Introduction

The Social Darwinist philosophy of economic determinism has an optimistic circular reasoning: Any given society is assumed to be the product of natural selection favoring policies that best maximize productivity and prosperity. This logic assumes that today's Western civilization must be an outcome of past successes in an ascending line, with classical Greece and Rome being a progressive leap from the Near Eastern palatial economies to Western Europe and the modern West. It is from this self-congratulatory perspective that today's institutions of individualism and security of credit and property contracts (favoring creditor claims over debtors, and landlord rights over those of tenants) are traced back to classical antiquity as positive evolutionary developments, moving civilization away from "Oriental Despotism."

Modern ideolzvidualism and secure creditor and property rights, not as ushering in a new form of oligarchic despotism that broke "free" of the royal and civic overrides that earlier societies had put in place to ensure economic balance and resilience. Laws providing security for credit and property rights, and opposition to kingship (the term applied to reformers threatening debt relief and land redistribution), are portrayed as going together with individualism and democracy to promote the survival of the fittest and most efficient.

The reality is that Rome's predatory oligarchies waged five centuries of civil war to deprive populations of liberty, blocking popular opposition to harsh pro-creditor laws and the monopolization of the land into latifundia estates. But the dynamics that drove labor into clientage and ultimately into serfdom have been downplayed by modern historiography that focuses more on Rome's military conquests and biographies of its leading consuls and emperors than on its struggles over debt and land tenure.

Rome as a "failed state" and what that implies for Western civilization

Antiquity's wealthy families, warlords and political elite appropriated most of the public land conquered from defeated regions, and acquired most of the domestic land by violence, seizure and foreclosure on indebted smallholders who encountered hard times. Rome's generals, governors, tax collectors, moneylenders and carpetbaggers squeezed out silver and gold in the form of military loot, tribute and usury from Asia Minor, Greece and Egypt. But Roman conquests are typically depicted as bringing order and progressive administrative organization akin to what the French have called their *mission civilisatrice*, an allegedly civilizing mission.

Yet the Greek and Roman economies ended in austerity and collapsed after having privatized credit and land in the hands of *rentier* oligarchies. Roman oligarchic ideology aimed at *preventing* kings or populist reformers from being strong enough to restore liberty and land to debtors. As in today's world, *rentier* elites sought to prevent any public regulation, debt cancellation and land redistribution that would threaten their power. Greece was destroyed by Rome's military oligarchy, which accused Catiline, Caesar and earlier advocates of ameliorating the debt crisis of "seeking kingship," as if the would-be reformers were merely seeking personal power, not trying to save Rome from its predatory elites. The oligarchs' idea of liberty was their right to appropriate land and other wealth by depriving debtors, other citizens and conquered populations of *their* liberty.

Rome's law of contracts established the fundamental principle of Western legal philosophy giving creditor claims priority over the property of debtors—euphemized today as "security of property rights." Public expenditure on social welfare was minimized—what today's political ideology calls leaving matters to "the market." It was a market that kept citizens of Rome and its Empire dependent for basic needs on wealthy patrons and moneylenders—and for bread and circuses, on the public dole and on games paid for by political candidates, who often themselves borrowed from wealthy oligarchs to finance their campaigns.

These pro-*rentier* ideas, policies and principles are those that today's Westernized world is following. That is what makes Roman history so relevant to today's economies suffering similar economic and political strains. The same dynamics are concentrating wealth in the hands of today's *rentier* oligarchies, which are imposing austerity by driving the population at large and even the public sector deeper into debt.

There is a tendency to view the oligarchic victory in Greece and Rome as inevitable and even natural, simply because that is how history turned out. But without seeing how antiquity's pro-creditor principles polarized and stifled its development, we will fail to recognize how our own epoch continues to be shaped by the legacy of antiquity's failure. The West remains largely a product of Rome's collapse, not its nonexistent democratic success. Antiquity's history provides an object lesson in the policies to avoid, not to emulate. But it is these very policies that survive at the core of the West's legal system and its individualistic philosophy of liberty to pursue economic gains at the expense of the broad public interest.

