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GREEK THINKERS OF THE ARCHAIC AND CLASSICAL PERIODS AND THEIR PHILOSOPHICAL AND JURIDICAL CONCEPTS OF TRADE AND MONEY CIRCULATION

Long before the flourishing of Hellenistic Rhodes and Rome, market economy practices had become fairly well defined in the Classical world and found their reflection in Greek literature. The origins of market relations in Greece should be looked for in the Archaic period. According to some scholars,[1] in the eighth century B.C. market trading in Greek cities was growing intensively and beginning to oust traditional institutions of reciprocity and redistribution. It is true that in Homer's epic poetry there are few signs of real market relations, but this is because these works focused on the past.

The development of trade and market relations became much more manifest as of the seventh century. Accordingly, the power of wealth was on the increase, which of course met with the opposition of persons with traditional attitudes. "Wealth, wealth is the man!" Alcaeus sorrowfully exclaimed (fr. 360 Lobel–Page), and similar lamentations may be read in the work of many poets who were his contemporaries or juniors (Theognis, Solon, *et al.*).

The essentially new phenomenon that emerged in Ionia at the close of the seventh century and in mainland Greece around the mid-sixth century was coinage. Its importance cannot be overestimated. Although coinage is not strictly synonymous with money – there was money

[1] *E.g.*, D.W. Tandy, *Warriors into Traders: The Power of the Market in Early Greece*, Berkeley 1997.

before coinage, *e.g.* cattle in Homer, iron rods in the early Peloponnese, and small silver ingots in Solon's Athens,[2] and although it might have been invented for purposes other than trade (the question is very complicated),[3] there is no doubt as to its role for the growth of trading on both the foreign and domestic market. The first coins were minted most likely for the needs not of merchants but kings and princes (for example, to pay mercenary soldiers, to collect payments such as fines and taxes); often coinage had political connotations, as symbols of the issuer, or even religious and cultural meanings. But certainly traders realised very quickly how useful the new invention could be for them.

Accordingly, monetisation in sixth-century B.C. Greece seems to have been extremely rapid. It has been discussed in important (and relatively recent) monographs written by Schaps and Seaford.[4] Richard Seaford's stimulating book *Money and the Early Greek Mind* is especially interesting. It has already become often-cited and in general very influential with scholars. Nevertheless, its author seems to be too categorical and even oversimplifying in his attempt to demonstrate that it was money (in the form of coinage) that generated almost all the major phenomena of later Greek cultural life, be it philosophy, the theatre, or tyranny. To my mind such a "purely monetary explanation" of the Greek miracle is not far short of reductionism.

However, the invention of coinage and the changes in trade conditioned by it – all this must have impelled Greek thinkers to consider

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[2] J.H. KROLL, *Silver in Solon's Laws*, [in:] *Studies in Greek Numismatics in Memory of M.J. Price*, ed. R. ASHTON, S. HURTER, London 1998, p. 225-232.

[3] In connection with the purposes of inventing coinage in Greece see: C.M. KRAAY, *Archaic and Classical Greek Coins*, Berkeley 1976; IDEM, *Schatzfunde, Kleingeld und der Ursprung der Münzen*, [in:] *Methoden der antiken Numismatik*, ed. M. R-ALFÖLDI, Darmstadt 1989, p. 180-210; J.-M. SERVET, *Nomismata: État et origines de la monnaie*, Lyon 1984; S. VON REDEN, *Exchange in Ancient Greece*, London 1995; EADEM, *Money, Law and Exchange: Coinage in the Greek Polis*, «Journal of Hellenic Studies» 117/1997, p. 154-176; I.E. SURIKOV, *Arkhaicheskaya i klassicheskaya Gretsiya: problemy istorii i istochnikovedeniya*, Moscow 2007, p. 186 ff.

