

*Extended Essay in History*

Ancient-Babylonian Empire's so called 'Temple Economy'

**Research Question:**

**To what extent could the domestic economy of the Ancient-Babylonian empire(2000BC-1600BC) be considered as a temple economy?**

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## Introduction

The Old-Babylonian Period describes the period from around 2000-1600BC in middle and southern Mesopotamia, a region situated within the Tigris–Euphrates River system (Trustees of the British Museum). The Old-Babylonian Period includes the Isin-Larsa Dynasty and the 1st dynasty of Babylon (Postgate 22), each named after important dominating states, and together the territory controlled by the two dynasties are called the Ancient-Babylonian empire. The city of Babylon, present-day Iraq, become the capital and the center of economic activities of this short-lived empire during Sumu-la-El's reign (Yoffee 317). The sixth monarch, Hammurabi, is the most famous Amorite King who governed the empire, having created the world's first written law code and bringing the empire to its zenith of prosperity (History.com Editors). Sadly, in the 150 years after Hammurabi's death, the Empire gradually declined.

The Ancient Mesopotamia civilization has hatched some of the most influential early city-states that have left a long-lasting impact on the formation of contemporary religion, technology, law, trade, writing, etc. However, due to the lack of archaeological evidence, Assyriology, the study of Assyria and the rest of ancient Mesopotamia, is an area is under-explored compared to other historical periods. The Ancient Babylonian Empire, as a short two-century period, is even less researched despite being one the most powerful and flourish empire during the ancient times. The rapid decline of the Ancient Babylonian Empire after the reign of Hammurabi is usually explained by scholars as a result of territory loss and military weakness (Chavers), rarely mentioning the effects of its economic status. But most of the time, an empire's rise and fall are closely related to its economic activity. Thus, this research question is worth investigating as the economic system of the Ancient Babylonian empire could provide more explanations and insights for its rapid rise and decline. The extensive historical debate over this topic reinforces the significance of this question.

German Sumerologist Anton Deimel first published his temple state theory in 1920, arguing that the economic activities in the Ancient Babylonian empire are completely controlled by the holy temples.

The economic historian Anna Schneider later elaborated on Diemel's theory but concluded that the Ancient Babylonian economy was more like a mixed economy than a pure temple economy. The debate once ceased in 1933, when the temple state theory was officially accepted as valid when scholars' interest in this topic faded away and stop proposing new arguments. But the issue was again drawn into the spotlight after 1953 as more evidence, like engraved tablets, is discovered or become available for examination and analysis thanks to the advancement in technology and innovations. Igor M. Diakonoff, Alexander I. Tyumenev, and Ignace J. Gelb, three of that proposed the most popular and widely accepted counterargument, were the three main opponents to Deimel's temple state theory. Among them, Diakonoff, discrediting Deimel's calculations as erroneous, proposed a more complex model, the 'residual village', which describes the economy of the empire as a system of two sectors. While Diaonoff emphasized the role of "extended or undivided family" in the empire's economy, Gelb, in contrast, insisted that the empire has "a character of privatization and a trend towards capitalism" (Liverani). Both highlighted the contribution of the private sector, one that is completely neglected in Deimel's monolithic temple state theory, to the economy. After a century of debates, scholars still have not reached a consensus on how the economic system was like back in the Ancient-Babylonian empire, the diversity of arguments surrounding this topic manifests the significance answering of this question.

No primary sources are explored in this essay due to the language barrier and access limitations. However, translations of cuneiform engravings on clay tablets from the code of Hammurabi and temple records are evaluated. Most of the translation of the cuneiforms come from one of the major sources, the book *Early Mesopotamia: Society and Economy at the Dawn of History*. First published in 1992 by John Nicolas Postgate, this book examines different aspects of early Mesopotamia society, from the start of the Protoliterate period (5000 BC) to the end of the Old-Babylonian period (1600 BC). Postgate discussed early Mesopotamia's geographical, social and economic order elaborately, but the discussion mainly focuses on time from the Ur III dynasty and onward because there is more abundant archeological evidence for later periods. This source is trustworthy because its author Postgate, an Assyriologist, and Archaeologist that

studies Akkadian, is a specialist of ancient Mesopotamia culture and language. The fact this book is frequently cited in various academic papers about early Mesopotamia civilizations further increased its credibility.