Debt as antiquity's major polarizing force

Throughout recorded history the most destabilizing dynamic has been the tendency of societies to polarize between a creditor oligarchy monopolizing land and other wealth, and an indebted clientage at the bottom. The major distinguishing feature of every civilization has been the way it has coped with debts that grow and tend to exceed the ability of many debtors to pay. If there is no intervention to restore balance by some authority acting from outside or "above" the market, economies will tend to polarize between creditors and debtors, patrons and clients.

Rome's own historians Livy, Sallust, Appian, Plutarch, Dionysius of Halicarnassus and Diodorus Siculus emphasized the subjugation of citizens to debt bondage as oligarchies used force and violence to monopolize the land and take control of governments. Most discussion focused on personal wealth ambition leading to socially destructive hubris. The Delphic oracle, poets and philosophers warned against the greed of creditors acting at the expense of society at large. Solon and Socrates, Stoics and Christians warned that wealth addiction and its money-love was the major threat to social harmony and hence to society.

The changing historiography of antiquity to reflect modern neoliberal ideology

The historiography of classical Greece and Rome reflects the modern world's own politics and ideology. Despite today's intensifying debt problems, recent historians have shown less concern with the role of debt in antiquity's decline and fall than did antiquity's own historians. A book published in 1984 became noteworthy for citing 210 causes of Rome's collapse.[1] Debt is conspicuously missing—and continues to be downplayed.

Historians writing in the late 19th and early 20th centuries focused on debt and land struggles, and were more critical of Rome's oligarchy than are more recent writers. Today's popular mainstream depicts antiquity as bequeathing democracy to the Western world. There has been a growing interest in the history of money and coinage, but debt relations, the resulting creditor power and land monopolization and the machinations of

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[1] Demandt 1984.

oligarchic political control have received less emphasis.

One reason is purely antiquarian. Coins and hoards have left an empirical record. In contrast to the abundance of Sumerian and Babylonian clay debt tablets describing royal Clean Slate proclamations and lawsuits to deal with creditor ploys to evade them, no such archives or even a clear legislative record survives for Greece and Rome. Our richest sources of information are dramatizations of debtor revolts in Rome, Greece and Asia Minor, but historians do not have clear debt laws for Greece prior to the 4th century BC, or for Rome even as late as the turbulent 1st century BC and early Empire. Apart from some notorious cases of usury, seizure of temple and civic property, and foreclosure on the arcades and other public property of indebted cities, there is little documentation of debts, especially on the personal level.

With few records of debt agreements, legal cases or even key Roman laws, it is understandable that most historians look where the light is brightest: to reports of Rome's military victories, its politicians and generals, and the melodrama of its celebrity emperors. To be sure, the past half century's scholarship has broadened our understanding of the early Greek reformer-tyrants, Roman kings and public finance. Yet the Greek debt crises discussed by Tarn (1923) and Fuks (1984), and the broad impact of debt, land tenure and tight patrician control of politics and the courts emphasized by Theodor Mommsen, Arnold Toynbee and Moses Finley, are disappearing in recent popular histories of classical antiquity. It is nearly a century since Tenney Frank began his five-volume *Economic Survey of Ancient Rome* (1933-1940), and no similar broad economic history of Greece has been attempted, above all where debt and its social conflicts are concerned.

Neoliberal economics downplays debt problems and hence those of ancient history

Recent classical histories tend to follow mainstream economics in focusing on productive lending that creates enough gains for borrowers to repay lenders without destabilizing basic social relationships. "According to the neoclassical model," notes Sitta von Reden, "credit has economic consequences only if it is used as capital for investment into productive enterprise. So-called consumption loans taken out to cover deficits and personal expenses are of little significance in this approach."[2] Instead of recognizing that economic polarization typically results from the accrual of debts as an inherent dynamic, today's mainstream economic theory treats debt as part of a system characterized by mutual gain, with borrowers making a voluntary choice to take on debt to improve their position—by buying land or other property, not losing it.

However, the major causes of debt for most people throughout antiquity were arrears for taxes, fines and cultivation costs that could not be paid in times of bad weather, disease and military disruption, or as a result of personal injury, sickness or accident. Debtors were obliged to work off their debts with their own labor, including most notoriously by sexual submission to their creditors. Roman law denied clients any rights to sue their patrons, and clients were obliged to support their patron's social spending. Debtors had little voice in drafting laws governing their obligations or through serving on juries, because Rome was never a democracy. Its legal and political systems established an oppressive power relationship that enabled moneylenders, tax collectors and related officials to push much of the population into clientage, which became irreversible when families lost their self-support land. Rome's indebted plebs found their only recourse to be walkouts ("secessions") in 494, 449 and 287 BC, winning modest gains, which the courts—manned by the oligarchy—typically refused to recognize.

