rather than merchants, agents who profited from the tax exemptions. If Whittaker is correct, it would follow that the functioning of a market in the modern sense of the word (i.e., a self-regulating mechanism where prices find their level through the interplay of supply and demand) was limited by the intervention of institutions that either bypassed the market or functioned within it but in advantageous conditions that skewed it or (depending on the importance one attaches to "tied trade") made it dysfunctional. It also would probably, but not necessarily, follow that the role of the entrepreneurial merchant, as opposed to that of the agent, was limited.[13] To Whittaker's argument, A. Carandini has objected, I think correctly, that the sale of products by aristocrats, through their agents, is very much a part of the market.[14] In any case, what is important to us

[12] Hopkins, "Taxes and Trade."

[13] Much of the above is summarized from Whittaker, "Late Roman Trade." Within the nonmarket exchange, one has to subsume the direct distribution of goods from producer to consumer. Charity would fall into this category, as would the free distribution of bread to the population of Rome and to that of Constantinople until 618.

[14] A. Carandini, "Il mondo della tarde antichità visto attraverso le merci," in *Società romana e impero tardoantico,* vol. 3, *Le merci, gli insediamenti,* ed. A. Giardina (Rome, 1986), 14–15.

here is not so much the conclusions, as the concept of "tied trade," which has relevance to Byzantium as it does to other societies.

This type of circulation of goods, from producer to consumer, or the circulation of commodities within the estates of the same great landlord, has been used to explain puzzling phenomena of the movement of goods in the late Roman Empire. For example, the large quantity of pottery from Africa that has been found in Italy and southern Gaul, as well as the presence of garum and oil from Africa in Gaul and Spain, perfectly capable of producing their own, has been explained as the result of internal exchange between estates, whether these belonged to the emperor or to other great landlords.[15] That idea, which makes social exchange and noneconomic profit a principal motive factor in the economy of exchange, is less persuasive than Chris Wickham's alternative explanation of the rise and decline of the African amphora. His interpretation ingeniously connects state enterprise and private profit. He argues that the ships involved in the transportation of the *annona* reduced the marginal costs of transport for other commodities not controlled by the state, such as oil and pottery. Such products were pushed into interregional trade as a by-product of the needs of the state and gave Africa a commercial advantage; hence the rise of the African amphora. Its decline would be due to the Vandal conquest of Africa, which pushed Rome toward alternative grain-supplying areas, while at the same time lower demand for grain caused marginal costs to rise.[16] In other words, the *annona* and other state requisitions permitted profitable *private* transactions, with economies effected precisely through the organization of state transports. This interpretation brings us back to economic profit as an important factor in the late Roman economy of exchange.

Market exchange, or market trade, is the type of exchange most familiar to modern societies, and it is the one that modern economic analysis was in the first instance developed to investigate and interpret. The market is the place where buyers and sellers meet and prices are formed through *impersonal* mechanisms: the lowest priced supply and the highest priced demand. Historians who believe in the importance of the market, and of commerce, in ancient, medieval, or early modern societies (i.e., the "modernists") willingly acknowledge the fact that there may be price regulation by nonmarket authorities, without, however, accepting that this eliminates the effects of supply and demand and of competition.[17] They also recognize the role of the state,

[15] Whittaker, "Late Roman Trade," 176–78.

[16] C. Wickham, "Marx, Sherlock Holmes and Late Roman Commerce," in *Land and Power* (London, 1994), 92ff. Cf. Carandini, "Il mondo," 15, 18.

[17] F. Braudel, *Civilisation matérielle, économie et capitalisme, XVe–XVIIIe siècle,* vol. 2, *Les jeux de l'échange* (Paris, 1979), 194–95, quoted by Carandini, "Il mondo," 11–13; for what follows, see also Wickham, "Marx." It is a rare economist these days who believes in a "perfect" market, where the prices are formed purely and solely by untrammeled economic processes, without the intervention of the state or international agencies or monopolists. Once again, then, the question of degree becomes important, as do historical complexities that have always defied pure theory. Some scholars would argue that political interference in demand, costs, and prices destroys the self-regulating market. See, e.g., W. Neale, "The Market in Theory and History," in Polanyi, Arensberg, and Pearson, *Trade and Market,* 357ff.

whether in price fixing or in taking a portion of production outside the market, as well as the role of autoconsumption, which may affect a lesser or greater part of the economy. At the same time, unlike the "primitivists," they believe that a market economy, and commerce with it, existed since antiquity and that commercial exchange is the most important aspect of exchange, even if it forms a relatively small part of what today we would call the gross national product.[18] That is to say, in my view, that commerce, although it may be a relatively thin layer of the economy, is dynamic enough to influence other developments, namely, productivity, production, and urbanization.

