Public, Palace and Profit in the Ancient Near East

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Anarchy reigns with respect to the meaning of ''public'' in the ancient Near Eastern literature! Even the best studies fail to offer a definition of the term. Instead, readers are forced to take cover under a barrage of alternative words: ''official,'' ''palatial,'' ''institutional,'' ''authorities'' and more. These terms neither clarify nor evade the central question. The difficulties are understandable. The present paper seeks to bring some order to the issues while exploring the relationship between palatial and public enterprises.

Meaning of Public Enterprise

Economists speak of ''private'' versus ''public'' goods. The distinction is this: for a private good, each individual gets his own quantity of the good; for a public good, each individual has available to him the aggregate quantity of the good. Thus, the orderliness and security of a society are public goods, while pizzas eaten in the society are not. For public goods the incremental cost of an additional individual consuming the aggregate quantity is effectively zero. The classic case of a public good is ''national defense'': it is not possible to protect one individual from a missile attack without simultaneously and equally protecting everyone else. For the ancient world we may take as an example the provision of a city wall or a ''wall of the land''. In most cases goods are not entirely public or private, but rather blends of the two polar cases.

The problem of public goods arises from the fact that since no individual can be excluded from consuming the aggregate quantity, no individual has an incentive to pay for his consumption. That is, individuals are tempted to behave as ''free riders.'' By contrast, the individual who declines to pay for a pizza will not get one. Consequently, pizzas will be optimally provided in the free market but not protection against foreign attack. Public goods will typically be provided by an organization having the power to coerce payment — i.e. by the state/government of a society.

In contemporary societies, the main producer of public goods is typically known as the ''public sector.'' This public sector does not consider profitability in deciding how

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much of a public good (e.g., national defense) to produce. Of course, ancient societies had governments that produced public goods. The public goods provided included but were not confined to national defense and public order. Thus, in the earlier second millennium, Mari's ruler boasted that he had opened canals and thereby ''made the lever-and-bucket (Schöpfeimer, dalum) disappear from my land'' (Klengel 1980: 79). Rulers also built roads and standardized weights and measures. However, Near Eastern scholars have not placed the production of public goods at center stage. [1]

The waters are muddied because the contemporary public sector — i.e. the producer of public goods — also produces private goods. The common factor is that, again, profitability considerations are set aside. Thus, in welfare states and socialist regimes criteria of cost, revenue and profitability are largely supplanted by social-political performance criteria. The distinguishing feature of contemporary ''public'' production is that profit is not a central concern. Ancient Near Eastern scholars have centered their attention on the production of private goods by organizations/''palaces'' that appear to have had joint responsibility for the defense of life and property against criminals and aggressors.

Did palaces set aside profit considerations in the production of textiles and other private goods ? Before turning attention to this central question, some attention needs to be given to why palaces produced private goods such as textiles in the first place.

Palatial Production of Private Goods

It is true and not particularly surprising that temple and palace officials should have played a major role in production of private goods. This holds especially in the introduction of new products and the exploitation of new markets. In practice, the entrepreneur or innovator is an individual who has acquired some familiarity with the needs and circumstances of relatively distant markets and has access to capital. Today many social and economic roles equip individuals to implement economically valuable new ideas, but in antiquity, the appropriate roles would have been more or less limited to rulers, officials, large landowners, and merchants. The point is that given the ancient world's limited pool of entrepreneurs, a major role for temple and palace is predictable. [2]

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1 Wilke (2000) demonstrates that ''dictators'' (i.e., rulers of personally owned states) have an incentive to invest in public goods to maximize his expected income tax receipts. The maximized tax receipts would, of course, include a significant monopolistic component. In addition, the ''dictator's'' policies would result in a ''dead-weight loss'' — i.e. a loss in aggregate economic welfare.

2 The economic importance of temples also owed much to a factor familiar to economists concerned with contemporary economies-namely, tax exemptions and exclusive franchises. This is a large subject deserving of separate treatment. A few examples should suffice for the present. Royal decrees granting tax exemption to this or another temple or priest are known from all periods of Egyptian history. Temple-owned goods were likewise exempted from certain transit taxes in the nineteenth-century Assyrian trade with Cappadocia. That Babylonian rulers in the second half of the second millennium favored selected priests with tax exemptions is confirmed by the kudurru's. Hittite rulers exempted the goddesses Arinna and Shamaha from taxes and corvée in the seventeenth and thirteenth centuries. Documents of ninth-century Assyria likewise allude to royal de-