Another major source of this essay is the book *Imagining Babylon: The Modern Story of an Ancient City* written by Mario Liverani and translated from Italian by Alisa Campbell. This book provides a detailed summarize and evaluation of different urban sociology, social anthropology, and macroeconomic theories on the ancient cities of the Near East proposed by scholars from the nineteenth century onwards as new archaeological and epigraphic evidence unmask. Published in 2016, this book assessed more recent discoveries and provides insight into how the understanding of the Mesopotamia cities changes over time. This book is highly relatable to this research question as it focuses on a narrower time range, “the so-called Greater Mesopotamia of the period between 3500 and 500 BC”. The credibility of this source can be ensured as it belongs to the Studies in Ancient Near Eastern Records (SANER), which is a peer-reviewed publication of monographs.

Unfortunately, the initial papers that established and defined the temple state theory by Deimel and Schneider cannot be examined because of the language barrier. Most papers that debated upon the Ancient-Babylonian economy are written in the early twentieth century are in German. Not only are there no trustworthy translations, but there is also no digital copy. The hard copy of these original papers that proposed the temple state theory is stored and protected in libraries abroad, making it inaccessible. But there are numerous papers published by later scholars which are based on these original papers providing sufficient information, so the lack of initial papers is not so consequential. Thus, this essay primarily relies on later works those comments on the previous foundational papers for information about the temple state theory.

## **The role of temples and its Importance in the Ancient Mesopotamia society**

The social structure of early cities in Mesopotamia is defined as theocracy and temple economy until the 1950s (Postgate). Scholars agreed upon the idea of temples owned all the agricultural lands and employed the entire population. The Father of the temple economy theory, Anton Deimel, derived this classical structure of a typical Sumerian city-state studying the archives of the Bau Temple at Girsu (Postgate), the religious center of the Lagash state during the pre-Sargonic period. Through analysis of “detailed information on the temple’s management” and calculations of agronomic and demographics, Deimel reached his conclusion that is exceedingly extreme: "all the cultivable land belonged to the temple and all the workforce depended on it" (Liverani). Nevertheless, Deimel’s theory provided a foundation for the work of later generations of scholars as well manifests the undeniable importance of temples in Ancient Mesopotamia society.

Later in 1983, J. Makkay pointed out that temples have a greater contribution to the accumulation, redistribution, and mobilization than the production of goods (J. Makkay). Postgate also supported a similar argument by describing the temple as the middleman (Postgate). The redistribution and mobilization of goods derived from the premise of the temple owning huge quantities of capitals and this function of accumulation are naturally developed as religion have a lofty position in people's hearts back then. The supreme position of the temple remains unchanged regardless of the regime change and is perceived as the symbol of the city and states, the pride of the ruler, and the local wealth (Postgate). Postgate and Makkay are certainly right about the accumulation function of temples because considering their spiritual importance, it is not a surprise that a significant number of communal resources are devoted to temples. Various scholars have confirmed that temples function as storage of surplus, especially agricultural products. A great proportion of this surplus came in the form of the vast amount of ‘offerings’ which is always in excess (Postgate). But apart from these daily deliveries from royal estates, rich merchants, or individual that is recorded on temple documents, temples also assembled a considerable number of chattels from arua, the unofficial “free-will gifts made to the gods”, including precious jewelry believers devoted to

the decoration of the statue of the Gods (Postgate). In these terms, the temple back in the Old Babylonian period appears to be more like a capitalistic institution that accumulates a large amount of capital and wealth through various ways.

There's no doubt that daily offering is made to the temples as the details of these transactions are recorded on cuneiforms, while the unofficial gifts are a logical hypothesis based on the analysis of pictographs. Postgate thus argues that in the hold of a substantial amount of capital reserve, and as the "safest place for the storage of wealth", temples "serve the community as a bank" (Postgate). However, Postgate contradicted himself as he suggests that most of the offerings are redistributed to the staff working in the temple and that except textile production, most of the production activity temple conduct aims to fulfill its own needs (Postgate).

