

Introductory draft of a Master's Essay prepared by Mr. William Holmes Bennett  
(History Department) under the supervision of Prof. Karl Polanyi.

THE ROLE OF MARKET INSTITUTIONS IN TRADE AND BUSINESS IN THE LATE ROMAN REPUBLIC

Introduction

Was the business life of the late Roman Republic essentially different from that of today? Michael Rostovtzeff insisted that the answer to this question was in the negative. Economic life in the late Roman Republic and the early Empire, he wrote, differed only quantitatively but not qualitatively from that of modern times; there was, as he put it, a considerable amount of trading carried on in regard to manufactured articles produced "for an unknown consumer." By the latter phrase Rostovtzeff meant that trade and business was organized, as it is today, through markets. At least by implication he regarded this fact as decisive for the question at issue.

Theoretically, Rostovtzeff was right. The crucial importance of the role played by markets for the organization of trade and business must be emphatically endorsed. Modern economic life is carried on in, and through, markets, and the extent to which this was the case in <sup>ancient</sup> Rome is therefore the question at issue. More precisely, if market institutions are found to have played an important role in trade and business in the period in question, its economic life could not have been qualitatively different from that of modern times; in the opposite case, the obverse conclusion would have to be drawn. So much for the theoretical aspect of the matter.

<sup>But</sup> However, serious doubts must arise as to Rostovtzeff's method of dealing with the factual side of the problem. The presence or absence of markets should be approached as <sup>an empirical</sup> ~~a question requiring empirical research~~ - a question of fact; their existence should not be inferred from the mere presence of trade and business.

Recent inquiry has shown that in antiquity, trade, ~~even such trade as could~~  
~~be justly described as designed "for the unknown consumer"~~ was often carried  
 on not through markets but by administrative methods, and in so far as markets  
~~institutions~~ intervened they were of a type which reduced their <sup>importance for the direction of production</sup> ~~role to a~~  
 minimum. ~~But~~ <sup>to a</sup> such trade is qualitatively different from <sup>that</sup> ~~trade~~ carried on  
 through market institutions. In recent times for instance an increasing amount  
 of governmental trading has been organized by other than market methods, so  
 that the point should not require further elaboration. Also non-market methods  
 were much more generally employed in antiquity than they are at present. And  
 even more it is true that the market institutions of the time reduced the role  
 of the market in trade and business almost to the vanishing point. In any  
 case, it is crucial that markets cannot be taken or granted merely by virtue  
 of the presence of trade and business, but must be shown to be present in  
 terms of fact. Empirical evidence must be adduced in regard to the extent to  
 which markets actually organized the process of trading and business as against  
 other forms of organization encountered in the economic life of antiquity.

Some of the distinctions made here may be unusual. To speak  
 of market trade as merely one of the forms of trade, implies a sharp distinc-  
 tion between trade, whether gift trade, administered trade or market trade, as  
 against the market institutions which may or may not be the organizing vehicle  
 of the trade. Outside of this frame of reference such a phrase as "the role  
 played by markets in trade" would be meaningless. Even so we should indicate  
 what features of market institutions make for their smaller or bigger role  
 in business life. The one is the price making character of the market;

to the extent to which this feature is in evidence, the role of the market will increase. Set price markets — the original and usual form of markets in antiquity — hardly affect the character of the trade. Not the market but those setting the prices direct trade here. The other is the part played by private persons or firms as against the public hand in the market. As one or the other side in the transaction (if not both sides) are represented by governments or other non-profit bodies the role of the market in organizing economic life is proportionately less.

As to the meaning of the term "business life," as employed here, we should think of this field of activity in ancient Rome as consisting of two distinct spheres, namely, "trade" and "other business" which we will briefly call "business." This may sound unusual in our ears since in modern times so large a part of business consists precisely in trading activities. However, this was not so in ancient Rome. It is characteristic of the period, that "trade" and "business" can be often neatly separated. Trade was a menial occupation, carried on by foreigners and freedmen, in which, as a rule, not much money was made, while the rest of business — we would today call most of it public contracting and finance — was conducted by the upper classes, roughly, the first by the knights, the second by the senatorial class. It was a field in which large sums were invested or at any rate turned over with only incidental trading activities. The inquiry into "trade" and "business" thus defined must be carried on separately.

## Part I: Trade

The first section of this paper will be devoted to the role of market elements in trade. A general survey will be made of the different goods traded, beginning with their production insofar as this may be necessary to serve as a background for methods of trading. This material will, of course, be limited, but to this we must confine ourselves, for as stated above, the distinctive viewpoint of this paper is that markets cannot be inferred from the existence of trade and money uses, but must be shown to have been actually present. Finally, having surveyed the evidence of the presence of markets, we will estimate the extent of market trade, as well as its social and political influence on the affairs of the community in general.

