

The Origins of Trade

Trade has been with humankind for over 100,000 years. It is a vital part of all civilizations. The motivations for trade have included a full range of possibilities, from dire necessity to improving the quality of life.

Winston Churchill famously advised, “Study history, study history. In history lies all the secrets of statecraft.” This chapter traces in brief the origins of trade and how it developed from the very beginnings of human time through the ensuing millennia. As the ultimate purpose of this book is to address how best to manage the world trading system and how it can be improved, viewing the role of trade in succeeding epochs that preceded our own can provide insights into the primary objectives of trade and how they can best be served now. Why did trade happen? What was the relationship of trade to the spread of civilization? When can we see evidence of the beginnings of the role of government in trade? What effects did commerce have on technology and economic growth?

Ur-trade. Trade has existed for a very long time, driven by both necessity and its utility. Paleoanthropologists believe that long-distance trade networks existed some 300,000 years ago. This was perhaps 100,000 years before *Homo sapiens*, our species, first walked the Earth. Our remote ancestors needed to obtain better tool-making materials than could be found locally. They particularly prized obsidian.¹ In this distant prehistory, the beginnings of trade have been surmised through the fact that where early tools are found is often not where deposits of obsidian exist.

¹ Lorraine Boissoneault. 2018. “Colored Pigments and Complex Tools Suggest Humans Were Trading 100,000 Years Earlier Than Previously Believed.” *Smithsonian Magazine*. March 15. www.smithsonianmag.com/science-nature/colored-pigments-and-complex-tools-suggest-human-trade-100000-years-earlier-previously-believed-180968499/; Joshua D. Englehardt and Michael D. Carrasco eds. 2019. *Interregional Interaction in Ancient Mesoamerica*. Louisville: University Press of Colorado.

Over 5,000 years ago, bitumen, the thickest of petroleum products, was carried over substantial distances. It was used, for example, to seal reed boats and in building construction. Bitumen, like obsidian, can be traced to its source from where it was found, indicating where early trade routes existed.² Similarly, nearly 2,000 years later, geology helps explain another major instance when trade was essential. The Bronze Age dates to around 3300 BC. Bronze was prized because it was harder and more durable than copper. Bronze is made by alloying copper with tin. Tin deposits are relatively rare and not evenly distributed around the world.³ Compared with iron ore deposits, ores bearing tin occur in a ratio of about 1 to 25,000. There are known sources of tin in Yunnan, the Malay Peninsula, Devon and Cornwall, Brittany, Germany, the Czech Republic, Spain, Portugal, and some parts of Africa.⁴ While this variety of sources makes tin appear readily available, demand was present everywhere in the societies of that age while sources were dispersed. Tin had to be traded widely for bronze objects to be made.⁵

A clear example of trade in essential goods consists of ingredients for medicines, in early times largely derived from plants. The Ebers Papyrus, dating from around 1550 BC, lists some 850 plant medicines.⁶ So do earlier Sumerian tablets, especially the Nagpur tablet dating from around 5000 BC.⁷ It comprised 12 recipes for drug preparation referring to over 250 various plants, some of them alkaloids such as poppy, henbane, and mandrake. The Chinese book on roots and grasses *Pen T'Sao*, written by Emperor Shen Nung

² I am indebted for my interest in this subject to a conversation with Raymond Westbrook, who was Professor of Ancient Near Eastern Law at Johns Hopkins University. Mark Schwartz and David Hollander. 2016. "The Uruk Expansion as Dynamic Process: A Reconstruction of Middle to Late Uruk Exchange Patterns from Bulk Stable Isotope Analyses of Bitumen Artifacts." *Journal of Archaeological Science: Reports* 7: 884–899; K. Kris Hirst. 2019. "The Archaeology and History of Bitumen." ThoughtCo. January 30. www.thoughtco.com/bitumen-history-of-black-goo-170085

³ Daniel Berge et al. 2019. "Isotope Systematics and Chemical Composition of Tin Ingots from Mochlos (Crete) and Other Late Bronze Age Sites in the Eastern Mediterranean Sea: An Ultimate Key to Tin Provenance?" *PLoS ONE* 14(6): e0218326, 1–46.

