Introduction

Questions and issues

For long periods of its history Ancient Egypt had no all-purpose money. Immediately after the conquest by Alexander the Great, however, a coinage was introduced that in comparison with previous Egyptian currencies circulated astonishingly widely and became one of the most important tools of power in Graeco-Roman Egypt. The process of its introduction and the nature of its use and circulation, as well as the impact that the new money had on the society and economy of Egypt under the first Ptolemies, are the theme of this book.

Although the focus will be on Egypt itself, the introduction of coinage and the monetary strategies of the Graeco-Macedonian rulers were part of a wider Greek economy that during the Hellenistic period developed similarly and competitively within the Eastern Mediterranean.[1] Especially the costs of war and the profligacy of the political regimes were unprecedented, and so the energy with which monetisation was pursued in Egypt was typical for the development of the Hellenistic economy as a whole.[2] Yet the monetisation process varied considerably according to the structures and traditions of each country or region. The history of monetisation in Ptolemaic Egypt therefore contributes to an understanding of the ancient and Hellenistic economy in general, but has particular local aspects.

Our knowledge of money and its uses in the ancient world has advanced considerably over the past twenty-five years.[3] After the influential works of Michael Rostovtzeff (1941) and Moses Finley (1985), scholars have paid greater attention to the diversity of the functions money fulfilled in the ancient world and the conditions under which it circulated. It is now uncontroversial that the development of coined money in Ancient Greece was not just related to the development of mercenary warfare and market exchange, but was driven considerably by non-economic factors, such as the need to

[1] Davies (1984), (2001), (2006); Archibald (2001); Bringmann (2001); Migeotte (2002); see also the Conclusion of this book.
[2] Reger (2003); Davies (2006). [3] For a general survey, see von Reden (2002).

pay penalties and the remuneration of political office, as well as expenditure for games, festivals and rituals.[4] Moreover, influenced directly or indirectly by economic institutionalism, most notably the work of Karl Polanyi (e.g. 1968), most scholars accept that the use of money was embedded in specific social and cultural institutions that had some bearing on the nature and spread of money in the ancient world. Even though some aspects of ancient money and markets may well be explained within neoclassical economic theory, it becomes increasingly clear that this model of economic behaviour takes us only so far.[5] Since the influential article by Keith Hopkins (1980), furthermore, the crucial question of circulation has received greater attention. The differentiated economic impact of money, and the variable extent and dynamic of ancient monetary economies at any given period of time cannot be assessed adequately without considering a whole range of political, fiscal and legal factors that stimulated or inhibited circulation.[6] Finally, the relationship between monetisation, production and distribution has received a clearer focus. While Finley paid little attention to this question because his emphasis lay on the self-sufficient household, Rostovtzeff overestimated the relationship in his model of an integrated market economy in the Hellenistic period. As a number of studies have now shown, the dynamics came from large estates.[7] Varying in size and organisation, large estates in classical Athens, Italy and the Roman provinces, especially when linked to cities by a viable road system, systematically produced for sale, and their activities were fully monetised. The question posed to ancient economic historians henceforth is how to assess the impact of large estates on regional and interregional economies as a whole.

Despite the considerable progress that has been made in research on ancient money, discussions still tend to be based on some questionable assumptions. Most ancient historians identify money with a progressive rather than traditional economy, without asking further under what conditions money turns into a stimulus for economic development or growth. Money stands for cash, and cash for market exchange, profit-oriented production and long-distance trade.[8] Those, in contrast, who wish to

[4] Howgego (1990); von Reden (1997a); Noeske (2000a).

[5] For recent intellectual developments within ancient economic history, see Manning and Morris (2005); see also Howgego (1995): 1–23; Kim (2001); Rowlandson (2001); the impact of economic institutionalism on the thought of Karl Polanyi is well brought out by Humphreys (1978): 31–45.

[6] Since Hopkins (1980), see von Freyberg (1989); Howgego (1992); Wolters (1999); and the papers of the collective volume edited by Meadows and Shipton (2001), esp. Meadows (2001).

[7] See esp. Osborne (1991); Rathbone (1991); Kehoe (1992); Saller (2002).