[4] D.M. SCHAPS, *The Invention of Coinage and the Monetization of Ancient Greece*, Ann Arbor 2004; R. SEAFORD, *Money and the Early Greek Mind: Homer, Philosophy, Tragedy*, Cambridge 2004.

the developments and offer theoretical explanations. The ideas they came up with were philosophical or legal in character, and the two kinds were interconnected. Three things – a developed form of commerce based on coinage, a developed philosophy (as opposed to earlier traditional "wisdom" symbolised by individuals like Solon or Thales), and a developed tradition of legal thought based on the notion of law (*nomos*) – emerged practically simultaneously, and it was by no means a pure coincidence. Nor is the fact that the Greek words for "law" (*nomos*) and for "coin" (*nomisma*) share the same etymology.

I start my analysis with Anaximander (the first half of the 6th century B.C.), who has the best claim to be characterised as the first Greek philosopher (rather than his teacher Thales, who was still one of the old "sages" and wrote no philosophical treatises). The only literal quotation we have from Anaximander's work (fr. B1 DK) is extremely important; Martin Heidegger labelled it "the very first dictum of the Western philosophy." According to Simplicius Anaximander is reputed to have said that

"...And from which (things) existing things have their genesis, into these [things] also occurs their perishing, according to necessity (*kata to chreon*). For they give penalty and retribution (*didonai… diken kai tisin*) to each other for their injustice (*adikias*) according to the disposition/assessment of time"[5].

What are the most interesting and significant features of this (really obscure and so often discussed) sentence? Its main sense lies on the border between philosophy, law, and commercial relations. The philosophical element is Anaximander's cosmogony as presented here. The legal element is no less obvious: we see legal (or strictly speaking, ethical and legal) terms – *tisis* (retribution, revenge), *dike* (in the technical idiom *diken didonai* – to be punished), *adikia* (injustice, crime) – as applied to physical phenomena. Anaximander thinks of the natural world in human categories, as if things, like people, had their own law. And their own trade, too! For Anaximander's relations between things

[5] The English translation is from R. SEAFORD, *op. cit.*, p. 190.

are reminiscent of human relations in the commercial situation: they "buy and sell."

Here it is reasonable to note that Anaximander lived in Miletus, the most prosperous city of Archaic Ionia,[6] where by his times commerce had already reached a highly developed stage and coins had come into use. R. Seaford is absolutely right to attract our attention to this circumstance and its possible influence on Anaximander's thinking. Then he goes further and suggests that individuals as celebrated in the world of ancient philosophy as, for example, Pythagoras, might also have been impressed by the idea of coinage.[7] It is well-known that the main category in the Pythagorean philosophical system was the Number as the beginning of all things. Why such a fixed interest in number? Seaford associates this with the invention of coinage, too. Coins and numbers are inseparable, and coins are conceivable only in terms of numbers (in the internal sense of their value, and externally of their quantity). Pythagoras was born in Ionia and when he was young monetisation had already been brought in. Around 540 B.C. he migrated west to Magna Graecia, where monetisation arrived in the last half of the sixth century. It is even possible that Pythagoras himself played a major part in the process (perhaps by introducing the concept of coinage in his new homeland?).

Surely there is too much hypothesising in such reconstructions, and some of Seaford's insights are not so persuasive. But the idea of a close connection between coinage-based trade, philosophy, and law already from Archaic times on in general makes good sense. I now turn to thinkers of the Classical period. Here it is necessary to note that practically any of the Classical (and pre-Classical) Greek philosophers could be regarded as simultaneously a representative of the circle of the earliest European economists and law students, as the philosophy of that time was holistic in character, a sort of *Weltanschauung*; while the contemporary ideas on economics (commerce included) and law

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[6] V. GORMAN, *Miletos: The Ornament of Ionia. A History of the City to 400 B.C.E.*, Ann Arbor 2001; A.M. GREAVES, *Miletos: A History*, London- New York 2002.

[7] R. SEAFORD, *op. cit.*, p. 266 ff.

were still embedded in the whole life of the community, as brilliantly demonstrated for pre-capitalist societies in the work of K. Polanyi, M. Finley, et al.[8] Economic science as such had not yet come into existence; as a result, the economy and economics were subjects addressed almost exclusively by philosophers (or their associates).