Thus an eminent school of students of the late Roman economy would explain the diffusion of products throughout the Mediterranean, especially during the period from the third century to the first half of the fifth century, not by exchange between estates of the same landlord, and not by the role of the state as tax collector and redistributor of goods, but rather by commercialization of production and the existence of a trade system in the Mediterranean and to some degree in the hinterland of the Roman Empire. The prevalence of products and pottery from North Africa in this period is explained by modernists in the same way. It is, in fact, argued that only market relationships can explain the diffusion of commodities in the countryside and the cities and the trade in mass-produced items or in commodities for mass consumption.[19]

The few examples from the economic history of the Roman Empire, used above, have been chosen to illustrate the very real differences between the modernists who believe in the functioning of a market economy in preindustrial societies and the primitivists who do not. Given the fact that virtually all scholars agree that there are segments of the economy that escape market mechanisms, the differences nevertheless are not simply a matter of degree (whether that segment is 90% or 70% or whatever of the economy), but rather a matter of the very nature of the economy. The first question is whether there exists a sector of the economy that is affected primarily by market mechanisms and economic incentives as opposed to political, social, or administrative concerns. The subsequent question is the extent and significance of such a sector. The third question is whether such a sector can play an integrating role in the economy and the society.

Similar issues arise regarding the existence and role of merchants, since different kinds of exchange call for different personnel, if one may put it that way. A merchant may be defined as a professional middleman, who makes his living primarily from trade. Markets can certainly exist without merchants of any kind. In exchange between states, or within aristocratic estates, professionals may exist whose job is to carry out this trade, but they need not be middlemen; they can be agents, "factores" in Polanyi's terminology, and their rewards can indeed lie outside market profit, being closer to

[18] See Giardina, *Società romana,* esp. the articles by Carandini "Il Mondo," and C. Panella, "Per lo studio dei contesti e delle merci tardoantiche." Unfortunately, R. W. Goldsmith ("An Estimate of the Size and Structure of the National Product of the Early Roman Empire," *Review of Income and Wealth* 18 [1984]: 263–88) does not take a position on the question of the percentage of commercial exchange in the national product.

[19] See Giardina, *Società romana,* esp. Carandini, "Il mondo," 13ff.

salaries. Where the exchange is based on barter, the role of the middleman is limited, since such exchanges are often, though not always, carried out between producers. The merchant as middleman can exist in circumstances where trade is highly regulated, where his activities are strictly supervised and the rate of his profit mandated. The merchant-entrepreneur is linked to commercial exchange, that is, to an exchange economy based on supply and demand, and where his profits are made through the mechanism of buying cheap and selling dear. To that extent, the question regarding the commercialization of an economy is also a question of the existence of merchants and the conditions under which they function.

The Byzantine Economy of Exchange

This general discussion is meant as an introduction to some of the historiographical and conceptual problems regarding the Byzantine economy of exchange. The relevance lies not only in the self-evident fact that the Byzantine economy was, indeed, a preindustrial one, which by definition invites the large question of whether one may speak of a truly commercialized sector. Put differently, this is the question of how much importance one may assign to self-sufficiency. Besides this trite statement, there are the realities and specificities of the Byzantine state and its social and economic structures. On the one hand, there is the reality of the state that, much more and for a longer time than in medieval Europe (although with different effect at different times), collected revenues through taxes and customs dues and "mobilized" some of them to collective, that is, political purpose. It maintained an army, which drew salaries and (depending on the period) obtained most or some of its sustenance through the cultivation of land tied to military service. It also maintained an expensive bureaucracy. The state had control of coinage, a factor of major importance in an economy that certainly knew credit, but equally certainly not to a degree parallel to that of, for example, late thirteenth- or fourteenth-century Italy; whether coinage was issued to respond to economic necessities or for essentially political reasons has been a matter of debate. The state also legislated interest rates, although again it may be argued that at certain times (in the 11th century and after) these fluctuated according to demand for capital or for consumption credit. The state requisitioned services for the army and in return gave (at least in theory) protection for its subjects to carry out their productive activities. While the state did not regulate most prices, it did legislate the rate of profit, at least in Constantinople of the ninth to tenth centuries, and had a whole set of prohibitions on the trade of certain items pertinent to its security or prestige. The state, finally, had its own domains, the production of which was arguably (but debatably) outside the market. There is thus an important element of state intervention, which is inescapable and must be taken into account in any discussion of the economy of exchange.