In Sumerian legend we find two early rulers, Enmerkar (Cohen 1973 ; Vanstiphout 2003) and Gilgamesh (Shaffer 1983) pictured as traders who opened new markets. Again, after observing that the soil of southern Mesopotamia was unfavorable for viticulture, Hentschke (1977 : 54) notes that ''the Gudea Cylinder (A, XXIII, l0ff., 23ff.), which dates ca. 2100 B.C., contains the earliest reference to viticulture in this region. It mentions the planting of a vineyard in a temple garden.'' (For a translation, see conveniently Edzard 1997 : 86.) Clearly, this was a palatial innovation. The Bible records the joint expedition of Solomon and Hiram the king of Tyre to Ophir for gold, sandal-wood, and precious stones (1 Kings 9.26-28 ; 10.11) and the purchase of horses by ''Solomon's merchants'' from the ''men of Kevah'' (1 Kings 10.28).

In and of itself, the commercial participation of rulers and even their commercial primacy does not deny the importance of market forces. Moreover, the distinction between ''ruler'' and ''merchant'' may not be as clear-cut as is usually assumed. The ancient terms we translate as ''king'' or ''ruler'' might more accurately be rendered as ''owner''/ ''rich man'' or ''manager. The Old Assyrian chief executive (rubā'um ''big one''), Westbrook (2001 : 25, n 1) suggests, ''who was (in theory) on a par with his people and their mere representative, was not called king but 'steward' (waklu)''. More concretely, the translation of the tablets from Ebla seems to raise the possibility that prominent members of the community, including merchants, were elected to rulership (en-ship) in the most commercially oriented communities.[3] J.G. Westenholz (1999 : 145) actually suggests that ''Emar in Old Babylonian times was a city ruled by merchants, perhaps referred to as the qaqqadātum, the heads of the commercial houses.''

In much later times, we may note that before overthrowing Evil-Merodach (561-560) and becoming king of Babylon, Neriglissar (559-556) was a prominent member of the

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crees granting tax exemptions to temples.

The bias in governmental tax policies in favor of cults gave them a competitive advantage over those who did not enjoy exemptions. Economic theory indicates that the special exemptions would have operated to increase the share of temple- (or priest-) operated enterprises in total production either by raising their marginal revenue curves (or lowering their marginal cost curves) relative to independent firms when taxes varied with output or by driving marginal private competitors out of business in the case of lump-sum taxes. Both types of tax were employed in the ancient Near East. In addition, it seems likely that the use of temples as tax shelters operated to increase their share in total asset ownership and income.

3 Pettinato's (1981 : 72) hypothesis that Ebla's en's were elected for seven-year terms would ''explain how at the time of Ebrium's term the preceding en 'kings' were still alive.'' Of the five known en's in Ebla, only the last one followed his father into the office and one certainly did not. The evidence for elective or rotating rule is not confined to Ebla. For instance, Diakonoff (1969 : 184) notes that in Lagash, Urukagina's predecessor Lugalanda ''continued to live peaceably in the city [of Lagash] after his deposition.'' In addition, King Lugalanda's businessperson wife continued to appear in the ''administrative'' texts. The texts do not suggest that Lugalanda was violently overthrown. Pitard (1997 : 409) provides additonal examples : ''The city of Azu is said to have ENs, as is the city of Manuwat ; tablets list at least four contemporary officials of Ibal called ENs, and the cities of Armi and Dugurasu are listed as having EN-EN, all clearly alive. At the same time, an individual ruler of any of these cities could be referred to alone as EN of that city.'' Urukagina, whose wife is also a noted trader, states in an inscription that he was ''chosen by the (god) Ningursu from among 36,000 individuals'' — that is, from the population of Lagash (Vanstiphout 1970 : 34). This raises the possibility that his elevation to the en-ship was accomplished by means of an election of some sort.

business community. Shiff (1987 : 128-29) notes that ''both before and during his reign, Neriglissar maintains close business ties with... the head of the powerful Egibi [merchant] family of Babylonia... After he becomes king ...possibly with active assistance of business interests in Babylonia, Neriglissar maintains many of his earlier commercial relationships, and also continues to employ [the head of the Egibi family]... as his agent.'' Then there is Isaiah's (23.8) prophecy about Tyre whose sōcharêhā ''merchants'' are sarîm ''princes''.

I cannot here pursue this question to a firm conclusion. Suffice it to say that the role of ruler facilitates commercial participation and the role of merchant facilitates rulership. The point is that the palatial production of private goods is unsurprising and does not in itself demonstrate that palatial enterprise is public enterprise.