⁴ Pam J. Crabtree and Peter I. Bogucki eds. 2003. *Ancient Europe, 8000 B.C. to A.D. 1000: An Encyclopedia of the Barbarian World*. New York: Charles Scribner & Sons.

⁵ R. D. Penhallurick. 1986. "Tin in Antiquity: Its Mining and Trade throughout the Ancient World with Particular Reference to Cornwall." London: The Institute of Metals. *Antiquaries Journal* 67(1): 134. <https://doi.org/10.1017/S0003581500026378>

⁶ Aleksandra Hallmann-Mikolajczak. 2004. "Ebers Papyrus. The Book of Medical Knowledge of the 16th Century B.C. Egyptians." *Archives of the History and Philosophy of Medicine* 67(1): 5–14.

⁷ Biljana Bauer Petrovska. 2012. "Historical Review of Medicinal Plants' Usage." *Pharmacognosy Reviews* 6(11): 1–5; Kate Kelly. 2009. *The Middle Ages: 500–1450 (History of Medicine)*. New York: Infobase Publishing.

circa 2500 BC, treats 365 drugs (dried parts of medicinal plants), many of which are used even today.⁸ We can deduce from this ancient knowledge of plant remedies that trade took place, making medicines available far from the source of the plants from which they were made.

While tin was a necessity for the Bronze Age, and medicinal plants have been deemed essential throughout history, another good, amber, was widely prized for its beauty and extensively traded. In some ancient societies, wearing it was thought to have medicinal qualities, such as warding off tonsillitis in damp, cold climates.⁹ Heinrich Schliemann, the most famous of the fathers of modern archeology, in excavating grave sites at Mycenae, found amber objects. During the Bronze Age there was an amber trade route stretching from modern St. Petersburg to Sicily, linking deposits of the material in the ground with the places where it was made into jewelry. In ancient Egypt, the pharaoh Tutankhamen wore an amber bead in his necklace. It might have come from Ethiopia or the coast of what is now Italy.

The trade imperative was a major factor in the spread of civilization. The first city in the world is said to have been Uruk in ancient Sumer in the southern part of Mesopotamia. Uruk was located some 300 km SSE from modern Baghdad and was founded some seven millennia ago. Indications of trade dating back six millennia can be found at this site. Around 5,000 years ago, cuneiform characters began to be impressed onto small clay tablets. Once deciphered, the messages that were originally considered by some as mere decoration revealed something about the commerce of that era. No small number of tablets recorded commercial contracts. Some of the tablets, it was thought, were intended for long-distance communication designed to facilitate trade. Some scholars have seen trade as one reason why writing on clay tablets was invented.

Some of these early records of trade have survived. A great library of clay tablets dating back to 3500 BC was found largely intact in the ancient city of Ebla, in what is today Syria. Some tablets that were fresh were fired by the blaze that destroyed the building in which they were housed but ironically preserved them for us to see thousands of years later. The library documents the commerce of the time at this trading center, referring repeatedly to the role of “long-distance traders.” They also tell us that the rulers of Ebla were concerned with having too many petty kings exacting tolls on the Euphrates River trade. Diplomatic and other political solutions were needed to assure the seamless

⁸ Petrovska, “Historical Review of Medicinal Plants’ Usage.”

⁹ “Amber Medicine, Amber Amulets.” Getty. www.getty.edu/publications/ambers/intro/13/

movement of goods.¹⁰ This has to be one of the first records in history of the existence of tariffs or their equivalent and the need to do something about them.