Similarly, there were large estates in the period through the sixth century and again after the ninth; we have spectacular cases of estate production, for example, the production of carpets and fine textiles on the estates of the ninth-century potentate, the

widow Danelis.[20] The question must arise whether estate production was for the market or for internal consumption and redistribution. If the market was involved at any stage, how were the products marketed—through agents or middlemen?

On the other hand, there are phenomena that argue for the existence of a commercial sector and a market economy in the Byzantine Empire. There is, after all, an urban life, dim in the period from the seventh through the ninth century, more active later. There is evidence of transactions in cash, continuously since at least the ninth century.[21] Money was always issued, although the number of coins, as well as their circulation, fluctuated. Lending at interest remained legal except for a brief period of time, and merchants, in the true sense of middlemen, are visible throughout the period, complete with trade associations, markets, and fairs.[22] Besides, since the land tax was paid in cash after 769,[23] small-scale, local exchanges must necessarily be assumed. At the other end of the spectrum, trade treaties testify to the existence of long-distance, foreign trade of some kind. Some of it was closely controlled by the state, but not all of it was, nor were prices controlled.

In grappling with these issues, historians of the Byzantine economy have given divergent answers, broadly divisible into two categories: those who ascribe a preponderant role to nonmarket factors, and those who stress the existence of markets, merchants, and, generally speaking, economic factors in exchange or in the segment of the economy connected with exchange. While it is not pertinent to rehearse here all of the debates, a few salient examples may be given; it should be kept in mind, in what follows, that there are significant differences and subtleties in the argumentation of scholars who share a similar viewpoint, but these necessarily are suppressed here, so that the general lines may emerge.

According to one school of thought, the Byzantine economy was for a very long period dominated by factors that can be termed noneconomic, in the sense that the primary agent was the state, which collected the surplus in the form of taxes and redistributed it to the army and the civil administration. In this schema, trade was very limited.[24] The cities are considered to have been centers of consumption rather than of production, the economy was marked by a very low degree of monetization, and money fulfilled the needs of the state, being distributed in a "noneconomic" pattern.[25]

[20] *Theophanes Continuatus,* ed. I. Bekker (Bonn, 1838), 318–19.

[21] N. Oikonomides, "Σέ ποιό βαθμό ήταν εκχρηματισμένη η βυζαντινή οικονομία;" Ροδωνιά (Rethymnon, 1994): 363–70.

[22] For the middle Byzantine period, see A. E. Laiou, "Händler und Kaufleute auf dem Jahrmarkt," in *Fest und Alltag in Byzanz,* ed. G. Prinzing and D. Simon (Munich, 1990), 53–70; and eadem, "God and Mammon: Credit, Trade, Profit, and the Canonists," in *Byzantium in the Twelfth Century,* ed. N. Oikonomides (Athens, 1991), 261–300.

[23] See N. Oikonomides, "The Role of the Byzantine State in the Economy," *EHB* 981.

[24] An early proponent of that view was A. H. M. Jones (*The Later Roman Empire, 284–602: A Social and Administrative Survey,* 2 vols. [Norman, Okla., 1964]), who gave a very low estimate of the yield of duties on trade. Ibid., 1:464–65, 2:872. For a critique of the basis of his estimates, see C. Morrisson, "Monnaie et finance dans l'Empire byzantin, Xe, XIVe siècle," in *Hommes et richesses dans l'Empire byzantin,* 2 vols. (Paris, 1989–91), 2:297–98 and addendum to 297.

[25] Among the most important proponents of these views are M. F. Hendy (see, e.g., his *Studies in the Byzantine Monetary Economy c. 300–1450* [Cambridge, 1985], 4ff and passim; "From Antiquity to the

In this perspective, which accepts politics as the integrative factor and gives it a role of virtual monopoly, the Byzantine economy, specifically the sector connected with exchange, is considered to be different *in kind* from modern economies, so that the analytical tools that have been developed to study the workings of the latter may not and must not be applied to the former.