[8] Most controversially, see Cohen (1992); but more carefully, Osborne (1991); Kehoe (1997); Andreau (1999); Wolters (1999); for the mistaken tendency to identify money and cash, see the critical remarks in Howgego (1992) and Kim (2001).

demonstrate economic stagnation, imperfections of the ancient market process and the regionalism of commercial exchange argue that circulation of coinage was slow, its radius limited and monetary instruments other than coinage absent.[9] Similarly, money stands for the contrast between urban and rural economies with the unproven assumption that most rural exchange, beyond large estates, was barter and gift exchange.[10] Governments, finally, are either thought to have had clear monetary policies based on an adequate theoretical understanding of markets and coin circulation, or no general direction at all, producing coins when needed or possible because resources increased through conquest and trade.[11]

In order to take the discussion further it is important to ask what monetisation means. The *Oxford English Dictionary* defines it as establishing a metal as standard currency in the coinage of a country. But the definition slides over a host of problems, for monetisation means not just the establishment of a coinage, but involves the more complex process of replacing pre-existing forms of money and transforming very diverse institutions of payment into cash transactions.[12] Moreover, the relationship between coinage and other stuffs used as money tends to remain close even when a coinage has been introduced. Marc Bloch once called the problem of distinguishing historically between economies in cash and in kind a pseudo-dilemma.[13] Even in a society that has coinage, some monetary exchange continues to take place without coinage. One may think of situations where either the official coinage or another form of money, such as grain or bullion, function as alternative standards of value or accounting units without any bearing on the question which medium is actually used for the exchange or payment.[14] Money, moreover, can be used in the form of one or several foreign coinages, or in combination with valuable objects that have a fixed or customary value in relation to the value of coins. Stray finds of coins and literary texts show, for example, that in classical Greece a wide range of coinages was used in the same agora, often in combination with precious metal objects.[15] Only under certain circumstances did some governments decree that no other than their own coinage was permitted in

[9] Since the work of Finley, see esp. Duncan-Jones (1994); Ørsted (1997).
[10] First Crawford (1970); see also Hopkins (1980); see, however, Howgego (1992) with references to coin finds on rural sites in Britain and Egypt (Karanis).
[11] Lo Cascio (1996); Beyer (1995); Harl (1996); Apergis (2004) for an active monetary policy of ancient governments; Crawford (1970); Howgego (1990); Wolters (1999); De Callataÿ (2005) for a less optimistic view.
[12] For a more extended discussion of the relationship between money and coinage, see below Part I, Introduction.
[13] Bloch (1967). [14] Howgego (1992). [15] Carradice and Price (1988).

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their own or allied marketplaces.[16] Coinage, finally, may be used for very specific purposes, while other transactions continue to be settled in other forms of money. A monetary economy thus reaches further than coinage, its history is older than that of coinage and monetisation is a more complex process than the terms of the discussion suggest.[17]

The direct connection, moreover, of either coinage or monetisation with market exchange is obsolete.[18] Firstly, in contrast to its classical definition in economic theory, money is now thought to be better described in more general terms as a means of payment in economic, political and social contracts.[19] This definition puts emphasis on the link of money with contractual (that is, binding and mutual) relationships, but does not take for granted that the exchange of goods is its predominant context of development. In different historical contexts the use of money in one range of contractual relationships may be more dominant than in others, but it is only in modern capitalist societies that money has come to represent most unequivocally economic relationships.[20] Secondly, coinage issued by a state or political authority represents, and leads to, greater political cohesiveness. But Moses Finley described Greek coinage as 'no more than' a political phenomenon, a form of self-representation and civic pride.[21] This implies that coinage is only proper money when it ceases to have primarily political meanings. In the same terms, Finley's opponents argue that ancient coinage had above all economic functions rather than political meanings.[22]

It has rightly been pointed out that the reasons why states issue coinages may be different from why coins circulate and for what they are used.[23] So while ancient governments might have issued their own coinages above all for political reasons, these coinages circulated for their convenience in exchange. Yet even if we look at circulation and exchange alone, it can still be argued that it is the combination of political factors, legal and fiscal institutions, and market forces that made coinages spread.[24] When coins

[16] For the Athenian coinage decree (GHI 45, late fifth century), see esp. Figueira (1998); see also *Syll.*³ 218, from fourth-century Olbia; for the otherwise free exchangeability of different coinages in local markets, see Carradice and Price (1988): 95 f.

[17] Shaps (2004): 34–56; Seaford (2004): 1–22; Howgego (1992) for some astute comments on the use of cash and kind in the Roman economy; Rowlandson (2001) for Graeco-Roman Egypt; Kemp (1989): 255, with fig. 86 for New-Kingdom Egypt.

[18] See, for example, Riese (1995); for a cross-cultural perspective, Aglietta and Orléan (1995), (1998).

[19] Riese (1995). In classical economic theory, money is defined by four functions: a) a means of payment; b) a means of exchange; c) a store of value; d) unit of account; see e.g. Crawford in *OCD*³ *s.v.* 'money'.