Trade over distance required rules. Within a few hundred years of the earliest tablets that have been found, the first indications of law were recorded on tablets.¹¹ The Code of Eshnunna, dating to the eighteenth century BC and found at a site near present-day Baghdad, seems to be confined to criminal matters. It preceded a far more famous code, now located in the Louvre, which does address trade. Around 1780 BC, the Babylonian king Hammurabi had incised on a black basalt stele a code of laws that may contain the first surviving rule applicable to trade. It provides:

104. *If a merchant give[s] an agent corn, wool, oil, or any other goods to transport, the agent shall give a receipt for the amount, and compensate the merchant therefor. Then he shall obtain a receipt from the merchant for the money that he gives the merchant.*

This is perhaps the earliest reference being recorded of a requirement for documentation to accompany traded goods. With this rule, another step was taken in the evolution of the trading system.

Trade, as it was scaled up and became more sophisticated, also required a bureaucracy. Perhaps the first ministry of trade anywhere was established by the pharaohs in the First Dynasty (c. 3150–c. 2890 BCE) at the capital at that time, Memphis. Governments became more deeply involved in trade the more important it became to their peoples. The grain trade was so important to Ancient Egypt that state trading was introduced, and quality control officials were appointed to monitor traded products.¹²

The exchange of goods required the setting of standards and compliance with them. Around 1340 BC, Burna-Buriash II, the king of Babylon, sent a letter to the Egyptian Pharaoh Akhenaton (Amenhotep IV).¹³ Having exchanged a substantial amount of lapis lazuli, which was at the time mined in the mountains of Afghanistan, and horses for gold from Egypt, the Babylonian

¹⁰ Ryan D. Winters. 2019. “Negotiating Exchange: Ebla and the International System of the Early Bronze Age.” Doctoral Dissertation, Harvard University Graduate School of Arts & Sciences. <https://dash.harvard.edu/handle/1/41121311>

¹¹ Raymond Westbrook ed. 2003. *A History of Ancient Near Eastern Law*. Leiden: Brill. <https://brill.com/view/book/edcoll/6789047402091/B9789047402091-0001.xml>

¹² Mark Cartwright. 2018. “Trade in Ancient Greece,” *World History Encyclopedia*. May 22. www.worldhistory.org/article/115/trade-in-ancient-greece/; Benjamin R. Foster. 1970. “Agoronomos and Muhtasib.” *Journal of the Economic and Social History of the Orient* 13(2): 128–144.

¹³ We remember Amenhotep today primarily for being an early monotheist among polytheists, and for having as his wife Nefertiti, whose famous image is dated to 1341 BC and survives in the Berlin Neues Museum as a portrait in the form of an alabaster bust.

king politely asked the pharaoh to personally inspect and seal future shipments of gold sent in exchange. He informed the pharaoh that the last shipment of gold received, when melted down, came up seriously short.¹⁴ It is likely among the earliest examples of a written record discussing adherence to standards for trade and the need for an assessment of conformity with an agreed standard.

The security of trade routes was of vital importance, true then and true thereafter. In the late fourteenth century BC, the Babylonian kings built a series of fortresses to protect trade routes into northern Iran that supplied Babylon with chariots, horses, and lapis lazuli.¹⁵ Ancient Egypt provided an umbrella of security for the flow of trade in the Eastern Mediterranean. Later, the Athenians would protect the grain trade from the region of the Black Sea. The Han Dynasty emperors built the Great Wall (220–202 BC) in part to protect the trade along the Silk Road.¹⁶ The Romans would likewise guard the trade routes for grain from Egypt.

Trade was instrumental in fostering the growth of centers of civilization. The peoples that engaged in trade continued to expand their reach. In very early times, trading colonies in what are now Turkey, Syria, and Iran were founded to supply bitumen and other products, including copper, stone, timber, and pottery. The Phoenicians, Carthaginians, and Greeks, successively, established trading settlements along the eastern and southern coast of what is now Spain for both primary products and simple manufactures. The first Greek colonies were founded along the northeast coast of Spain in the ninth century BC, leaving the south coast to the Phoenicians.¹⁷ Marseille was founded by the Ionian Greek city-state Phocaea (in modern-day Turkey) around 600 BC, to serve new markets with luxury goods such as wine, moving their cargoes from the Mediterranean up the Rhone valley to Central Europe.¹⁸ Economists have examined the growth of settlements during the first millennium BC and see a correlation with trade (connectedness).¹⁹

¹⁴ Aaron Irvin. 2007. "Regional Foundations for Internationalism in the Ancient Near East: The Case of Canaan." UC Berkeley: UC World History Workshop: 1–18.

