

BANKING AND BUSINESS IN THE ROMAN WORLD

JEAN ANDREAU

TRANSLATED BY

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CAMBRIDGE
UNIVERSITY PRESS

PUBLISHED BY THE PRESS SYNDICATE OF THE UNIVERSITY OF CAMBRIDGE
The Pitt Building, Trumpington Street, Cambridge CB2 1RP, United Kingdom

CAMBRIDGE UNIVERSITY PRESS
The Edinburgh Building, Cambridge CB2 2RU, UK <http://www.cup.cam.ac.uk>
40 West 20th Street, New York, NY 10011-4211, USA <http://www.cup.org>
10 Stamford Road, Oakleigh, Melbourne 3166, Australia

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First published 1999

Printed in the United Kingdom at the University Press, Cambridge

Typeset in 11/12¹/₂ Baskerville MT in QuarkXPress [SE]

A catalogue record for this book is available from the British Library

Library of Congress Cataloguing in Publication data

Andreau, Jean.

[Vie financière dans le monde romain. English]

Banking and business in the Roman world / Jean Andreau;

translated by Janet Lloyd.

p. cm. – (Key themes in ancient history)

Includes bibliographical references and index.

ISBN 0 521 38031 6 (hardback) – ISBN 0 521 38932 1 (paperback)

1. Finance – Rome – History. 2. Businesspeople – Rome – History.

I. Title. II. Series.

HG186.R75A5313 1999

336.37 – dc21 98-48325 CIP

ISBN 0 521 38031 6 hardback

ISBN 0 521 38932 1 paperback

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Table of monetary equivalencies

As	bronze coin. Its weight was reduced between the third and first centuries BC from a Roman pound (libral as) to a twelfth of a pound (uncial as).
Dupondius	2 asses. Bronze coin
Sestertius	2 ¹ / ₂ asses in the third and second centuries BC; 4 asses from the second century BC onwards. Silver coin during the Republic, bronze coin in the Principate.
Denarius	10 asses in the third and second centuries BC; 16 asses from the second century BC onwards. Silver coin.
Aureus	25 denarii. Gold coin.
Drachma	silver coin of Greek tradition (in the Roman period, drachmas were minted by a number of Greek cities, in the eastern part of the Empire).
Didrachm	2 drachmas. Silver coin. Staters were usually worth two drachmas, as well.
Tetradrachm	4 drachmas. Silver coin.

CHAPTER I

Introduction

What is to be understood by 'banking and business'? All operations involving money on its own, independent of trade, which consists of transactions involving merchandise.

Money provides a standard of value; it constitutes a means of exchange and payment, a means of storing value. Once it was issued, money rapidly became a point of reference in economic life and in the acquisition of private wealth. To be sure, the non-monetized sector did not disappear, and its social and economic importance was by no means negligible. But whatever its importance, it now had to be considered in relation to the monetary phenomenon.

In the course of history it has sometimes happened that monetary instruments other than metal coins and banknotes have been put into circulation. That has clearly been the case in the twentieth century, but also in the late Middle Ages and the early modern period. The best known and most important of these monetary instruments was the bill of exchange.

In the Roman world, virtually the only monetary instrument consisted of minted coins. That does not mean that the Romans always paid in cash, nor that they were always forced to move about with quantities of coins. But coins constituted the only organized system of monetary instruments. That is one very important difference between Graeco-Roman antiquity and modern Europe.

When money circulates freely between private individuals, it greatly affects the social balance. It constitutes an unavoidable reference-point for all the social groups that have recourse to it. Even if the poor and the rich do not use the same coins, money creates a common denominator for them.

If money gives rise to private transactions between individuals who may profit or lose thereby – transactions which are not regulated in advance by an unchangeable ritual and in which prices are not rigidly fixed – then it is inseparable from certain forms of market. That was the

case in all pre-industrial societies. What kind of market? Not the perfect competitive market of the modern science of economics, nor the situations with which we have become familiar over the last century or two. These were markets that were geographically restricted, subject to strong fluctuations and very different from one another, depending upon what products were involved. They were, notwithstanding, places that operated in accordance with supply and demand. Through money's very existence, its effect was to widen social distances; it increased possibilities for both individuals and groups, accentuating the inequalities between them.