[20] Luhmann (1989), esp. 13–51.

[21] Finley (1985): 53 ff.; 166 ff.

[22] For recent discussion, see Meadows (2001).

[23] Howgego (1990); cf. (1995): 41 ff.

[24] By way of example one may cite the civic coinages of Asia Minor whose appearance and disappearance under the Roman empire have been explained by a combination of political, economic and cultural factors; see Harl (1987); similarly Meadows (2001), on some Hellenistic coinages.

are used alongside other forms of money the reasons why one currency is preferred over another may well be sought in a combination of political and economic reasons. Many of the dilemmas into which the debate over the ancient economy has run are due to an ideological privileging of either market forces or political and cultural factors.[25]

I shall argue in this book that 'monetisation' in Ptolemaic Egypt was a comprehensive and by no means continuous process, involving the introduction of coinage as well as the development of formal (legal) and informal (social) institutions that regulated monetary exchange and the use of coins. Monetisation within Egypt was intimately linked to the development of Ptolemaic power and the degree to which individual kings were able to control and incorporate into the state local or pre-existing systems of payment. At the height of Ptolemaic power during the third century, coined money was both a symbol and instrument of state integration, that is, of the political consolidation of a country that had a long history of internal political dissent.[26] Through the identification of coinage with a successful monarchy on the one hand, and a public payment structure based on coinage on the other, the Ptolemies created incentives to use the new money. Rather successful monetisation during the third century can be explained partly by the identification of coinage with the Ptolemaic state, a successful monarchy and Ptolemaic military achievement. Equally important were the development of laws that created greater security for private creditors and debtors, regulated the relationship between coins of different metals, and the validity of individual coinages, and regulated the question of the liability of agents in a private and administrative context. This symbolic and institutional background created a context in which coined money became the superior, since more desirable, convenient and reliable means of payment.

Finally, although the introduction of coinage into Egypt was an imperial act (comparable in many respects to the introduction of Greek as the administrative language), it did not segregate the native and Greek economy, as has sometimes been suggested. Already by the sixth century, Greek money is listed in the property inventories of demotic marriage contracts.[27]

[25] The research agenda outlined most recently by Manning and Morris (2005) may well offer a way out of this dilemma.

[26] Upper and Lower Egypt remained culturally and administratively rather different throughout the Ptolemaic period; see Vandorpe (2000a); Manning (2003a); and Felber (1997a) for the different systems of land tenure, land conveyance and taxation. An interesting parallel for the consolidating function of coinage under the Ptolemies may be the introduction of demotic as a business and legal language during the Saïte re-unification and re-organisation of Egypt; see Manning (2001): 308.

[27] Lüddeckens (1960); Pestman (1961); Menu (1982a), ch. 3; Cuvigny (2003).

By the time of the fourth century, coinage was used by parts of the population, most notably the military and the temple elite.[28] This adaptation to coinage was accelerated in the Ptolemaic period by the introduction of monetary taxation, in particular the salt-tax that every inhabitant of Egypt had to pay from the reign of Ptolemy II onwards. And it was accelerated by the informal or formal arrangement of providing loans and pre-payment in tenancy and labour contracts for financing seed crops or sub-contracts. As will be suggested in the following chapters, an uneven pattern of monetisation throughout Egypt was not so much a matter of access to coinage, general cultural separatism or ethnic conflict, but of deliberate political and symbolic distance from the Ptolemaic centre.

The problem of economic growth has become a central issue in the debate over the ancient economy and cannot be left aside here. Indicators of aggregate growth may be the unprecedented wealth accumulated, displayed and spent by the Hellenistic monarchies, as well as the scale of warfare and military expenditure in the early Hellenistic period. The increasing size of towns and capitals, the settlement of new and marginal land, and an unprecedented living standard among Greek elites both in the homeland and the new monarchies suggest, furthermore, that economic development had somewhat changed its pace from the second half of the fourth century onwards, although it would be premature to describe it in terms of real (that is per capita) economic growth.

Edward Cohen has attempted to explain this (apparent) growth in terms of changes in the financial and economic structure of places such as Athens. Since about the late fifth century, the time of the emergence of banks, Athens functioned through a profit-oriented market process unaffected by the ideological and social inhibitions emphasised by Finley. Moreover, in the absence of paper money or other tokens issued instead of coinage, banks offered important alternatives to the physical transport and exchange of bulky coinage. Bankers 'issued guarantees of credit, expedited commerce by confirming availability of funds in bank accounts, and executed written orders of payment (*diagraphai*) through which commercial transactions were settled and obligations met without the actual transfer of coins'.[29] As a result, the Athenian economy received an important stimulus through maritime commerce facilitated by sophisticated credit operations and banking. The significant increase in offers of citizenship to foreigners and slaves involved in banking during the fourth century showed that the Athenians viewed the whole development positively.