Other historians see things differently and ascribe to trade, commerce, the market, and the activities of merchants considerable importance, even in the period of profound military and political troubles and economic decline, that is, the seventh to eighth centuries. In the period of expansion (10th–12th centuries) it has been suggested that the nonagricultural sector produced at least 15–20% of the monetized national product, perhaps more. I think it may be argued that in the twelfth century this proportion was greater, perhaps over 40%.[26] This view accommodates a commercialized sector of the economy, a relatively high ratio of monetization (ca. 46% in the areas and periods of greatest monetization)[27] and an economic use of money, all, of course, varying in aspect and importance during the long history of the Byzantine Empire. Most importantly, scholars who espouse this view of the economy of exchange accept that basic economic factors present in modern economies—supply and demand, market mechanisms, the profit motive, even Fisher's equation—are indeed useful in understanding the articulation of the Byzantine economy of exchange, that is, that the difference between it and modern commercial economies was one of degree rather than of kind.[28] The argument, it should be stressed, is that economic laws apply specifically to the monetized sectors of the economy.

Given such differences of opinion, it is a matter of some importance to distinguish between noneconomic exchange and commercial exchange, and not to confuse the indicators of one for evidence of the other. That is not in the least meant to negate the

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Middle Ages: Economic and Monetary Aspects of the Transition," in *De la Antigüedad al medievo (Siglos IV–VIII), III Congreso de Estudios Medievales* [León, 1991], 323–60, and "Economy and State in Late Rome and Early Byzantium: An Introduction," in *The Economy, Fiscal Administration and Coinage of Byzantium* [Northampton, 1989], art. 1), and J. Haldon (see, e.g., his *Byzantium in the Seventh Century* [Cambridge, 1990], 117ff). Recently, the discussion has been presented with explicit connection to the theories of Polanyi, in particular the distinction he drew between long-distance, foreign trade and domestic trade, the former being administered trade, carried out through the institution of port of trade, and chronologically preceding the latter: Patlagean, "Byzance et les marchés du grand commerce."

[26] Morrisson, "Monnaie et finances," 297–98. Cf. A. E. Laiou, "Exchange and Trade, Seventh–Twelfth Centuries," *EHB* 745–46.

[27] See the simple national accounting model in A. E. Laiou, "The Byzantine Economy: An Overview," *EHB* 1154–55.

[28] In this category one may include R. S. Lopez ("The Role of Trade in the Economic Readjustment of Byzantium in the Seventh Century," *DOP* 13 [1959]: 67–85); N. Oikonomides ("Silk Trade and Production in Byzantium from the Sixth to the Ninth Century: The Seals of Kommerkiarioi," *DOP* 40 [1986]: 33–53; idem, "Le marchand byzantin des provinces [IXe–XIe s.], in *Mercati e mercanti* [as above, note 1], 633–60); Laiou ("Händler und Kaufleute" and "Byzantium and the Commercial Revolution," in *Europa medievale e mondo bizantino,* ed. G. Arnaldi and G. Cavallo [Rome, 1995]); and Morrisson ("Monnaie et finances," and "La dévaluation de la monnaie byzantin au XIe siècle: Essai d'interprétation," art. 9 in *Monnaie et finances à Byzance: Analyses, techniques* [Aldershot, 1994]), among others. It remains true here also that significant differences in detail exist in the work of scholars who share this general viewpoint.

possibility of the existence of market mechanisms in the Byzantine economy; it does point up the necessity of clear definitions and differentiations. This aspect of the history of medieval economies generally was powerfully brought forth in an article by Philip Grierson published in 1959.[29] In this work, Grierson cautioned generally and negatively against confusing trade and distribution, especially against treating the evidence of the distribution of luxury goods and money as necessarily evidence of commercial activity. He argued specifically and positively that goods and money change hands not only through commerce but also through other means, such as "theft" (e.g., plunder) and gifts, whether voluntary or coerced (e.g., for the ransom of captives). This distinction remains basic and is certainly relevant to the Byzantine Empire. The sums involved, whether for political payments (e.g., to achieve peace) or for gifts, were sometimes large enough to have economic significance. On the other side, on the side of revenues, war booty could be enormous and, again, have economic significance.[30]