### A. Agriculture: The Food Markets

1. Early Forum
2. The Separate Markets
3. The Macellum: A general Market
4. Architecture
5. Products
6. The Aedile
7. The Price
8. Grain Supply
9. Other Foods

### B. Industry

1. Production
2. Distribution
3. The Industrialists
4. Policy

Summary: While a large quantity of goods were produced, there is little evidence that they necessitated large factories. We know of no units of production numbering over a hundred workers. The largest ones were baking and bricks, the one supplying the Emperor, the other owned by him. Other important products such as cinnabar, papyrus, metals, and arms were integrated by the government who acted either as a buyer or seller. Certain pottery firms in Gaul may have been large in size, but little is really known about them. There is thus little evidence for large amounts of capital invested in factories for slaves and machinery, which would require widespread markets for distribution. Rather production seems to be almost entirely in the hands of the small artisan who either sells to or for the government at rates fixed by it, or who disposes of his goods personally by the well known method of the bazaar which is not a predecessor of, but a substitute for a price making market.

### C. Banking and Credit

To what extent did banking develop a credit market? Most available information by tracing the figure of the "Banker." Will also briefly consider information used to show extent of Public Credit.

#### 1. Argentarius

- a. Originated by government: Practical Necessity
- b. Functions Highly Restricted
- c. No developed Organization
- d. Conclusions
  - (1) Credit operations very limited if any. Not apt to give rise to credit market.
  - (2) Not related to commerce or production.
  - (3) Doubtful if Argentarius supplied much of a field for investment even in personal loans.

Main fact: Non-citizen status, strictly regulated. Not likely to develop credit functions as did English goldsmith. As far as we know in late republic Argentarius did continue to exist but not to grow with it.

#### 2. Negotiator: businessman, tradesman

Main features (for details see Part II: Business)

- a. Not specifically a money lender; businessman, tradesman, agent.
- b. Works mostly in provinces.
- c. Price of credit depends greatly on political advantage.
- d. Not related to any form of productive activity.
- e. Might have invested the money of others and to that extent have offered a limited field for capital investment.
- f. When political advantage is removed after destruction of Delos, and Regularization of Empire, Negotiatores do not prosper. (Competition of more skilled Greeks, Syrians, etc.)

#### 3. Other possible money lenders

- a. Sea Loans
- b. Usury
- c. Loans on Real Estate

#### 4. Government Sources of Credit

- a. Augustus halves rate of interest by return of Egyptian treasure.
- b. Tiberius ends panic of 33 A.D. by government credit.
- c. Above cited are unique. No regular government plan for credit.

#### 5. Conclusions

- a. No steady supply of Credit:
  - (1) Argentarius highly restricted.
  - (2) Negotiatores, probably much but not in industry, commerce or even agriculture, as in political finance in Prov.
  - (3) Government: only in great crisis.
- b. Not related to Other Markets:
  - (1) No organization for banking develops
- c. No field for Capital Investment except:
  - (1) Land loans.
  - (2) Sea Loans - highly speculative.
  - (3) Provincial Loans based on political advantage.

## Part II: Business

In the preceding chapters we have emphasized the limitations of Roman activity in Agriculture, Industry, and Banking and Credit. Yet clearly there was much Business as we see from Cicero's Letters. The purpose of this section is to show that this activity was mainly in the sphere of business connected with the government work of contracting and tax collection which increased enormously with the territorial expansion of Rome and which reached its zenith with the collection of the tithes of Asia.

One of the proofs of the low level of banking and industry in Rome is that no institutions were developed to embody them. This proof is confirmed by the fact that in the one area where business was highly developed, tax farming and contracting, we find the only corporation recognized by law, the Societas Publicanorum.

### A. Early Stage

1. Contracting for public buildings; running salt monopoly.
2. Provision troops 215 B.C.
3. Portoria of Syracuse - also scriptura; Portoria of Rome c. 199 B.C.
4. Ager Publicus - Italy and Sardinia
5. Mines - Spain c. 178 B.C.
6. Summary: Only minor taxes collected. Even wealth from Spanish mines limited (T.P.) Influence seems on the wane: Mines of Macedonia closed. Destruction of Corinth and Carthage strategic not economic.

### B. The Golden Age

1. Political Origins: Turning Point: Political struggle of Gracchi to reform Rome.
2. Increase in Range: Farm Tithes of Asia.
3. Growth in Political Power.

### C. The Decline of the Societas: Political in Source

### D. The Significance of the Societas:

1. Composed of upper class Roman Citizens, not Italians or freedmen: possibility of Political power.
2. By its unique right of incorporation, limited liability and sale of shares provided wide basis for investment of Capital.
3. Has access to great resources, commodities, as well as communication and transportation.

4. Yet never goes in for buying or selling or manufacturing
  - a. Money invested in it not related to economic production
5. Problem: Why did it not develop into a Market System:
  - a. All elements of supply, etc. seem to be present.
  - b. Opportunity to buy and sell to adequate taxes.
  - c. Perhaps due to Governmental Restrictions from Senatorial Opposition.
  - d. Lack of interest or knowledge of production in Roman upper class.
  - e. Pillage seems quicker and more profitable.