At the same time, however, in that money constituted an instrument common to all, it also reinforced not only social relations but also an intuitive awareness of the cohesion of the community, symbolized by the political authority that minted the money. Despite the greater social divisions, the effect of money was to maintain a community's consciousness of its existence.

Throughout antiquity, the rich (or some of them) and the elite (or some of them) would lend money at interest. At the end of the Roman Republic and under the Principate, many of the senators and knights were not above accepting this source of income on either an occasional or a regular basis. It was not prohibited, and they hardly bothered to disguise the fact that they were creditors, who held debt claims.

But banking was something quite different. Banking is a term to be applied only where a professional makes use of the money from the deposits that he receives. A deposit banker (in Greece a *trapezites*, in Rome an *argentarius* or a *coactor argentarius* or, later, from the second century AD on, a *nummularius*) did not limit himself to lending his own money or to playing the role of a broker. He exercised a commercial profession which consisted of receiving and holding deposits for an indefinite or for a fixed term and then lending the funds available to third parties, thereby acting as a creditor. The Latin legal texts distinguished between those who had the right to open an account (*ratio*), that is to say bankers, and those who did not have that right. They were wise to do so, for the existence of deposit banks had important implications, both economic and social.

Those who consider the knight Atticus and the senator Crassus to have been proper bankers do not have a clear idea either of how business operated in the ancient world or of the social and political roles played by the various kinds of financiers. Even C. T. Barlow, who distin-

guishes the *argentarii* and the *nummularii* from the non-professional moneylenders, fails to draw all the consequences from the heterogeneous nature of Roman financial circles. Although he stresses the differences that existed between the different kinds of financiers, he refers to a 'banking community' as a particular category of men which intervened in political life, in which it constituted a powerful pressure group.¹ On the contrary, all the evidence indicates that if the professional bankers influenced political life, it was neither in the same fashion nor with the same ends as the elite financiers.

The appearance of deposit banks (in mainland Greece in the fifth century BC, and in Rome at the end of the fourth century BC) is thus an event of considerable importance. It marks a turning point in the economic and social evolution of ancient societies.

But this division into two groups, the businessmen on one side, and the professional bankers on the other, is itself inadequate. The business world was extremely diverse socially, and the non-professional businessmen never constituted a unified group.

Not only were different groups of businessmen distinguished from one another by their technical specialities, their wealth and their legal status; they also went about their economic activities in different ways. The expression 'economic activities' should be seen as distinct from 'work', for the very concept of work, in the modern sense, is not strictly applicable to any of the activities (and in particular was totally alien to the way of thinking of the social elite). The phrase 'their economic activities' is intended to convey all the coordinated actions that they undertook in order to ensure a more or less regular return, an income in kind or money, on which they could survive in society.

I use the expression 'work status' to refer to the different ways in which men went about these activities. It is a concept that relates to the sociology of work and that lies somewhere between a legal status and a social class. An individual's work status is determined by his relation to economic activity at both an institutional and a symbolic level. It involves the material organization of that individual's working life, the mode of his remuneration, the manner of his choosing this work, and the way in which he conceives of it. It also involves his relationship, in his work, with the State.² The work status of a professional banker with his own work-

¹ Barlow 1978. I do not share the conclusions of Bürge 1987, in whose opinion 'there were no banks in Rome; the Roman bank is a modern fiction' (Bürge 1987: 508).

² Andreau 1982; 1985c; 1987a: 25–33.

shop was quite different from that of a member of the elite, such as C. Rabirius Postumus, and neither resembled those to be observed in the banks of today.

The professional bankers were small-scale entrepreneurs, defined by the name of their trade, and they did not belong to the privileged orders of society. They worked behind a counter or in a shop, and observed regular hours. They had learned their skills through an apprenticeship and they were obliged to respect the regulations that governed their trade. For the financiers from the social elite, in contrast, financial business represented a choice which they were free to revoke and which did not impinge upon their possession of their patrimony. Nobody would have suggested that they plied a particular trade or that they were affected by any professional regulations.