If the temples only collected the subsistence amount of goods, then its role as a bank is certainly a minor one, and the important economic activity of borrowing must be conducted by another group. But the truth is probably closer to that the temple had enough resources to play a prominent role as a bank and creditor. Not only do various temple loan texts indicate this, but a study undertaken by Rivkah Harris on the archive of the Sin temple in Tutub revealed that temples "lending silver and food staples through the agency first through the priest of Sin and later through other temple officials" (Harris).

## Land Ownership and its Impact on the Economic Structure

One essential characteristic of the temple economy is that the ownership of the majority of cultivatable land within the state belongs to the central shrine. Deimel's denied the existence of any private land and according to his calculations the Bau Temple owned around 200-300 sq. km of land (Postgate), which he categorized into three genres. This definite argument of Deimel is disintegrated as Diakonoff proved his calculation erroneous and estimated the "ratio of the temple sector and the private as 1:2" (Liverani). Tyumenev added that even during the Ur III dynasty, under the summit of centralization, private lands exist. More recent archeological evidence also revealed that "land rental contracts between private individuals existed" (Liverani).

It is reasonable that early scholars like Deimel deny the existence of private land ownership because there is a "complete absence of field sale documents" (Postgate), which Postgate hypothesize as due to a "possible embargo on land sale" (Postgate), and that sources about the possession of cultivable land are mostly taken directly from administration of lands by large institutions or the law. However, the absence of land sale documents does not equal no private land ownership, and as Postgate critically points out, there are often "conflicts between the ideal and the actual" (Postgate), implying that people always find ways to utilize the loopholes in rules. Similar situations are seen in the Old Babylonian period and considering the extreme centralization during the Ur III dynasty prior to it (Yoffee), one would likely conclude that private land would scarcely exist. But as Yoffee states, the economic and social structure of the Old Babylonian empire have undergone considerable changes after the fall of the Ur III dynasty, in consequence, the empire became more prosperous (Yoffee). This suggests that the state of the economy of the Ur III dynasty, extremely centralized and reliant on temples, could not be taken into account to a large extent to deduce the economic situation of the old Babylonian Empire.

Although few, there is evidence that hints at the existence of private land ownership. The Code of Hammurabi specifies that land could be used as capital to repay debts: "the debts of one year can lead to



pledge of the family's fields in another, followed by compulsion to sell their land, and ending with them as share-croppers on their own former property" (Postgate). During the reign of Hammurabi, lands also served as an award for extraordinary military achievement, to attract recruits (Postgate). Postgate provided strong convincing evidence including letters between Hammurabi and his subordinates which discusses the land allocation in the new conquered state of Larsa (Postgate). There is no doubt that private land ownership is present during the Old Babylonian Empire, but the proportion of it compared to public land is uncertain.

It is undeniable that temples during the Old Babylonian period owned mass areas of cultivable lands, but some of these are only public lands at a nominal level, which are used more like private lands. Deimel classified lands owned by the temples into three categories: the priestly land, the prebend land, and the rented land. The one category that is worth noticing is the so-called prebend lands (Postgate). Prebend land is land assigned to temple personnel as a part of their remuneration, but this ownership is temporary as the possession of the land changes as position changes (Postgate). Notice that in the Old Babylonian period both temples and palaces owned prebend lands, which put the palace into equal economic importance, as the power of an institution is mainly decided by the ownership of agricultural lands back then in such an agriculture dominated society.

Although it appears that temple personnels (usually priests) are only given the land usage right, in fact, once assigned, prebend lands no longer act as capital of an institution but function as private land. The social system and the extensive rights are given to the temple personnel endow prebend land with this private characteristic. Once officially appointed, the prebend land "could be leased out to a third party" (Postgate), for which the income this generated still belongs to the temple personnel given the land. Moreover, although the ownership of prebend lands is designed to change as offices change and would "revert to the institution on the death of the holder" (Postgate), the possession of the lands normal wouldn't return or change, because, during the Old Babylonian period, most of the priestly positions are generally hereditary, which means the ownership would simply be passed from father to son.