Behavioral Differences Between Palaces and Other Firms

The discussion of the ruler/merchant leads directly to a different but related meaning of public enterprise. This terminology is sometimes applied to firms with numerous owners. Such firms are more likely than firms with a handful of owners to experience serious incentive problems. The incentive problem is captured in the classic formula ''separation of ownership from control.'' The formula may be explained as follows : a free-rider problem among the diffused owners limits oversight of the firms's controller/ manager who is enabled to pursue his private interest at the expense of profit for the owners.[4] It is at least possible that some kings were chief executive officers of widely owned enterprises. In the second half of the second millennium, the ruler of Alashiya (Cyprus), in requesting payment for shipments of lumber, informs Pharaoh that ''the people of the land murmur against me'' (Liverani 1979 : 29, n. 42 citing EA 35). Why did the people ''murmur'' ? Were the ''murmurers,'' so to speak, ''stockholders'' in a royal export enterprise? It seems more likely, that they were independent merchants who had not received payment for their lumber and asked the king to intercede on their behalf. No more will be said about this question in what follows.

We should not simply assume that the incentive structure within which ancient rulers operated is the same as for contemporary rulers in democratic states. Instead of mechanically classifying palatial textile production as public production, we need to learn whether there were behavioral differences between king- or official-operated enterprises and profit-oriented firms.

Sometimes palaces did set aside profitability criteria. A nice example of this phenomenon is provided by the Roman biographer Suetonius' report (Vespasian 18) that Vespasian (69-79 C.E.) declined to use an invention that would have reduced significantly the cost for hauling heavy columns up to the Capital on the ground that ''he should allow

4 Managerial rulers would be less inclined than Wilke's (2000) dictators to maximize tax revenues by means of investment in public goods.

himself to feed the plebs'' (i.e. by paying them to do the work instead) (as cited by Wilson 2002 : 4). To date, I have not found any clear examples of this kind of behavior in the Near Eastern documents.

In this connection, we might perhaps consider the Old Babylonian royal mīsharum-edicts in which palaces cancelled debts in order to ''restore equity/justice.'' It appears, however, that the edicts cancelled loan contracts between citizens (Hallo 1995 : 82 ; Veenhof 1997-2000 : 80-1 ; Charpin 2000 : 204-5). Palaces did not thereby forego income, at least directly.[5] Perhaps palaces sometimes cancelled payments due them, but the payments were probably taxes or rents, not proceeds from the sale of commodities. It is of some interest to consider the Hurro/Hittite ''Song of Release.'' This literary composition, dated to the middle of the second millennium, tells that the king (Mēgi) of Ebla proposed a debt release (Hurrian kirenzi, Hittite parā tarnumar). When Mēgi's proposal is rejected, apparently by Ebla's ''city council'' the king cancels all debts owed to him. I am inclined to believe that the cancelled debts were owed to the Mēgi as an individual, not to the state treasury (compare Hoffner 1998 : 75-6). Even so, the debts cannot be linked to the king's textile or other businesses. Certainly, I have not seen texts in which Near Eastern palaces provide subsistence relief/welfare payments to, for example, female textile workers.

Mari's palace, a center for the production of textiles incorporating extensive warehouse facilities, possessed a kār ekallim ''palace market'' and, according to Dalley (1984 : 15), ''this part of the palace plan closely resembles the plan of a modern bazaar in the Near East.'' Documents from Karana or Qatara (current Tell al Rimah) in northern Mesopotamia reveal that the local ruler's wife, Iltani, operated a textile firm (e) employing twenty-four production workers, including fifteen women and nine men. Shepherds and donkey-drivers are also mentioned as belonging to Iltani. Her textiles were distributed locally and were exported, with the assistance of her husband, to Babylon, Assyria, and Anatolia (see Dalley 1977). Iltani, moreover, had dealings with several women participating in the textile business. These enterprises very much look like they aimed at profit. It is probably safer to say that I have found no documents demonstrating that profits were not their primary consideration.