[28] Most strongly emphasised by Muhs (2006). [29] Cohen (1992): 14.

Early Ptolemaic Egypt saw some significant development of urban centres, especially Alexandria on the Mediterranean coast, reclamation of land and intensification of agriculture, as well as improved lines of communication and transport, which in total suggest some favourable conditions for economic development.[30] Arguably, coined money and the legal changes that came with it contributed importantly to this development, as they created more certainty, as well as more information in the exchange process. It is important to emphasise, however, that the money economy could set off only in close connection with the exploitation and taxation of land in kind. The lack of precious metal resources within Egypt was a major structural problem for the development of coinage there, but in combination with Egypt's exceptional agricultural productivity, the nature of taxation and a good transportation system, this lack could be compensated for by cash imports gained by export and imperial revenue. Grain was the major export good, and it was made available to those who participated in the economy of scale – estate holders and the king himself – by the exaction of taxes and rents on grain land in kind. Rather than monetisation on its own, it was the combination of cash and kind which provided the background to the economic development of early Ptolemaic Egypt. The relative roles of state involvement and private initiative, and immigrant Greek and Egyptian participation, as well as regional differences, are questions to be borne in mind. Yet stress must be placed on the interdependence, from an economic point view, of the economies in cash and in kind, rather than on their distinction in terms of tradition and progress.

The case of third-century Egypt thus provides an interesting counterpoint to Cohen's argument. Firstly, the coin supply was more precarious in Egypt than in Athens, famous for its silver resources. Monetisation could therefore not be based simply on a massive production of coinage stimulating in turn commercial exchange and the development of credit and banking. The impact of money lay, rather, in a complicated connection between agrarian development and manipulation of the value of the coinages, as well as the continuous extraction of surplus in kind. Money and banking on their own can neither have been the reason for, nor be taken as an indication of, economic development in Egypt. Secondly, the vast majority of the papyrological material is related to rural Egypt rather than a commercial city such as Athens and its harbour. The purposes of credit and banking that we can trace in the papyri were very different from what might have been their role in Alexandria and other harbours from which foreign export

[30] Manning (2007).

was directed.[31] It is nevertheless important to note that the instruments that Cohen describes as indicative of increased maritime commerce (especially written orders of payment) are frequently attested in the Egyptian *chôra* (countryside). Yet in rural Egypt their function was highly specific. In combination with a receipt, they facilitated execution, that is, were legal proof of a payment having been made. Addressed to either bankers or individuals, they provided greater security in financial transactions than any payment made informally from hand to hand. In connection with a bank account they also facilitated payments for an account holder at a distance. But since payments on written order could only be made between individuals known to each other, they had no place in anonymous commercial exchange. They had the more limited function of providing security in contractual payments between landlord and tenants, employer and employees, or principals and agents acting in different places. Bank *diagraphai* as such are therefore no immediate evidence for commercial development, unless the conditions under which they were made are clearly established.

Bankers, thirdly, were either royal officials or individuals contracting with the state for the revenue from currency exchange. The banks of the former were above all royal treasuries and notary offices, while the latter were primarily responsible for the exchange of coins. Bankers also advanced money to personal account holders. But as far as can be told, bankers' loans in the *chôra* compensated for lack of cash in hand rather than productive investment. The social status of a royal banker in a nome (district) capital, moreover, was high, comparable to other Greek officials in the upper levels of a local administration. But despite the fact that neither professional money-lending nor lending at interest in general seems to have been castigated in any way, money-lending and financial business in the *chôra* never led to substantial fortunes.

Fourthly, although credit and banking were highly developed, legislation about interest rates, the development of the law of debt and the roles of banks were intimately linked to the social institutions of pre-Ptolemaic Egypt. They show how the Greeks adapted to the structures they encountered, and the ways in which they attempted to control them with their own legal and monetary system. They are evidence for the context in which monetisation was developing, but do not reflect any immediate connection with the development of markets. The case of Egypt thus corroborates Cohen's argument about the high development of banking and credit in

[31] E.g. PCZ I 59012 (259); PCZ I 59021 (259); Rostovtzeff (1932); Scholl (1983) for the slave trade; Scholl (1997) for trade in linen; Durand (1997) for commercial relationships with Syria; see further chapter 12.

the ancient world, but at the same time shows that local contexts rather than general economic structures shaped the nature of ancient banking.