As regards Classical Greek thinkers, three great figures: Plato, Aristotle, and Xenophon are usually mentioned in this connection.[9] Xenophon even tends to be described as the author who of all the Ancients was allegedly closest to the modern notion of the "economist." But it is a misconception, and its very existence is due to the fact that in Xenophon's extremely rich and diversified legacy there are treatises such as *Oikonomikos* and *Poroi* (on revenues). The latter is especially intriguing, and many scholars have referred to its (very problematic) "economic" data and ideas in many contexts. [10] As a source, Xenophon's *Poroi* is, of course, valuable. But are "a valuable source" and "an important piece of economic thought" one and the same thing? Evidently they are not. Xenophon was essentially a dilettante, an essayist; he addressed a lot of subjects, but his interpretations were always superficial. He did not have the slightest notion of inflation and deflation; can a thinker ignorant of such significant things be called an economist? Here is a characteristic example: according to Xenophon, the value of, say, silver – in his days in Greece silver was almost synonymous with money – did not depend on the quantity of silver currently available and in circulation. Accordingly, he recommended a maximum increase in its production, a substantial rise in the amount of silver

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[8] See first of all: M.I. FINLEY, *The Ancient Economy*, Berkeley 1973.

[9] See one of the most recent examples: T. AMEMIYA, *Economy and Economics of Ancient Greece*, London-New York 2007, p. 115 ff.

[10] E.g., E. SCHÜTRUMPF, *Politische Reformmodelle im vierten Jahrhundert: Grundsätzliche Annahmen politischer Theorie und Versuche konkreter Losungen*, [in:] *Die athenische Demokratie im 4. Jahrhundert v.Chr.: Vollendung oder Verfall einer Verfassungsform?*, ed. W. EDER, Stuttgart 1995, p. 293 ff.; S. MANSOURI, *Athènes vue par ses métèques (V^e- IV^e siècle av. J.-C.)*, Paris 2011, p. 39.

extracted from the mines in Laurium.[11] This "great economist" had no idea that inflation would be an inevitable effect; and future events, after Alexander's conquests, confirmed this, to the disappointment not only of Xenophon but also his contemporary Isocrates, the "Father of Panhellenism." Both were already dead when consequences neither of them had expected struck with their full force.

I am far more interested in Plato's and Aristotle's attempts to work out detailed philosophical and juridical ideas connected with commerce, trade relations, and the role of coinage in commercial exchange. The principal philosophers of their time and perhaps the foremost on a global scale – the well-known paradox that the whole history of philosophy is just a detailed commentary on Plato and Aristotle is in a sense correct – they were magnificently educated, original and systematic thinkers, who knew many things we do not know now, and therefore they must be in the very centre of our attention.

Both of them wrote repeatedly on trade and coinage. And their main statements became very authoritative and had a great influence on ideas which were ambient in subsequent times and are still in circulation nowadays. This is especially true of Aristotle. So some quotations from him will be necessary. One is from the *Politics*:

"For when, by importing things that they needed and exporting things of which they had too much, people became dependent upon more distant places, the use of money (*nomisma*, literally coinage – I.S.) was invented out of necessity. For not all of the things that are required by nature are easy to transport; and so, for use in exchanges (*allagai*), they agreed among themselves to give and take something of a sort that, being itself one of the useful items, was easy to handle for the needs of life, such as iron or silver or anything else like that. At first it was simply defined by size and weight, but finally they also added an impressed stamp (*charakter*), to free them from measuring it, since the

[11] V. PATRONIS, *Economic Ideas of Ancient Greek Philosophers: Assessing their Impact on the Formation of the World Economic Thought*, [in:] *Hellenic Dimension: Materials of the Riga 3rd International Conference on Hellenic Studies*, ed. B. ALEKSEJEVA, O. LĀMS, I. RŪMNIECE, Riga 2012, p. 13.

stamp was put on as a sign of the amount (*tou posou semeion*)" (Arist. *Pol.* I. 1257a31–41).[12]

There is something odd in Aristotle's opinion (in the very end of the passage quoted) – odd not for us, but in connection with the nature of ancient Greek coins. Their *charakter*, that is stamp, or type (in numismatic terms) rarely served as "a sign of the amount." It is well-known that in many Greek states coins of different values had the same (or almost same) type, and to distinguish one from another, one had to weigh them, at least in the hand or by eye. If some coins had very different types, the aim was manifestly not to inscribe the amount, either. So, the decadrachm was usually minted with a peculiar type, not similar to the type of lesser coins. But it was very easy to distinguish a large coin such as the decadrachm from any other one – even without noticing the difference in the type.