Political payments, ransom, and gifts occurred throughout the Byzantine period. For example, in 768, Constantine V sent 2,500 silk garments to the Slavs to ransom prisoners taken on the Greek islands, while some years later his daughter-in-law, Empress Irene, paid Harun al-Rashid almost 140,000 gold coins a year for seven years.[31] In the eleventh century, the Rus' bargained with Constantine IX, offering peace against a price of 3 pounds of gold per head for their entire army.[32] Gifts and coerced gifts are sometimes hard to distinguish. When Krum offered peace against "large sums of gold and garments, and a certain quantity of choice maidens," no one could confuse this with a gift.[33] On the other hand, the relatively large number of gifts exchanged between the Byzantine emperors and Muslim rulers bears every trait of the ritualized gift and countergift envisioned by Mauss, while at the same time it clearly serves to buy or preserve peace, and is therefore to be considered as a free gift only with that qualification in mind.[34] The philosophy behind gift and countergift, which was certainly political rather than economic, is stated by the Arabic source, describing al-Mamun's reaction to a gift sent him by Emperor Theophilos: "Send him a gift a hundred times as much as his, so that he recognizes the glory of Islam and the grace which

[29] Grierson, "Commerce in the Dark Ages."

[30] With regard to political payments and gifts, Grierson gives some figures, primarily from the early Byzantine period, among which one may note the annual tribute to the Huns, from ca. 430 to the accession of Marcian in 450, which added up to 350 pounds of gold in 430, doubled in 435, a lump sum payment of 6,000 lbs. in 443, and a subsequent annual payment of 2,100 pounds. He also mentions Justinian's total payments to a Persian ambassador (1,000 lbs. of gold), and Constantine VII's gift of more than 1,000,000 silver miliaresia to Princess Olga. Ransom payments could be equally large. On gifts and political payments, see also the more complete list given by Hendy, *Studies,* 264–72. Cf. Laiou, "Exchange and Trade."

[31] W. T. Treadgold, *The Byzantine State Finances in the Eighth and Ninth Centuries* (New York, 1982), 84: part of the first installment was paid in goats' wool.

[32] *Ioannis Scylitzae, Synopsis historiarum,* ed. H. Thurn (Berlin–New York, 1973), 431.

[33] F. Iadevaia, *Scriptor incertus* (Messina, 1987), 50–51.

[34] On these gift exchanges, see Ghada al-Ḥijjāwī al-Qaddūmī, *Book of Gifts and Rarities: Kitāb al-Hadāyā wa al-Tuhaf* (Cambridge, Mass., 1996), paras. 31, 73–74, 82, and the analysis by O. Grabar, "The Shared Culture of Objects," in *Byzantine Court Culture from 829 to 1204,* ed. H. Maguire (Washington, D.C., 1997), 115–29.

Allah bestowed on us through it." This was done, and then al-Mamun asked: "What do they value most?" They answered: "Musk and sable." Al-Mamun said, "Send them additionally 200 ratl of musk and 200 sable furs." Similarly, when Romanos Lekapenos sent to the caliph an embassy to discuss peace and ransom of captives, he also sent a large number of gifts consisting primarily of bejeweled gold and silver vessels, cups and caskets, and many varieties of silk cloth. The Commander of the Faithful responded that "he has provided the envoy with what has poured out of your provisions, so as to safeguard you from shyness and to prove yourself to be above opportunism." Every important element of Mauss' typology of gift exchange is here: gift and countergift, the obligation to give, take, and respond, the honor accruing to both gift giver and gift taker—truly a noneconomic exchange.

It was not, however, without economic implications. Some gifts were very valuable indeed. Constantine IX, credited with surpassing generosity by this source (and, less approvingly, also by Byzantine ones), sent the caliph in 1046 (on the occasion of a treaty) 216,000 gold coins and 300,000 dinars (somewhat lighter than the Byzantine *nomisma*). This is a total of 2.23 tons of gold. The gifts sent by Romanos Lekapenos were said to be "enormous." Quite apart from the intrinsic value of the gifts, one may argue that some of the production of high-quality silk cloth was meant for state needs, for an exchange that had important political, but very limited commercial value. Such differentiations must certainly be kept in mind when the economy of exchange is discussed. It must also be kept in mind that gifts or tribute are of interest in this connection only when they consist of goods, for example, silks, perfumes, jewelry, which thus circulate without going through the market. Gifts or tribute paid in cash may indeed be of economic importance because of their size,[35] but do not affect the way goods circulate.