THE SOURCES AND THEIR CONTEXT

Egypt offers exceptionally good insights into the details of economic, administrative and social behaviour because of the survival of extensive written documentation on papyri and ostraca (potsherds used as writing material). Moreover, there has been some particularly fruitful papyrological research recently, which has considerably increased our knowledge of details about economic and administrative practice. This research, often hidden in the notes and commentaries of disparate papyrological editions, deserves a wider academic audience and some synthetic historical treatment.

For the third century, the Zenon archive is the most important source, comprising over 1,700 texts related to the management of a large gift estate (*dôrea*) in the Fayum and the economic activities of Zenon, its manager, as well as Apollonios, the highest official of Egypt, to whom the estate was endowed by Ptolemy II. A further *c.* 400 papyri relevant for this period survive from excavations at Gurob (the Petrie collection) and Ghoran (published as the Lille and Sorbonne papyri), as well as Tebtunis (P. Tebt. III) in the Fayum. The papyri of el-Hibeh in the Herakleopolite nome contain some very early documents (P. Hib. I and II), while those from Elephantine are the most important source in Greek for practices in the Thebaid (P. Eleph. I and II).[32] Further papyri, now spread in collections around the world, often have an unknown provenance but can normally be attributed to the strongly Hellenised areas of the Fayum and the neighbouring Herakleopolite and Oxyrhynchite nomes. Ostraca carrying receipts written in a private and administrative context are extant mostly from Upper Egypt and, though not becoming abundant before the second century, can be brought to bear on questions of the third century as well.[33]

Despite its relative abundance, the papyrological evidence poses some particular problems.[34] Firstly, it is extremely patchy. Most papyri that have survived from the third century are the files of individuals such as Zenon, Milon, the *praktôr* of the temples in the Edfu nome, or Diophanes,

32 On the Zenon archive, see Pestman (1981); for P. Sorb., P. Petr., P. Lille, P. Tebt., P. Hib. and P. Eleph, see the editorial introductions to the volumes. For the Milon archive, contained in the Elephantine papyri, see now Clarysse (2003); a range of papyri from the Sorbonne, Petrie and Lille collections have been re-edited as P. Count in Clarysse and Thompson (2006), vol. i.

33 Still the only introduction to Egyptian ostraca is Wilcken (1899); but the work needs updating in the light of numerous new finds.

34 For general methodological issues, which apply here as well, see Bagnall (1995): esp. 32–54.

the *stratêgos* (chief commander) of the Arsinoite nome. These so-called archives or dossiers represent official and private activities through contracts, accounts, business communications and personal letters. They offer minute details about the day-to-day practice of individuals and the local administration, but the wider economic and ideological context of this daily business is largely a matter of reconstruction.

Secondly, our knowledge of the third century is dominated by the Zenon archive, compiled by a subordinate of the highest Greek official in the Ptolemaic hierarchy. Zenon's managerial and commercial activities were both complex and exceptional. Not only the scale of his business but also his goals and strategies will have been different from those of many other immigrants and military settlers whose aspirations were more moderate.[35] Some texts of the archive show him operating in a private capacity and may then be more typical of a wider range of Greeks. Yet the distinction between a personal and managerial dossier has proved difficult and in practice may never have been made very rigorously.[36]

Thirdly, most of our documentary papyri of the third century come from the Fayum, a strongly Hellenised region and the special focus of the attention of Ptolemy II, who had it redeveloped from the sixties of the third century onwards (see below, chapter 2). The social and economic conditions of this region differed not only from Upper Egypt, which had an administrative, social and economic history of its own, but also from the rest of Lower Egypt and the Delta.[37] Some Greek material comes from other nomes in the *chôra*, but generally speaking Greek papyri survive from places where there was a strong Greek presence.

Finally, the Greek material represents Greek life in Egypt, but the culture of the immigrants was very different from that of the native Egyptians. The question to what extent the Egyptians were affected by the monetary economy of the Greeks can only be addressed indirectly through the Greek material. Even the Egyptian (demotic) evidence contains problems. Although recent editorial work has considerably increased the amount of texts available in translation, this material is not comparable to the Greek, for the scribal culture in Egypt was linked to the temples, and a much smaller proportion of the Egyptian population participated in it than is the case with Greeks in the Greek documentation. What is more, the number of published demotic papyri is still small in comparison to the Greek and is only beginning to become accessible to a wider academic

[35] On the nature of Zenon's economic activity, see Préaux (1947); Orrieux (1983), (1985).
[36] Orrieux (1981); with discussion by Franko (1988).
[37] Manning (2003): 49; and see below, Part II, Introduction.