Furthermore, the various social groups did not regard money in the same way. The members of the elite saw money in relation to their patrimony. For them, it was either a substitute for a patrimony or else an income from it. Psychologically, then, it did not function as capital – even when, in the economic process, in effect it did operate precisely as that. The concept of money to the professional bankers and merchants is harder to pin down. And in between those two categories there were the ‘entrepreneurs’, to whom chapter 4 will be devoted. Quantitatively, the role that they played in the Roman economy was very limited, but they were the most ‘modern’ of those involved. It was their understanding of money that comes the closest to what we call capital. They were prepared to invest large sums of money in order to derive even larger profits, to sidestep the logic of the patrimony, at least for the time being, provided they could thereafter acquire an even greater patrimony for themselves.

From an economic point of view, there are compelling reasons to pay attention to these divisions. In almost all pre-industrial historical societies, non-agricultural activities are the major preoccupation of at least two different circles: on the one hand, the aristocracy, the social and political elite, most of whose members already possessed a patrimony in the form of real estate; on the other, men with urban trades, artisans, traders, and bankers.

This division of non-agricultural activities into two social blocks (on the one hand the elite, on the other the professionals), is pretty well constant. However, the organization of those two major groups, the relations between them, and the distribution of social functions and ranks varied from one period to another. In some cases tradesmen played a

crucial political role within cities; elsewhere they remained dominated by the landowning aristocracy. We need to compare antiquity both to the Middle Ages and to the modern period. It could be that the respective economic roles of the aristocracy and the professional circles played a part in bringing about the Industrial Revolution. To confuse the bankers of the ancient world with the senators and knights who were also money-lenders would be to obstruct further reflection on these matters.

In the present work, I have tried to adopt two parallel and complementary lines of procedure: on the one hand, to distinguish between the various groups of financiers, and also between banking and other business affairs; on the other, to consider in general all financial activities, banking included, in order to see how they interacted or were complementary.

Chapters 2, 3, 4, and 5 will be devoted to the various categories of financiers, such as the members of the elite who were financiers, the money-changers/bankers, the 'entrepreneurs', and the businessmen in other categories, in particular dependants. Chapter 4 will also consider the financial links that existed between the various groups of businessmen. In the remainder of the book, chapters 8, 9, 10, 11, and 12 will study private financial affairs as a whole.

In classical Greece, the Hellenistic world and the world of Rome, there were city-states, kingdoms, and empires. At what point is it justifiable to speak of States? How should a State be defined? But those questions are not part of the present work's brief, and so cannot be tackled here.

The city of Rome, and the empire at large had a major influence on business. The public authorities promulgated rules (for example, on the interest rate). They regulated the various trades. They alone could mint coins or authorize the minting of coins by others (generally cities within the Empire). In the course of their exploitation of public property, known as *publica*, they became involved in vast business ventures, sometimes agricultural (the exploitation of the public land that was leased out), sometimes commercial (supplies for the armies) or 'industrial' (public building projects), and frequently financial (the collection of taxes, the transfer of funds, and foreign exchange operations).

However, the vast majority of businessmen, whether or not they were bankers, were private entrepreneurs, and the State and the cities did not intervene in their affairs. So it is important to study them independently

from the State, the more so since Roman history tends all too often to be limited to the history of the public authorities. To be sure, the senators and knights derived, whether legally or illegally, considerable revenues from their political, administrative and military responsibilities. At the end of the Republic, the foremost knights were deeply involved in the farming of state taxes. But part of their wealth still came from their family patrimony and from the income derived from that patrimony.

On that account, the present work does not discuss public finances, that is to say public money or fiscal matters, as such. All the same, the city of Rome, and then the Empire, were very concerned to regulate private affairs and to check up on them. Chapter 9 will therefore be devoted to the action and influence of the State. Chapter 8 will also touch upon this, for it will be examining rates of interest.

Over the past century, or even the past two, historians have been divided over how to interpret the ancient economy. Two opposed tendencies have surfaced from time to time and continue to do so. The representatives of these are often labelled 'modernists' and 'primitivists'. Both terms are clearly pejorative, being both schematic and inaccurate.³

The modernists are certainly aware that the ancient economies were different from those of the nineteenth and twentieth centuries, but they are inclined to minimize the importance of those differences. They reduce them to a matter of quantities rather than structures. They are convinced that modernization and the Industrial Revolution could have come about in antiquity, although it is true that they did not. However, according to them, the reason why they failed to materialize is not to be sought in the nature and organization of the ancient economy itself. The failure was provoked by non-economic factors that cancelled out the strengths and advantages of the economic system. In the view of some 'modernists', the foremost of those factors were external pressures and invasions. For others, such as M. I. Rostovtzeff, for example, the reason was an internal social crisis within the Empire, which undermined the foundations of prosperity and growth.