In this passage Aristotle seems to be speaking not to his contemporaries but to us and in our terms. It is we who are accustomed – as we use fiduciary money – to look attentively at what is depicted on the coin (or banknote) in order to identify its value; the colour is important, too, and so on. But as a rule Greek coins had a real value, and every participant in an exchange observed the weight of the coin first of all, not its type.

In any case, for Aristotle (in his *Politics*) the phenomenon of coinage and its invention were closely connected with the process of exchange. Coinage appeared to serve the interests of a growing volume of trade. One of the main functions of money is, indeed, to be a medium of exchange. Another, of no less importance, is to act as a standard of value. This aspect of the problem is also highlighted by Aristotle, in another great treatise, his *Nicomachean Ethics*:

"So the builder has to get the shoemaker's product from the shoemaker, and he has to give him some of his own. Now if there is an analogous equality and then each gives what he gets, then what we have spoken of will come about. But if not, the bargain is not equal, nor does it hold, for nothing prevents one person's product from be-

[12] The English translation is from D.M. SCHAPS, *op. cit.*, p. 5.

ing worth more than the other's; so they have to be equalized… So all things that are exchanged have to be somehow comparable. For that purpose, coinage (*nomisma*) came about, and it becomes a sort of medium (*meson*), for it measures all things, so that it also measures the excess and the deficit, how many sandals are equal to a house or to food. For the number of sandals for a house or for food has to be just like the proportion of the builder to the shoemaker, because if that is not the case, there will be neither exchange (*allage*) nor community (*koinonia*)" (Arist. *Nicomachean Ethics* V. 1133a8–24).[13]

A very important statement, provided the word *koinonia* was extremely significant in the Greek language and world. The noun is derived from *koinon* – "common" (in the most general sense), "public", sometimes even "governmental." And the meanings of the noun ranged over an equally wide spectrum. After all, for Aristotle the polis itself was *koinonia politon politeias* (the community of citizens of the polity) – a celebrated definition. As we can see here, for the great philosopher such a community is not possible without exchange, without money (in the form of coins).

D.M. Schaps observes that there is an intriguing discrepancy between Aristotle' passage and the passage I quoted a little earlier. For him, in the former case money is defined as a medium of exchange, but as a standard of value in the latter.[14] Personally I am not convinced that there is a contradiction here at all. Is it possible in principle to separate these two functions of money? Money becomes a standard of value in the process of exchange, and it serves the needs of exchange by its quality as a standard of value. In Russian (maybe in some other languages too) there is a proverbial expression: "What came first: the chicken or the egg?" to underline the absurdity of asking cause-and-effect questions in certain situations.

There is something more interesting (and problematic) in Aristotle's analysis of the role of coined money in the process of exchange. For Aristotle, the emergence of coinage is connected rather with large-

[13] The English translation is from D.M. SCHAPS, *op. cit.*, p. 6-7.

[14] D.M. SCHAPS, *op. cit.*, p. 6 and 7.

scale wholesale trade (*emporia)* and not with the petty retailing (*kapelike*) that was usually despised by Greek intellectuals.[15] Aristotle was born and bred in northern, Macedon-dominated Greece, which was not a typical place for the average Greek, and where "the business of money" was really "the business of great lords." Macedonian princes began to mint dodecadrachms (!) extremely early, and obviously not for the needs of trade. Their aim was rather to estimate their assets by converting their resources of precious metals into coins.

Aristotle's teacher Plato lived in quite a different world.[16] The Athens of Plato's times was in many ways a world of coins. The narrative tradition demonstrates this fact (read Aristophanes for the most spectacular record of Athenian life in Plato's younger days), and archaeological data confirms it. The obol, triobol, drachma, tetradrachm etc. were no less current and necessary than the rouble, dollar, or euro for us nowadays. When they went to the market (to do their "shopping") Athenians carried their coins (sometimes as tiny as fish-scales, Aristophanes makes fun of this) inside their cheeks. Decadrachms and dodecadrachms, of course, were not in circulation in Athens – neither on the domestic market (the *agora)*, nor in the foreign trade (in the *emporion* at Piraeus).