A late-third-millennium Sumerian text reveals that the firm of the governor of Umma and his wife and ''children'' employed over 200 male and female workers (geme-arad) who are not obviously government employees (see further below). Gelb's (1982 : 94) assertion that this firm ''was under the indirect control of the state/crown'' is ambiguous and is not founded in the evidence (emphasis added). An Umma businessman named Ur-e-e busied himself with manifold operations, including raising livestock ; trans-

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5 The royal mīsharum-edicts undoubtedly damaged the ruler's tax base. However, Wilke (2000 : 88) maintains that under the Pharaohs ''The governmental redistribution system had not primarily the function of equalizing the distribution of income or wealth among the whole population ; its main function was the redistribution in the direction of the king.'' In my judgment, Wilke underestimates the scope and importance of altruistic economic policies in ancient ''dictatorships'' (compare Silver 1980 ; 1995 Chap. 8).

actions involving cheese, oil, leather, carcasses, wool ; the weaving and finishing of cloth/ garments with the aid to two agents ; shipments by boat of fish and grain ; and even the construction of boats. In addition to all this, he paid ''taxes'' (or fees ?) relating to irrigation and fields (mas-a-sa-ga) (Jones and Snyder 1961 : 322-44). In what way did his operations differ from those of the ensi ? The available records reveal no evidence of difference in motivation or outcome. Fortunately, there is also indirect evidence bearing on this issue.

Depersonalizing of Royal Offices

Business activities carried out by persons who happen to be rulers, officials, and priests may be unrelated to the performance of the latter roles. Pettinato (1981 : 190) has called attention to the discovery in Ebla's archives of a ''tribute'' text ''which registers not only the tribute of the governors but also of some cities [and commercial centers] and, if the text is correctly understood, of the king of Ebla himself. This surprising element of the king's paying taxes... underscores the depersonalizing of the government offices'' (emphasis added). Add to this that Ebla's māliktu ''queen,'' a transactor in textiles, also paid taxes. [6]

Given the uncertainties about the Ebla texts, however, it is reassuring to note related patterns in Mesopotamian and Roman economic history. A. Westenholz (1984 : 20) calls attention to the situation in Sargonid Lagash, where the ensi ''also appears in the documents as a private citizen-he buys slaves for his own use before witnesses, just like everyone else.'' In the early second millennium, Assur's ruler participated in but did not monopolize or even dominate the trade with Cappadocia (Larsen 1976 : 129-43). Similarly, after the middle of the first century, when brick production became a major Roman industry, the Emperor competed as a private citizen with firms of other large landowners, many of whom were undoubtedly government officials (Bloch 1941).

Depersonalization of royal offices is made explicit in Egyptian texts. In the mid-second-millennium Egypt a distinction is made between a vizier's ''own people'' and the ''ones listening to the call of the vizier'' — that is, those assigned to the office of the vizier. From the Fourth Dynasty the expression per-djet refers to a manager's own estate in contrast to one provided to him by the ruler (Perepelkin cited by Allam 2000 : 88). In the Sixth Dynasty the ''Governors of the (Dakhleh) Oasis'' possessed hewet-ka ''palaces (?)'' including the governor's ''sanctuaries with dependencies comprising magazines,

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6 Interestingly, in one Linear B tablet of Pylos (Na 334) we find reference to a land holding of the king himself (wa-na-ka e-ke). The land is designated as eleuthera ''free (of taxes)''/''remitted'' (Killen 1985 : 248). This designation would be redundant unless even the king was normally obligated to pay ''income taxes'' to the palace. Also, we have a Mycenaean tablet (Jo 438), which (probably) shows a number of individuals including officials turning over amounts of gold to an administrative center (Bendall 2003 : 212). The payments of gold look like very much like taxes. The gold may have been the personal property of the officials, which would make them taxpayers. There are, of course, alternative explanations of the payments.

silos, bakeries and houses of personnel'' (Soukassian 1997 : 16). A decree of Pepi II found in situ in one of sanctuaries of the hewet-ka confirms the privilege of the governor to possess a private estate outside the fortified area.

More generally, Pharaonic Egypt clearly recognized the difference between perew hatey-a ''office-held property'' and perew atew ''personal property,'' as is well illustrated in the early second millennium by the mortuary contracts of a nomarch/priest/private-person named Hapidjefa (see Spalinger 1985 : 9). It even appears that this Hapidjefa in his offical capacity actually formed a contract with himself in his private capacity (Jasnow 2003 : 279).

Conclusion

This paper has clarified the meaning of public enterprise. It is quite true that Near Eastern palaces produced private goods such as textiles. There are good reasons for this. However, the central question in understanding the ancient economy is whether there were behavioral differences between palace and nonpalace enterprises. Palatial enterprise should not automatically be identified with public enterprise in which considerations of profitability are largely set aside. In fact, I have found no evidence, direct or indirect, demonstrating that Near Eastern palaces were not primarily motivated by profit in their production of textiles and other private goods. Perhaps such evidence will be found for one region or period or another. The basic point, however, is that differences in economic behavior do not follow from the mere fact that one enterprise producing a private good is managed by a palace and another is not.

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