The 'primitivists' (M. I. Finley, for example) think, on the contrary, that the ancient economy suffered from intrinsic limitations that made it impossible for it to produce any kind of industrial revolution.⁴ Not only do they lay more emphasis than the 'modernists' on the wide gap separ-

³ See Finley 1979; Andreau and Etienne 1984; Andreau 1995c.

⁴ Especially Finley 1973.

ating antiquity from our own period,⁵ but they reckon that antiquity could not possibly have achieved any better results than it did. If it eventually declined, this was not because it had somehow been assassinated, but because it had reached the limit of its possibilities. To that extent, even if certain aspects of antiquity testify to an energy and sophistication that were lacking in the Middle Ages, it nevertheless was more archaic, since the latter contained one or two seeds that were to germinate and flourish in later years.

This is not the place to analyse the various positions taken up in this altercation on the ancient economy, sometimes also referred to as the ‘Bücher-Meyer controversy’.⁶ Nevertheless, the present enquiry into financial life in antiquity relates directly to that age-old debate. According to the analyses of economic historians, banks and credit played an extremely important role in the development of industrial economies. What role did they play in the ancient world? Were they more or less ‘modern’? I shall be attempting to answer those questions, particularly in chapter 12.

Where the early modern and modern periods are concerned, economic historians also pay great attention to the quantitative aspect of money transactions. Chapter 11 will be partly devoted to the attempts that have been made to quantify these for antiquity. They raise many problems, and my conclusion on this subject will be pessimistic. It is possible to detect a few tendencies or, for example, to estimate that credit was more developed in some regions than in others and in some periods than in others, but that is about all.⁷

In the case of antiquity, a ‘qualitative’ study (centred on the evolution of financial operations, professions, and enterprises, and taking into account both legal regulations and daily practice) is frequently more fruitful. Making the most of ‘qualitative’ indications, it is possible – at least up to a point – to grasp the evolution of business from one period to another.

Before the second century BC, there is virtually no evidence available for the financial life of Roman Italy, and I shall have very little to say about it. Late antiquity has clearly left us more sources. However, I shall not venture far into this period because to give a satisfactory account of its economic evolution, it would be necessary to continue to as late as the

⁵ Finley (1973: 141) emphasizes, for example, that in Antiquity there existed neither paper money, nor bank money, nor commercial bills, nor bearer securities. ⁶ Finley 1979.

⁷ See Finley 1985: 27–46

sixth or seventh century. I shall be referring to late antiquity only for purposes of comparison on certain, specific points.

Was the financial life of Rome more or less modern, more or less rational than that of the Middle Ages and that of the early modern period? The manner in which the question is formulated (following Max Weber) shows that these problems cannot be usefully tackled unless, in one way or another, one adopts a comparative perspective. Where the economic history of antiquity is concerned, any research without a comparative dimension has conspicuous limitations.

This book is too short for me to develop wide-ranging comparisons between Roman antiquity, Greek antiquity and more recent periods in the history of Europe. All the same, I should like to show the need for and interest of comparison in two ways: on the one hand, on certain specific points that I consider to be important, by comparing the relevant Roman documentation to that of other historical periods; on the other, by presenting the practices and institutions of Rome in such a way as to facilitate comparison, albeit elsewhere and at some later date. For insensitivity to the importance of the comparativist perspective affects one's treatment of the documentation in a way that could discourage all comparison between different periods and different societies.

It is, of course, important to define what is being compared and the aim of the comparison. Comparative history should be problem-solving history. In the present work, the Industrial Revolution constitutes the distant point of comparison. Why did Max Weber compare the ancient town to the medieval town? Because he thought that, in one way or another, modern economic rationality stemmed from certain medieval structures and attitudes. Does such a continuity really exist between the Middle Ages and the economic and social evolution of the seventeenth and eighteenth centuries, in England, the Netherlands, and France? That is one question that is inevitably raised. I shall at any rate be considering certain observations that have been made about antiquity in the light of situations in the more recent history of Western Europe, and shall also venture a few partial conclusions on analogies and differences.