Clearly, under these circumstances, Prebend lands are not suitable to be classified as public land anymore, since the ownership of it is likely eternally transferred to a household once allocated. Kazuya Maekawa calculated that prebend lands account for 25% of the total amount of land owned by the temple during the late Ur III dynasty under Amar-Suen's reign around 2046-2037 BC according to middle chronology (Maekawa), which is very close to the reign of the Old Babylonian empire. This implies that around 25% of the assumed public land may act like private land, the actual figure during the Old Babylonian empire would likely be lower because temples during the Ur III dynasty hold more land due to the extreme centralization, and the accuracy of Maekawa's calculation is not ensured as it is done back in 1986. Despite this, the involvement of the private sector in the ownership of agricultural land is larger than what early scholars believed. The dominant position of temple and palace is in no doubt, but it would be reasonable to expect the socioeconomic condition in the Old Babylonian empire to be what Gelb concluded: "the oikos [household] served to lend the accumulation of lands a character of privatization and a trend towards capitalism" (Postgate).

## The Existence of Markets and the Trading System

Early Assyriologists, famously Leo Oppenheim, are firmly supported the claim that during the Old Babylonian Period, especially in Hammurabi's reign, there is a “lack of a central marketplace, in contrast to the cities of medieval Europe” (Dale). It is not surprising that many agreed with this claim as no archeological evidence indicates any sign of the existence of markets, when astonishingly not even one “case of profit made on price differentiation” appeared in around 7000 documents from the Old Babylonian Period, some even speak against it (Dale). The opinion that trade is highly dependent on “a redistributive system centered on temple and palace” (Dale) exactly describes a temple economy.

However, just like there are parallel markets naturally exists when demand is high while supply is weak, Karl Polanyi proposes that private trading activity on a non-market basis by custom or treaty and were ubiquitous (Dale). Polanyi's argument is supported by the fact that, despite the lack of a central market, the harbor of each town typically serves as a place “merchants would gather to engage in long-distance trade” and probably incubated many large-scale private merchant ventures (Dale). Polanyi believed that although there are no markets, "capitalist activity", which means private business activities, was widespread (Dale) because there is sufficient demand. The credibility of this statement is assured by the various law code that appeared in the Code of Hammurabi which directly addresses such activity. For example, figure 1 presents a translation of a passage in the Code illustrating trade between merchants:

**“If the merchant give to an agent corn, wool, oil, or any sort of goods with which to trade, the agent shall write down the value and return (the money) to the merchant; the agent shall take a sealed receipt for the money which he shall give to the merchant.”**

Figure 1. Translation of a passage in the Code of Hammurabi (Business in Babylon)

Therefore, instead of taking on the temple economy view, Polanyi had a similar perception with Diakonoff and described it as “a binary system built upon the symbiosis between the communally organized city and of redistributive temple/palace institution” (Dale). There are without doubt oppositions to Polanyi's

view of a redistributive binary society. Morris Silver contested Polanyi's statement by pointing out "the importance of the state, temple, and palace as middle-men in the grain market, chief provider of harvest loans, in the credit and investment market and contractual slavery in an archaic state" (Renger), implying that Polanyi has undecimated the role of the central agencies.

Nevertheless, considering the prosperity and the extent of the territory during Hammurabi's time, the binary redistributive system is probably a more reasonable and apt model than the temple state theory. In comparison, the binary economy is way more convincing and realistic, while temple economy seems overly idealistic, not only does it ignore the power of the crowd, but also overestimated the juridical and executive force of temple/palace have over an extensive territory during a time where long-distance communication was extremely inefficient.

