CHAPTER 2

Commerce, Merchants and Homo Economicus

The propensity to truck, barter and exchange one thing for another is common to all men.

Adam Smith

This chapter examines the kind and extent of commerce and trade in nine pre-industrial societies: hunter/gatherers, Mesopotamia, ancient Egypt, classical Athens, the later Roman Republic and early Empire, the early Islamic world, medieval Europe, medieval southern India and early Qing China. The chapter is structured around three sets of propositions:

1. Men and women in all nine pre-industrial societies engaged in commerce and trade when conditions provided the opportunity to do so; commerce and long-distance trade came before states, literacy or sophisticated legal systems. Section 1.

2. Commerce and trade were the defaults and continued unless constrained by political or other authorities. This can be seen most clearly with respect to local markets which are found in all historical societies irrespective of politics, culture or religion. For example, Roman senators and Qing scholars/gentry developed legal and informal institutions to screen their participation in commerce and trade. Section 2.

3. Modern economic analysis can be applied to all pre-industrial societies, including pre-literate hunter/gatherers. Homo economicus was born well before Adam Smith. But homo sapiens – whether hunting, gathering, farming or building modern businesses – is not merely an “economic man.” Section 3.

1 Ubiquity of Commerce and Trade

1.1 Hunters, Gatherers and Pre-Literate Farmers

The main focus of the trading at the [Eskimo] fairs was niuviriik, or partnership. However, once partnership obligations had been taken care of, people

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were free to engage in any other kind of trade. Apparently the most common was tauqsiq trade, in which surplus goods were auctioned off. But tunilaq trade could also be initiated, whenever one saw something that he wanted badly enough to bid on.

Burch (1988, 105)²

Modern men and women or homo sapiens are the only survivors of the hominids who first appeared in Africa more than four million years ago. One group of hominids left Africa and spread out to Eurasia around one to two million years ago.³ Around 200,000 years ago homo sapiens with its rounded braincase and delicately built skeleton appeared in Africa. Some migrated out of Africa and their numbers remained small for many millennia; genetics suggests that only 10,000 homo sapiens were alive 130,000 years ago.⁴ Around 80,000 to 40,000 years ago there was an acceleration of their linguistic and cognitive capabilities with an explosive increase in population and dispersion. Ancestors of the earlier migrants like the Neanderthals disappeared following the population expansion of homo sapiens.⁵ By 20,000 BC all other hominids were extinct, with the possible exception of a small group called homo floriensis whose remains were found on the island of Flores near New Guinea and who perhaps survived into modern times.

A snapshot taken at 20,000 BC would show humans (homo sapiens) scavenging and hunting animals, gathering plants and making stone tools. Unlike their hominid ancestors, they also were speaking, constructing mammoth bone dwellings, stitching clothing and painting murals. The gradual ending of the last Ice Age (around 18,000 BC to 9600 BC) radically improved living and survival conditions as the climate generally shifted from cold and dry to warm and wet.⁶ Animals and plants with edible roots became more abundant. Improved nutrition permitted women to bear more children and more children survived infancy leading to a population increase. Humans dispersed into the new forests and areas that previously had been too cold and dry.⁷ By around 10,800 BC

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⁵ Genetic remnants survived. Interbreeding between homo sapiens and other hominids like the Neanderthals occurred both in Africa and outside Africa.
⁶ Ibid., 12.
⁷ Ibid., 27–28.