That was the notion Plato, a noble and rich Athenian, could have had of coinage in connection with trade. He must have known there could even be gold coins (in dire need during the last years of the Peloponnesian War, the Athenians melted down their gold statues of the goddess Nike to mint coins); and he must have known there could be copper (that is bronze) coins: the Athenian government of the period was ready even to introduce fiduciary money for some time. But, of course, the coins Plato was most familiar with were silver coins of

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[15] I.E. SURIKOV, *Polis, logos, kosmos: mir glazami ellina. Kategorii drevnegreches-koi kultury*, Moscow 2012, p. 214 ff.

[16] Sometimes analyzing Plato after Aristotle, although in the wrong chronological order (or strictly speaking, retrospectively), is of some use. See a good example: D. COHEN, *The Rule of Law and Democratic Ideology in Classical Athens*, [in:] *Die athenische Demokratie im 4. Jahrhundert v.Chr.: Vollendung oder Verfall einer Verfassungsform?*, ed. W. EDER, Stuttgart 1995, p. 227 ff.

rather low value (fractions of the obol), usually used on the domestic Attic market.

So for Plato in *The Republic* (II. 371b) there is a direct association between the domestic market (the *agora*) with coins (*nomisma*), which for him are a symbol of exchange (*symbolon tes allages*). What is most characteristic here? For Plato foreign trade, with its large, wholesale character, is manifestly primary.[17] But for him that kind of trade has no need of coins or even money as such; it can operate in the barter mode (commodity for commodity, without any monetary medium). Plato associates the phenomenon of coinage unequivocally with the *agora*, the home market, and with the *kapelos*, the petty retail-trader sitting in that *agora*. The mechanism is simple: the merchant (*emporos*) cannot sit and sell his goods; he sails the seas for new goods; hence the necessity for retailers.

Plato looks down on such retailers (*The Republic* II. 371d). He is an extremely conservative thinker, as is well-known;[18] he dislikes novelties, including market relations. He dislikes money, coins and all such things, but he does not reject them; he recognises money and trade as something annoying but nonetheless necessary. In his deeply conservative *Laws* he suggests the introduction of two kinds of money: for domestic use (coins without a real value) and for foreign use (coins made of precious metals). That passage (*Laws* V. 741e – 742b) is somewhat reminiscent of the Soviet dualist practice of exchangeable and non-exchangeable currency, with an exchange rate for the exchangeable Russian rouble at almost $ 1.5.

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[17] This kind of trade can be almost exclusively maritime in character in both pre-Classical and Classical times. See: C.M. REED, *Maritime Traders in the Ancient Greek World*, Cambridge 2003.

[18] C.J. ROWE, *Killing Socrates: Plato's Later Thoughts on Democracy*, «Journal of Hellenic Studies» 121/2001, p. 63-76. I don't approve of or consider justified the recent trend to make Plato look like a "democrat" and "progressive thinker": S.S. MONOSON, *Plato's Democratic Entanglements: Athenian Politics and the Practice of Philosophy*, Princeton 2000; J.R. WALLACH, *The Platonic Political Art: The Study of Critical Reason and Democracy*, University Park, 2001.

In any case, like Aristotle, in many places Plato speaks of coinage as a universal medium of exchange and a universal standard of value. Of course, this is accompanied by typical lamentations: that people misuse and abuse money, want to have it in too large a quantity, and with that aim in mind choose the trader's contemptible profession. Plato protests strongly against the practice of founding cities on the coast. For him, the sea as such corrupts people, as it encourages them to trade. Coastal states are usually rich in money, which is an absolute evil when the question is considered how to acquire noble and just morals (*Laws* IV. 705b). For Plato ethics is in every respect more important than economics. His protest against the maritime commercial civilisation reaches its apogee in his great myth of Atlantis, which was created by the sea (personally by Poseidon) but defeated by Athens " of the most ancient times," a state by no means maritime nor commercial but simple and manly.