Sadly, Polanyi was only half right about the Old Babylonian Empire when he regarded it as "a capitalistically-minded business community without markets" (Dale). The idea of "marketless trading" was overthrow by later archeological evidence which suggests that "markets existed in Anatolia where goods could be sold with profit"(Dale). The most straightforward being those records of income statements of merchants during the Ur III period is discovered (Postgate). Even during the period of intense centralization before the Old Babylonian Empire, private business activities existed, which proves that it probably become more flourishing later, during the less centralized Old Babylonian Empire, as people gained more freedom with less regulations. Translations of the Code of Hammurabi also evidently affirmed the existence of private markets, and the provisions regarding these actions also explained the role of the palace/temple in trading.

The merchant appears in many ways in the code: it recorded the presence of drummer stating that "some merchants traveled, and some stayed at home", as well as enacting punishment for cheating that agent that delayed paying must return the money by threefold, and merchants that lies by sixfold (Business in Babylon). Other market regulations that appeared in the code include "stipulating wages of labor in various occupations and charges for service, storage rates and the prices of various product according to

the scale fixed by the king” (Business in Babylon). Furthermore, the Code revealed the multiple roles the temple/palace played in trading, in addition to being a regulator, it also acted as the supplier and in some circumstances the central bank.

As mentioned previously, the temple/palace often accumulates a large amount of surplus above its needs, which they “wished to dispose of them without the expenses of storage, distribution and petty administration” (Postgate). Thus, the palace sells to merchants, as it not only allows them to discard surpluses easily but also generates extra revenue. Sometimes, the palace even intentionally creates surplus for commercial purposes. Apart from being the supplier, it is recorded that “merchants receiving silver and processed materials from the central agency returns after six or twelve months with the equivalent in finished goods or raw materials” (Dale), demonstrating the central agencies' function as a bank.

The above description might make merchants sound like merely agents or employees hired by the central agencies to sell the surplus, as the profits of being a merchant are questionable when products are assigned a legally mandated price. But the ‘palace price’, the “nominal value assigned by the decree”, does not necessarily equal the market price (Postgate). A basic principle of economics states that the price of a product is decided by demand. The palace price couldn’t stop people from paying more for the more demanded merchandise. It is possible that palaces and temples hired middlemen to sell their surpluses, but independent merchants most likely exist. It was recorded that a certain type of merchant earned through making “investment to the farmer which needs money to grow crops” using a static interest rate that is designed by the palace written in the code, as a moneylender (Business in Babylon). If the central agencies are like central banks, these money lenders are like commercial banks.

As more archeological evidence becomes available, it becomes certain that market and private business activities not only existed and maybe were widespread during the Old Babylonian Empire. The presence of private sectors further disintegrated the temple state theory as it indicates that the central agencies were not the only center of trade, which is an essential component of the economy.

## Conclusion

So, to what extent the domestic economy of the Ancient-Babylonian empire(2000BC-1600BC) could be considered as a temple economy? The domestic economy of the Ancient Babylonian empire would most aptly be described as a mixed economy that has characteristics of both temple economy and market economy. Nominally, temples and palaces hold all the land, which is one of the most important capitals and resources, but in practice, around a quarter of these lands are owned by private companies. Although the existence of private property is a key feature of a market economy, the fact that the majority of lands are still controlled by government agencies suggests a temple economy. The presence of non-state-owned marketplaces and merchant ventures demonstrated the coexistence of private and public ownership of businesses in the Ancient Babylonian empire, which is also a characteristic of a market economy. Despite having an official palace price, evidence of fluctuating prices suggests the presence of a supply response, indicating that business competition occurred. The central agencies, on the other hand, likely dominated and ruled over the market as legislators. Although temples and palaces remain the most important centers of commerce, evidence suggests that private markets may be another important center that was overlooked by early scholars. The essential status temple and palace have in Ancient Mesopotamia is unquestionable, but the complicated economic system of the Ancient Babylonian Empire was more than just “a redistributive system centered on temple and palace”. The palace even “played the role that most economists today assign to the private sector: preserving economic freedom for its citizens, a liberty”, referring to another feature of market economy: the freedom of choice.

Overall, the Ancient Babylonian empire's domestic economy should be viewed as a market system based on the temple economy framework.

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