¹⁵ Ibid.

¹⁶ Raluca-Maria Nicoara. 2013. "The Han Empire at the Origin of Modern Chinese Diplomacy." *Research and Science Today* 1(5): 28–38.

¹⁷ Luminița Preoteasa. 2019. "Morphological Changes in the Proximity of the Greek Colonies Founded along the Western (Romanian) Black Sea Coast: Orgame, Histria, Tomis, and Kallatis." *Revista de Geomorfologie* 21: 15–28.

¹⁸ Richard Stillwell et al. "Phokaia (Foça) Turkey." *The Princeton Encyclopedia of Classical Sites*. 1976. www.perseus.tufts.edu/hopper/text?doc=Perseus%3Atext%3A1999.04.0006%3Aid%3Dphokaia&redirect=true

¹⁹ Jan Bakker et al. 2018. "Trade and Growth in the Iron Age." VoxEU & CEPR. August 23. www.voxeu.org/article/trade-and-growth-iron-age

Trade drove the development of industry. Greece was known throughout the ancient world for its pottery. Splendid vases, particularly during the period from 550 to 450 BC, with images of the gods and scenes from myths and everyday life, were much prized then and now.²⁰ The painted vases from Greece during this period, each an original work of art, were produced in vast quantities. Examples of these great pieces of ceramic art have been found throughout the known world of that time, and fill rooms of today's museums.

Trade facilitated technological progress. As noted, one theory holds that trade was one of the motivations for writing. We know that trade facilitated great shifts in the advancement of human society such as the creation of the Bronze Age. In the following Iron Age, the role of trade in iron products, given that iron ore was relatively plentiful, is given less emphasis by scholars, in part because geology does not identify trade routes. What is sure is that the spread of ideas, namely the global diffusion of technology to make iron objects, particularly weapons, was relatively rapid. Throughout history, there were myriad smaller but still important advances brought about by trade. Trade, for example, enabled the ancient Egyptians to replace reed boats with those made with cedar from Lebanon.²¹

Trade grew beyond a few major products. While the Ancient Greeks exported olives and olive oil and imported grain, a map of trade routes of around 300 BC would show horses sourced from North Africa and the steppes of Central Asia, silver from the Black Sea, sulfur and tin from the Italian peninsula, incense from Oman, gold, pearls, and coral from the Arabian peninsula, papyrus, linen, beer, and glass from Egypt, myrrh, slaves, elephants, and ivory from continental Africa, timber and wheat from the Black Sea region, wool and wine from Greece, and silk from China.

Trade became far more elaborate and well-developed during the time of the Roman Empire. Roads were established as well as a common currency. Imports included beef, corn, glassware, iron, lead, leather, marble, olive oil, perfumes, purple dye, silk, silver, spices, timber, tin, and wine. The main trading partners were in regions located today in Spain, France, the Middle East, and North Africa.²²

²⁰ Laura Hayward. 2020. "7 Incredible Ancient Greek Vase Paintings to Marvel At." The Collector. October 23. www.thecollector.com/greek-vase-paintings-from-ancient-greece/

²¹ Joshua J. Mark. 2017. "Trade in Ancient Egypt." *World History Encyclopedia*. June 15. www.worldhistory.org/article/1079/trade-in-ancient-egypt/; William F. Edgerton. 1923. "Ancient Egyptian Ships and Shipping." *American Journal of Semitic Languages and Literatures* 39(2): 109–135.