It must also be kept in mind that chronology is important. Noncommercial exchange undoubtedly played a different role in different periods, because of both political and economic factors. As an example, one may adduce an event that took place in 1192. Venetian ships, carrying Byzantine ambassadors to Saladin and Egyptian ambassadors to Byzantium, as well as Saladin's gifts to Isaac II and the goods of some Byzantine merchants, were attacked by Genoese and Pisan pirates. At least two relevant points may be raised here: first, merchants took advantage of political missions, thus reducing their costs (a phenomenon that may not be limited to this period); and second, although undoubtedly Isaac II sent gifts to Saladin, what reached Cairo was a combination of imperial gifts, the wares of merchants, and possibly wares belonging to the emperor's brother, the large sum of money belonging to whom cannot have been gifts but must have come from the sale of items belonging to him. Thus gift exchange could also facilitate trade, in a process where noneconomic exchange opened the way to economic exchange.[36]

Barter, I would argue, played an analogous role. Generally speaking, the exchange

[35] See, for example, the gifts of 4,320,000 nomismata said to have been made by Theophilos to private individuals: *Theophanes Continuatus,* 255–56; Treadgold, *Finances,* 83–86.

[36] On this, see Laiou, "Exchange and Trade," 750, and the discussion in A. E. Laiou, "Byzantine Trade with Christians and Muslims and the Crusades," in *The Crusades from the Perspective of Byzantium and the Muslim World,* ed. A. E. Laiou and R. P. Mottahedeh (Washington, D.C., 2001).

of goods (or services) for goods (or services) can take place in many different circumstances and play different economic roles, depending on the society and on the needs such exchange fulfills. Barter can flourish in rather sophisticated exchange systems, such as the trade between western Europe and the Levant in the late Middle Ages, not to mention the role of similar economic arrangements in modern societies.[37] In premodern societies, it may signal an undeveloped system of exchange, or an undeveloped segment of the system of economic exchange. Although barter can certainly be an economic exchange, it lies between market and nonmarket exchange. It can involve negotiation, so that some aspects of the market are present. It also involves an implied standard of value, though this may not always be freely arrived at. Polanyi spoke of equivalencies as being necessary for trade in kind, and such equivalencies may be created by an authority outside the marketplace. It seems to me that barter is a cumbersome way of doing business, which is most successful either in small, local exchanges, or in controlled exchanges, where important goods might be exchanged, but at prices or equivalencies already set through administrative means. It is, in any case, a type of exchange that admits markets, at least those of a somewhat controlled kind; it also admits the function of the middleman, the merchant, but not easily. Much has been made of the importance of barter in the Byzantine Empire, but I think that its role was often of a transitional nature.

Kosmas Indikopleustes, the first merchant-writer known to us, gives an interesting account of pure barter. He is the sole Byzantine source to speak of silent barter, as practiced, in his report, by the peoples of "Sasou."[38] The region, he says, is rich in gold. Every two years, the king of the Axumites, through an intermediary, sends his people there to exchange goods (oxen, salt, and iron) for gold (ἕνεκεν πραγματείας χρυσίου). When they arrive at what is presumably a traditional place, they stop, they make a fenced enclosure with thorny bushes, and inside it they display the carcasses of oxen, as well as salt and iron. The natives come and place one or two small pieces of gold on whichever of these goods they desire, and then they retire. If the owner of the ox, salt, and so on, is satisfied, he takes the gold, and in turn the native takes the object he bid for. If he is not satisfied, he leaves the gold where it is, and the native then either adds to it until the sale is made or goes away—no bargain. "Such," says the author, "is the nature of their exchange, for they speak different languages and, above all, they lack interpreters."

This passage has some similarities with the much better known one of Herodotos, where the Carthaginians trade in the following way at a place in Libya: they unload their cargo, lay it down on the beach, and go aboard their ships and light a fire. The natives come, inspect the cargo, put down some gold, and retire. If the Carthaginians

[37] J. Day, "A Note on Monetary Mechanisms, East and West," *EHB* 968. The intricacies of modern economic arrangements are far beyond the scope of this discussion (and of my competence), and will not be taken into account in the generalizations that follow.