Few recent classicists follow Rome's own historians in describing how its debt struggles and land grabs were mainly responsible for the Republic's decline and fall. Historians in the 19th and early 20th centuries followed classical economists in seeing progress as a movement to free society from *rentier* landlords and bankers extracting land rent and interest from the work of others. But historians following more modern views of market exchange and wealth downplay how debt dynamics led to the concentration of money, land and political power that destroyed the ancient economy's ability to sustain growth. Recent writers are reluctant to see debt as a major problem requiring writedowns to save economies from polarizing, and assume that "secure" credit contracts are a precondition for prosperity, re-

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[2] Von Reden 2012:279. Most historians of coinage have related it mainly to prices, in accordance with the Quantity Theory of Money attributing price inflation to currency debasement increasing the volume of coinage. More money is held to inflate prices proportionally. Bernard Laum's 1952 analytic synthesis of money and debt remains more comprehensive than most mainstream English-language discussion.

gardless of the insecurity imposed on debtors.

The recent New Institutional Economics sidesteps the problem of widespread inability to pay arrears to creditors, tax collectors or landlords when the flow of the harvest and other economic activity is disrupted, or simply as a result of debts mounting up in the normal course of life.[3] Overlooking the political struggles that erupt when debts cannot be paid, Douglass North singles out the "security of contracts and property rights" as the key to economic progress. In practice this means the priority of creditor claims over the land and other property of debtors, and even their liberty. Sweden's central bank awarded North the neoliberal "Nobel" Economics Prize in 1993 for emphasizing this sanctity of financial claims on debtors and the ensuing rights to foreclose.[4]

Part of the appeal of this New Institutionalism is precisely its reluctance to acknowledge the society-wide effect of debts growing exponentially and leading to monopolization of the land by creditors. From the creditor's vantage point, the sanctity of debt claims and the legal right to foreclose are thought to be an intrinsic element of the natural order. In antiquity this meant that land tenure for smallholders was subordinate to the right of creditors to take their land, with creditors often using force, political assassination and control of politics and the courts to reduce indebted smallholders to clientage and loss of personal liberty. Today's academic economics isolates such phenomena as "exogenous," that is, extraneous to its models of exchange and wealth distribution. North's logic celebrating the rule of contract law that rationalized antiquity's polarization is reminiscent of Cicero's pleading that writing down debts would threaten property rights and the oligarchy's "confidence" that its appropriation of land would not be threatened by reformers.

To define a free market as including the freedom for creditors to insist on the "sanctity of debt" necessarily means a loss of liberty for debtors. But tolerance for an increasingly heavy debt overhead, enforced by pro-creditor "sanctity of debt" laws (and the consequent polarization of the ownership of land and other wealth as the magnitude of debt grows faster than the means to pay), is largely what has made Western civilization "Western." At least that is the spirit of most recent scholarship. Peter Temin notes that:

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[3] In contrast to the late 19th- and early 20th-century institutionalist school focusing on how *rentier* privileges emerged and consolidated their position (see Hudson 2011).

[4] For the prize's anti-regulatory, anti-government ideology see Offer and Söderberg 2016.

"*The Cambridge Economic History of the Greco-Roman World* was based more on Douglass North than Moses Finley," and attributes Rome's success (and that of any economy) to its ability to provide the afore-mentioned security of contracts.[5]

That is today's dominant ideology. Yet one might have expected today's debt crises from Greece to Argentina, and indeed from the United States to Europe, to have created more of an interest in how antiquity failed to alleviate its own debt problems. The financial dynamic that engulfed the Roman economy would seem to provide a clear warning against today's overriding directive that all debts must be paid, without regard for how this polarizes and hollows out economies.