²² Mark Cartwright. 2018. "Trade in the Roman World." *World History Encyclopedia*. April 12. www.worldhistory.org/article/638/trade-in-the-roman-world/

There were at least eight major routes: moving spices from east to west, incense from south to north, plus trading routes for trade in cloth, salt, tea, amber beads, gold, jade, and tin to make bronze – and also, regrettably, slaves. The most famous of all routes, of course, was the Silk Road, formally founded in the Han Dynasty around 207 BC. It began in west-central China in Xi'an and crossed overland for 6,400 kilometers to reach the Mediterranean. It created cities along the way. Samarkand (in what is now Uzbekistan), a remarkable place, was a major trading center in Central Asia. It owes its existence to the Silk Road.²³

Wherever trade thrived, so did exploration. A major source of trade was driven by demand for spices, carried from Oman to India. The historian and political scientist Robert Kaplan wrote in his book *Monsoon*:

The Arabs are known in the West as a desert people . . . But they have also been a great seafaring race, as the frankincense trade and the historical experience of Oman demonstrate, the very harbingers of cosmopolitanism, who have been sailing these waters [of the Indian Ocean] for thousands of years before Vasco da Gama.

Some historians have called this route a Maritime Silk Road – stretching from the west coast of Japan, through the islands of Indonesia, around India, to the lands of the Middle East – and from there, across the Mediterranean to Europe. Traded were cinnamon from Sri Lanka and cassia cinnamon from China.²⁴

Frankincense has been traded on the Arabian peninsula for more than 5,000 years and was written about in antiquity. It was brought back to Western Europe by the crusaders and reached China. It was widely valued by the ancient Egyptians for mummification. Many peoples used it in religious observances. It is mentioned in the Old and New Testaments of the Bible, and valued for its medicinal purposes in China.²⁵

New advances in transportation drove trading relationships further and faster. Sailing ships enabled trade to expand. For Northern Europe, this gave rise to the Hanseatic League, dating from 1267. German cities combined their

²³ A few months before the COVID-19 pandemic made travel impossible, my wife and I visited Samarkand, which still has signs of its preeminent early glory.

²⁴ “What Are the Spice Routes?” United Nations Educational, Scientific and Cultural Organization – Silk Roads Programme. <https://en.unesco.org/silkroad/content/what-are-spice-routes#:~:text=The%20Spice%20Routes%2C%20also%20known,across%20the%20Mediterranean%20to%20Europe.>

²⁵ Ralph Kauz ed. 2010. *Aspects of the Maritime Silk Road: From the Persian Gulf to the East China Sea*. Wiesbaden: Harrassowitz Verlag, p. 130.

efforts to secure their trade, bringing raw materials to centers of manufacturing and sending finished products to large markets.

Grain, timber and pitch, tar, potash and charcoal, wax, honey, hemp and flax all were drawn from the south and east of the Baltic (modern-day Russia and Poland) and shipped to the industrial west (Flanders and England), which in turn sent cloth and other manufactured goods eastward.²⁶ Swedish copper and iron ore were traded westward, and herring caught off the southern tip of Sweden was traded throughout Germany and southward to the Alps. The members of the League extended their reach from trade to the sources of production, creating a monopoly over the Norwegian production of whale and cod.²⁷

Trade gave rise to the first mass production in history. In Asia, Chinese exports of pottery beginning in the ninth century were sent in quantity to other destinations in Asia and to Africa.²⁸ In the sixteenth century, trade enabled the producers to move upscale, driven by demand in Europe for much-prized porcelain, which China exported in copious quantities.²⁹

Throughout history, trade has been a major positive force for humanity, but there have been some stark exceptions (as seen from our current vantage point). Trade in the sixteenth century drove exploration, but also exploitation. The Dutch East India Company reached out into the Pacific. The British East India Company reached into South Asia. Each engaged in conquest and colonization. Slavers reached into Africa. Spanish treasure ships returned laden with precious metals from the Americas. A moral low point in the history of trade was marked by the Opium Wars with China. Colonization was not confined to the European powers. In the twentieth century, Japan annexed Manchuria and sought raw materials through conquest in Southeast Asia.