Aristotle, who was not as pedantic on this issue as his master, is nevertheless critical of usury and banking activities: usurers make coinage itself property (*ktesis*) and so pervert the "natural" function of money – to serve the processes of exchange (*Politics* I. 1258b3 sqq.).

To sum up. Plato as well as Aristotle insistently and repeatedly stress the direct relation between the origins of coinage with exchange, trade, and commerce. There are slight differences in their views: Plato was nearer to the idea that coins were invented for the needs of small-scale retail trade, while Aristotle was more sympathetic to the view that coinage was primarily connected with large-scale interstate exchange. But the main trend in both authors is full support for the theory of the commercial origins of coinage.

The theory itself is wrong, of course. What was the cause of this mistake of the two great philosophers? They lived in the fifth and fourth century B.C., in a wholly monetised society with developed market relations,[19] and they interpreted the phenomenon of coinage from the vantage-point of their own epoch. They uncritically projected

[19] E.E. COHEN, *Athenian Economy and Society: A Banking Perspective*, Princeton 1997; IDEM, *The Elasticity of the Money-Supply at Athens*, [in:] *The Monetary Systems of the Greeks and Romans*, ed. W.V. HARRIS, Oxford 2008, p. 66-83.

the situation they were familiar with onto the Archaic period, when the character of economic relations was very different (but Plato and Aristotle did not know that).

To be fair, Aristotle once notes that in principle there is no absolute necessity for coinage (*Politics* I. 1257b1–24). The truth of his words is confirmed by the fact that some Greek *poleis* (such as Megara, for example), although economically highly developed, did not mint any coins until the 4th century B.C. and still managed without a currency of their own. It is usually thought that the Megarians used foreign coins; but it is quite possible that they used pre-monetary money: weighed but unstamped small silver ingots.[20]

MYŚLICIELE GRECCY OKRESU ARCHAICZNEGO I KLASYCZNEGO ORAZ ICH FILOZOFICZNE I PRAWNE KONCEPCJE HANDLU I OBROTU PIENIĘŻNEGO

Streszczenie

Zanim jeszcze hellenistyczna wyspa Rodos i Rzym zajęły poczesne miejsce w świecie antycznym, zasady ekonomii rynkowej zostały określone w świecie klasycznym i znalazły odbicie w literaturze greckiej. Wynalezienie pieniądza i zmiany dotyczące handlu musiały nakłonić greckich myślicieli do wzięcia pod uwagę zmian i podania ich teoretycznych wyjaśnień. Pomysły, które przedstawiali, miały charakter zarówno filozoficzny, jak i prawny, przy czym oba te rodzaje przeplatały się nawzajem. Trzy kwestie – rozwinięta forma handlu opartego na pieniądzu, rozwinięta filozofia (w przeciwieństwie do wcześniejszej tradycyjnej "mądrości", której przedstawicielami byli Solon czy Tales) oraz rozwinięta tradycja myśli prawnej oparta na pojęciu prawa (*nomos*) – pojawiły się w zasadzie równocześnie, przy czym nie był to w żadnym razie przypadek. Już pierwsza zachowana wypowiedź filozoficzna (Anaksymander, VI wiek p.n.e.) znajduje się na pograniczu filozofii, prawa i stosunków

[20] On that kind of money see: J.H. KROLL, *The Monetary Use of Weighed Bullion in Archaic Greece*, [in:] *The Monetary Systems of the Greeks and Romans*, ed. W.V. HARRIS, Oxford 2008, p. 12-37.

handlowych. Jeśli chodzi o greckich myślicieli okresu klasycznego, w artykule podjęto przede wszystkim myśl Platona i Arystotelesa: obydwaj pisali wielokrotnie (w kontekście prawnym i filozoficznym) o handlu, stosunkach handlowych i roli pieniądza w procesie wymiany towarowej. Wiele z ich pomysłów zyskało znaczenie i miało wielki wpływ na poglądy przyjmowane w czasach późniejszych i nadal są aktualne.