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'View of a Marketplace' by Dutch artist Hendrick van Steenwijck the Elder, ca. 1600.

Great Civilizations Depend on Trade

REVIEW

When countries open up to the free exchange of goods and ideas, the result can be a historic golden age. But trade is rarely allowed to stay free for long.

BY JOHAN NORBERG

If you want to understand what makes great civilizations possible, consider a walk on Monte Testaccio in central Rome. This 115-foot hill is actually an artificial mound, made up of fragments of millions of clay amphorae. These once held olive oil imported from Spain, North Africa and the Middle East and were discarded here after the oil was decanted at a nearby port.

Monte Testaccio, "the hill of broken pottery," was built on international exchange. So was ancient Rome. The Greek orator Aristides claimed that to see all the products of the world, one had two choices: visit the entire world or simply go to Rome. "For whatever is grown and made among each people cannot fail to be here at all times and in abundance," he wrote, "so that the city appears a kind of common emporium of the world."

Visitors said almost exactly the same thing about other great civilizations of the past. A medieval observer described the Arab world during its golden age: "Everything produced from the earth is there. Carts carry countless goods to markets, where everything is available and cheap." In Hangzhou, once the capital of Song China, Marco Polo observed markets linked by canals and warehouses that "supply them with every article that could be desired."

Similarly, in the late 17th century, an English writer marveled at the Dutch Republic's prosperity. Its land, he wrote, produced "neither grain, wine, oil, timber, metal, stone, wool, hemp, pitch, nor almost any other commodity of use; and yet we find there is hardly a nation in the world which enjoys all these things in greater affluence; and all this from commerce alone." Note

Trade is not a byproduct of greatness but its foundation. Many civilizations have been centered on trade not because they had plenty of resources but because they didn't.

Ancient Athens had to rely on trade because its poor soil was not sufficient to feed the population. But the land could produce olive oil and wine, so Athenians developed extended trade links to export those goods and import grain from the Black Sea region. Dutch farmers faced similar constraints: Much of their land was lost to the sea, so they specialized in livestock and traded for grain from the Baltics.

When the Song dynasty took over China in the late 10th century, the feudal system that gave aristocrats control of land and peasants in return for military service was breaking down. Instead of relying on forced labor, the rulers decided to pay workers. Since the Song court was dependent on tax revenue, it deregulated trade and actively encouraged commerce to maximize its income.

Specializing in trade made these civilizations some of the most prosperous in history. Athens's wealth enabled a deeper division of labor and the rise of professions like philosopher, historian, sculptor, architect, playwright and actor. Song China was so successful that some economic historians have argued it came close to unleashing an industrial revolution 400 years before Britain did. With ample resources, the Dutch fought for and won independence from Habsburg Spain, the world's most powerful empire, while also helping to launch the Enlightenment and create modern art. Foreigners were astonished to see that even ordinary Dutch homes displayed paintings.

Trade's most vital contribution was intellectual, giving these cultures access to ideas, methods and technologies they couldn't have developed alone. Constantly meeting foreigners with other experiences and ideas broadens one's horizon of what's possible. The ancient Greek mindset, curious and adaptive, owes much to living amid hundreds of neighboring city-states with distinct cultures. Renaissance Italy's creative explosion was fueled by trade with the Muslim world, where merchants learned about science, financial innovations and Hindu-Arabic numerals. Popes frequently condemned trade with infidels, but some Italians replied, "Trade should be free and unhindered, even into the gates of Hell."

But trade is rarely allowed to stay free for long. Governments often made a deliberate effort to restrict trade with foreigners, because the constant change and innovation trade brings can upset the status quo. Merchants could suddenly earn fortunes rivaling the landholding nobility, and strange ideas could undermine intellectual elites. Countries have always feared competition from foreigners, just as we do today.

Just as openness makes nations strong, isolation makes them fragile. The Four Horsemen of the Apocalypse are war, plague, famine—and trade barriers. The late Roman Empire undermined its commercial economy through centralization, regulation and debasement of the currency. The late Abbasid caliphs militarized their economy in an effort to

wrest control from the dominant merchants. After facing tariffs from other countries, the Dutch eventually implemented their own.

The sharpest anti-globalization reversal came in China after the Ming dynasty seized power in 1368, promising to restore stability at any cost. Foreign trade was made punishable by death, and soon even coastal trade was banned. The world's greatest armada was allowed to rot in the harbor, and the Chinese court burned maps to prevent future voyages.

The result was stability indeed— and centuries of stagnation. China went from the world's most advanced civilization to a poor one. By the 19th century, it was being attacked and humiliated by European powers that had become rulers of the seas.

It is heartbreaking to read the accounts of travelers who made it to Rome, Baghdad, Chinese port towns or Dutch cities just a few years too late, after repression and the loss of trade had ruined them. An English --man visiting the Netherlands noted with surprise: "This trading nation must be in a very bad way. Most of their principal towns are sadly decayed." Likewise, a traveler to China's coastal cities observed: "Ever since the prohibition of maritime trade...all traces of past prosperity have disappeared."

The lesson is clear: Protectionism might seem like a shield, but it easily becomes a cage. It's a way of cutting a nation off from the world's brains and skills, forfeiting not just wealth but the energy and constant renewal that make civilizations shine. Then all that remains are the fading memories of golden ages—and the broken shards of discarded amphorae. *This essay is adapted from Johan Norberg's new book, "Peak Human: What We Can Learn from the Rise and Fall of Golden Ages," which will be published on Sept. 2 by Atlantic Books.*

A cargo ship unloads containers in Qingdao, China, June 16.

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