Why trade? It would be an overreach to suggest that trade was an exclusive driver of human progress. It was not. Nevertheless, trade continually emerges to a surprising extent in the rich tapestry of that story, and we can learn from

²⁶ "The League at Its Outset." *Encyclopedia Britannica*. www.britannica.com/topic/Hanseatic-League/The-League-at-its-outset

²⁷ "Hanseatic League." *Encyclopedia Britannica*. www.britannica.com/topic/Hanseatic-League

²⁸ John Miksic. 2017. "Chinese Ceramic Production and Trade." Oxford Research Encyclopedias – Asian History. www.oxfordre.com/asianhistory/view/10.1093/acrefore/9780190277727.001.0001/acrefore-9780190277727-e-218

²⁹ Suzanne G. Valenstein. 1975. *A Handbook of Chinese Ceramics*. New York: The Metropolitan Museum of Art. <https://books.google.com/books?id=wnVwuJvo4YgC&printsec=frontcover#v=onepage&q&f=false>; Jan-Erik Nilsson. "Armorial Porcelain." Gotheborg. www.gotheborg.com/glossary/armorial.shtml#G

this record. From the above narrative, reflected in current experience, there are at least five dominant reasons that become apparent as to why trade has taken place and continues to grow. Each has a continuing strong influence today. These are:

Necessity: Of the first order of importance is the movement of food in long-distance trade. Grain trade was central to the interests of Ancient Greece and Rome. In a time of climate change, the movement of food across borders will assume a growing importance. In this century, during the pandemic, all came to understand the absolute necessity of moving vaccines and essential medical supplies across borders through trade. The ingredients for medicines, the more sophisticated they became, always had to be supplied over distances from their source to where they were needed.³⁰ From earliest times, trade in intermediates – not just end products – was essential, from tin for the Bronze Age, to oil for the age of the internal combustion engine, to rare earths and semiconductors today.

Utility is a second motive for trade. Bitumen for reed boats and construction was an early example. Trade must supply the components for medicines, chemicals of all kinds. In earlier times tall pine trees were sought after for the masts for the Royal Navy. Currently imported rebars are needed for construction in modern Addis Ababa and syringes from India are needed to make injections of vaccines available everywhere.

Efficiency, a third motive, closely related to utility, drove trade from early times. The first producers of goods for trade often found inputs from distant places. They did, we may be sure, infer benefits from trade that David Ricardo articulated much later, having specialized for the same reason that Adam Smith found to be so logical – efficiency. Trade will take place when the usefulness (the value) of a good at a point of consumption rises to a level that exceeds that of the value it has in the place of production plus the costs of transporting the good. Factored into the costs would be the ships lost in storms, piracy, and other harms. If the costs of shipping did not exceed local acquisition costs, trade would take place – as it did in copious quantities in the nineteenth century for guano (nitrate) from the rookeries of Chile as fertilizer destined for the farms of Europe.

Giving life color – luxury goods and consumer choice. The examples are myriad: amber and gold for jewelry (found in burial mounds at Mycenae), and diamonds from Africa. Ice was cut in northern climes and shipped south to

³⁰ Biljana Bauer Petrovska. 2012. “Historical Review of Medicinal Plants’ Usage.” *Pharmacognosy Reviews* 6(11): 1–5.

population centers before mechanical refrigeration existed;³¹ fruit was shipped to be available out of season. There was and still is an attraction to acquire from abroad that which is therefore more exotic than something produced locally. Marble from Italy graces building lobbies everywhere, as also do tropical hardwoods. Trade has enriched life on this planet since the dawn of human time. In time, environmental concerns would also be factored in, with a focus on making trade sustainable.

Profit: Commerce also generated returns on investment, for individuals in terms of income, and for government through revenues – whether through state trading or levying imposts on imports.

Necessity, utility, color, and economic forces created the trade imperative. From the earliest times, assurance of supplies and of markets were of keen interest to those engaged in commerce and therefore to their governments. The latter needed to supply order, and this they did through international agreements. The next chapter describes how governments came together to do so on a global scale.

³¹ Eric H. Cline. 2015. *1177 B.C.: The Year Civilization Collapsed*. Princeton, NJ: Princeton University Press.