The lesson to be drawn from antiquity is that creditor oligarchies seek to monopolize income and land in predatory ways that bring prosperity and growth to a halt. "The greed of creditors," wrote Plutarch, "brings neither enjoyment nor profit to them, and ruins those whom they wrong. They do not till the fields which they take from their debtors, nor do they live in their houses after evicting them."[6] Such concerns are what prompted Plutarch to write his biographies of Solon in Athens, Agis and Cleomenes in Sparta, and Roman reformers advocating the need to cancel debts in order to save society from creditors abusing their power to impoverish the indebted society at large. The volume of debt tends to expand exponentially, increasingly beyond the ability to pay, as debt service is plowed into new lending. Land pledged as collateral is forfeited when debtors fall into arrears and creditors are allowed to foreclose.

What are the ultimate causes of Rome's polarization and collapse?

Rome's toppling traditionally is dated to its sacking in 410 AD, followed in 476 by the deposition of its last emperor, derisively named Romulus Augustulus. But barbarians always were at the gates. Rome was weakened from within. If we look for the underlying causes of why it was weakened, we find century after century of oligarchic excesses.

Rome's civil war of 133–27 BC ended with the Senate Optimates fighting amongst themselves after having destroyed the plebeian opposition. Toynbee pushed the turning point back to the patrician land grab of Rome's *ager publicus* after the Punic Wars ended in 201. Hannibal's legacy was the

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[5] Temin 2013:viii.

[6] Plutarch, *Moralia* 829 (Loeb Classical Library, 1936 X:327).

spread of slave-stocked latifundia throughout Italy and Sicily.

To many Roman-era historians the die was cast already when the patricians overthrew Rome's kings in 509 and imposed a one-sided constitution and pro-creditor laws. The kings had offered immigrants a sufficiently attractive life to draw them from the surrounding region and motivate them to fight for the city. But elections under the Republic were limited to a choice of personalities, and reformers were blocked. Attempts to establish more democratic rights were met by century after century of political assassination, with the killers being celebrated as heroes. By the 1st century BC the typical option for smallholders driven off their homesteads was to seek employment as mercenaries.

This book finds even deeper seeds for antiquity's collapse: specifically, in the way it adopted interest-bearing debt around the 8th century BC from the Near East without the tradition of Clean Slates. That tradition of debt cancellation and restoration of land that debtors had lost was designed to restore social balance and block the emergence of creditor oligarchies in the palace economies of the Near East. It was in those economies that interest-bearing debt first emerged, accompanied by the safety valve of royal Clean Slate proclamations that enabled them to avoid the irreversible debt bondage and concentration of land ownership that impoverished classical antiquity.

Today, these palatial economies whose rulers were empowered to issue proclamations of liberty would be called managed economies. Karl Wittfogel used the term "Oriental Despotism," implying governing structures antithetical to ideas of freedom and liberty. It is true that royal planning was not democratic. However, Near Eastern rulers recognized how polarizing the accrual of interest-bearing debt was, and protected most of the population's liberty from bondage by periodically reversing personal debt accruals and restoring land tenure rights.

What made Greece and Rome different from what went before was their rejection of this Near Eastern tradition of economic renewal. Instead of restoring balance by periodically reversing the accrual of personal and agrarian debts ("circular time"), classical oligarchies made debt foreclosure irreversible, so that land rights and personal liberty were lost irrevocably to creditors.

Whatever dates we choose to mark antiquity's fatal turning points, the

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key reason for its decline was the way in which it handled the problem of debtors falling into dependency, and the ensuing concentration of land ownership, monetary wealth and political power in creditor oligarchies. The pro-creditor ideology of Rome's oligarchy has survived to shape modern legal systems and economic ethics. The demand that all debts must be paid, without concern for the effects on debtors or on fiscal, economic and social stability, remains congenial to today's financial interests and has become ingrained in modern economic thought. It is not based on the evidence of economic history but reflects today's pro-creditor version of free-market ideology.

Given this prevailing ideology, this book no doubt will be characterized as a revisionist history of antiquity. What is ironic is that I have followed what antiquity's own historians and philosophers themselves emphasized: the conflict between creditors and debtors, won by increasingly powerful creditors at the cost of destroying the society that they managed. The kind of market that they designed and administered looked only at their short-term tactical gains, lacking the context of long-term viability that had guided earlier kingdoms which, ironic as it may seem, were more economically "democratic" than democratically elected oligarchies have proved to be.