

Land Monopolization, Fiscal Crises and Clean Slate “Jubilee” Proclamations in Antiquity

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This essay compares Middle Bronze Age Mesopotamia (2000-1600 BC), classical antiquity (750 BC-300 AD) and the Byzantine Empire (330-1204 AD) to trace the corrosive dynamics of debt, absentee land-ownership, monopolization and economic polarization. The interaction of these influences has destroyed societies repeatedly throughout history. The lesson to be learned is that private possession of communal land rights threw off its originally public context, undercutting society's economic viability again and again, to the point where it has destroyed entire civilizations.

This historical overview provides a basic insight into the origins of today's economic crisis. Debt overhead once again is transferring real estate and farms, natural resources (oil, other minerals and forest products), industry and government-owned assets into the hands of a narrowing layer of bankers, bondholders and other creditors. The concentration of land and natural resource rights into ever fewer hands is part of a longer historical process in which private investment has been at the expense of the public interest.

Over the past century a major field for finance capital has been the creation of railroads and exploitation of natural resources. In both cases such capital has negotiated special tax breaks that have involved the hoarding of land. The oil industry's international depletion allowance and low royalty payments at subsidized rates on public lands are the most notorious examples. Tax breaks for mining, real-estate depreciation and the interest payments are equally serious concessions. The upshot is to tax

the rest of the public to create transport, water and other public infrastructure to enhance the value of private holdings. Meanwhile, the money for this public spending is borrowed at interest, burdening taxpayers with higher costs to facilitate these giveaways to special interests.

This has been the essence of monopoly power throughout history - and also the essence of hyperinflations. Matters have become especially pronounced in third world countries, whose regimes have come under life-or-death pressure from the International Monetary Fund and World Bank, backed by the U.S. and European governments, to provide special concessions to foreign investors in an attempt to generate more foreign exchange. Instead of being invested productively, this money is used merely to service existing foreign debts and facilitate capital flight to offshore havens, from which the money is recycled into the North American and European banking systems. The result has left ostensibly resource-rich countries in debt beyond their capacity to pay, creating a permanent fiscal and foreign-exchange crisis.

At least antiquity's governments were not debtors; typically they were creditors. Industry was not financed by debt; it was self-sustaining, as Moses Finley has demonstrated so strongly. But these conditions no longer are true, making the crisis all the more serious. A contrast between ancient and modern modes of public and private finance may provide a deeper understanding of the economic and fiscal drama now being enacted, and help show both good and bad ways that societies have chosen to resolve their debt, land-tenure and tax problems.

Public obligations owed by landed property-holders, above all for military service (and for the performance of *corvée* labor in the Near East), have a pedigree going back at least to Sumerian times in the third millennium BC. Almost as old is the striving by rich and powerful families to avoid such obligations on their own holdings. Prior to the development of a land market, large holdings were built up mainly by foreclosing on subsistence lands pledged by insolvent debtors.

The transfer of these hitherto communally allocated subsistence lands to large property owners helped consolidate hereditary aristocracies and oligarchies to the point where their own power was able to undercut that of centralized authority. The ensuing privatization of economic power - and its associated displacement of rights-of-person by property rights - was

achieved by strangling governments fiscally and militarily, leading to political and economic collapse. This essay accordingly discusses the earliest documented examples in the Old Babylonian period (1800-1600 BC), and sketches the subsequent dynamic of economic polarization down through the Roman *latifundia* to Byzantium.