[38] W. Wolska-Conus, *Cosmas Indicopleustès, Topographie chrétienne* (Paris, 1968), 1:361–63 (book II, 51); cf. n. 51 on p. 360: Sasou is situated southwest of Axum, in the valley of the Blue Nile and in the zone that extends south.

think the gold is "worth their merchandise," they take it and go away. Otherwise, they return to their ships and wait until the gold matches the (perceived) value of the cargo.[39]

Herodotos' silent trade has been seen as the origin of prehistoric coastal Mediterranean *emporia,*[40] but that is of no interest to us here. What is of interest is the narration of Kosmas (to the extent that it is independent of Herodotos) for the following reasons. First, we have here a case of relatively pure barter, carried out, to be sure, not between producers and consumers, but, rather, between the agents of producers (of oxen, salt, etc.) and the producers or agents of the producers of gold. Thus barter does involve agents (merchants in the case of Herodotos) and not only direct producers. Second, we see the process of price formation, which in Kosmas is, surely, an economic process: "if [the owner of the ox] likes [the amount of gold] he takes the gold," and the exchange proceeds. Price is formed in the marketplace, through the satisfaction of perceived value. But, although the process as described overcomes the linguistic barrier, it is cumbersome, good only for limited exchanges. This I consider to be true of all barter, unless the political power intervenes and fixes equivalencies; in tenth-century Constantinople, however, the equivalencies appear to have been fixed by Byzantine merchants, when they traded with Bulgarians.[41] Finally, it is to be noted that Kosmas reports this as a curiosity, to be explained away. Barter in a relatively pure form is, to him, very strange. This is not to say that barter did not exist in the sixth century, for it did, in local markets and fairs; but to a merchant it seemed peculiar.

Indeed, barter in Byzantium was the first stage in transactions that eventually became monetized. So it was with the monasteries of Mount Athos, which started exchanging their products by barter and soon began selling them for cash.[42] So also it was with the Bulgarians, who bartered their linen and honey in Constantinople in the tenth century, and paid their taxes in kind, until they were forced into a money economy and money transactions. So it may have been with the Pechenegs, although we see only the first stage of the process, by which they bartered their services to the inhabitants of Kherson in exchange for luxury products, in an equivalency that was arrived at through bargaining.[43] It is, then, important, to see the economy of exchange as a dynamic process, in which trade can arise out of, or in the wake of, noneconomic exchange, and limited transactions such as those involved in barter can develop into monetized market dealings.[44]

[39] Herodotos 4.196. The differences between the two passages, discussed by Giardina, *Società romana,* 525–26, do not seem substantive to me, with the exception of the last one, which is that Herodotos passes moral judgment ("Herein neither party . . . defrauds the other"), while Kosmas makes a practical statement about the difficulties of communication.

[40] Polanyi, "Ports of Trade," 33–34.

[41] Laiou, "Exchange and Trade," 733.

[42] Cf. *Vita Athanasii,* 38.9–30, in *Vitae duae antiquae Sancti Athanasii Athonitae,* ed. J. Noret (Turnhout, 1982), and *Actes du Prôtaton,* ed. D. Papachryssanthou (Paris, 1975), nos. 7, 8.

[43] *De Administrando Imperio,* ed. G. Moravesik and R. J. H. Jenkins (London–Washington, D.C., 1962–67), chap. 6.

[44] The reverse, of course, can also happen.

This dynamic process can best be understood by the use of tools from a variety of workshops. The contribution of the science of economics to economic history, including the history of exchange, is of paramount importance. The tools of economic analysis are essential for understanding specific sectors of the economy, but they must be used sensitively. The work of anthropologists and sociologists, and of historians after them, has alerted us to the fact that there is noneconomic exchange; that exchange and commerce are not coterminous; that the economic function of local markets and long-distance markets may be very different; that not all exchange is carried out by merchants. The historian who analyses the Byzantine economy of exchange should examine the sources with an eye to specificities and, above all, to differences among chronological periods. Both noneconomic and economic exchange existed at all times in Byzantium, as they do in all societies, including our own. The task should be to identify the phenomena that belong to either sphere, to examine their relative weight, to the extent possible, and then to try to determine the dominant trends, which means to identify the factors of articulation at specific historical moments.