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Introduction.

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Rostovtzeff's insistence on the crucial importance of the role which markets played in the organization of trade and business must be emphatically endorsed. Whether, for instance, capitalism was or was not already on the move is a question that should be approached from this angle. For modern economic life is carried on in and through markets. More precisely, if market institutions are found to have played a significant part in the organization of trade and business in late Republican Rome its economic life could not have been qualitatively different from that of modern times; in the opposite case, the obverse conclusion would have to be drawn. So much for the

theoretical aspect of the matter.

But serious doubts must arise as to Rostovtzeff's method of dealing with the factual side of the problem. The existence of markets should not be inferred from the mere presence of trade and business; recent inquiry has shown that trade in antiquity was often carried on not through markets but by administrative methods; in so far as markets intervened, they were of a type which reduced to a minimum their importance for the direction of trade, being almost exclusively set-price markets, or at least strictly controlled in regard to price. Such trade is qualitatively different from that carried on through market institutions. The point should not require further elaboration in our days, when an increasing amount of governmental trade is being organized by other than market methods. Such methods were much more generally employed in antiquity than they are at present. In any case, it is crucial that markets must be shown to be present in terms of fact. Empirical evidence must be adduced in regard to the extent to which markets actually organized the process of trading and business as against other forms of organization that are encountered in the economic life of antiquity.

To what extent market institutions play a part in trade appears to depend on two features of the markets in question. The one is their price-making character; to the degree to which a supply-demand-price mechanism is at work the role of the market will increase. In the case of set-price markets - not the market directs the trade, but those who set the price. The other feature is the part which private persons or firms play in the market as against the public hand. When one or the other side in the transaction (if not both) is represented by government or other non-profit bodies the role of

the market in organizing economic life is less by so much.

As to the meaning of the term "business life," as employed here, we should think of this field of activity in ancient Rome as consisting of two distinct spheres, namely, "trade" and "business." This may sound unusual in our ears since in modern times so large a part of business consists precisely in trading activities. However, this was not so in ancient Rome. It is characteristic of the period, that "trade" and "business" can be neatly separated. Trade was a menial occupation, carried on by Greeks of Southern Italy, freedmen and foreigners, where as a rule, not much money was made. As to business, it was conducted on two distinct levels: tax farming and contracting for public works by members of the equestrian order; high finance and political jobbery by the senatorial class. In both branches of business large sums were invested or at any rate turned over with only incidental trading activities, if any. These latter, like money changing and banking, were shunned by the upper classes. The inquiry into "trade" and into "business" can and should be carried on separately.

## Part I. Trade

The first part of this paper will be devoted to the role of market elements in trade. A general survey will be made of the different goods traded, beginning with their production insofar as this may be necessary to serve as a background for methods of trading. This material will, of course, be limited, but to this we must confine ourselves, for as stated above, the distinctive viewpoint of this paper is that markets cannot be inferred from the existence of trade and money uses, but must be shown to have been actually present. Finally, having surveyed the evidence of the presence of markets, we will estimate the extent of market trade, as well as its social and political influence on the affairs of the community in general.

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either as a buyer or seller. Certain pottery firms in Gaul may have been large in size, but little is really known about them. There is thus little evidence for large amounts of capital invested in factories for slaves and machinery, which would require widespread markets for distribution. Rather production seems to be almost entirely in the hands of the small artisan who either sells to or for the government at rates fixed by it, or who disposes of his goods personally by the well known method of the bazaar which is not a predecessor of, but a substitute for a price market.

### C. Banking and credit

To what extent did banking develop a credit market? Information is gained by tracing the figure of the "banker."

#### 1. Argentarius

- a. Originated by governments in answer to practical need
- b. Functions highly restricted
- c. No developed organization
- d. Conclusions

(1) Credit operations very limited if any. Not apt to give rise to credit market.

(2) Not related either to commerce or production.

(3) Doubtful if argentarius supplied a field for investment even in personal loans.

Main fact: Non-citizen status, strictly regulated. Not likely to develop credit functions as did English goldsmith. As far as we know in late republic argentarius did continue to exist but not to grow with it.

#### 2. Negotiator: businessman, tradesman

Main features (for details see Part II: Business)

- a. Not specifically a money lender; businessman, tradesman, agent.
- b. Active mostly in provinces.
- c. Price of credit depends largely on political chances.
- d. Unrelated to any form of productive activity.
- e. Might have invested the money of others and to that extent have offered a limited field for capital investment.

- f. When political advantage is removed after destruction of Delos, and regularization of empire, negotiatores do not prosper. (Competition of skilled Greeks, Syrians, etc.)
- 3. Other possible money lenders
    - a. Sea loans
    - b. Usury
    - c. Loans on real estate
  - 4. Government sources of credit
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  - 5. Conclusions
    - a. No steady supply of credit:
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    - b. Not related to other markets:
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    - c. No field for capital investment except:
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      - (2) Sea loans - highly speculative.
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## Part II. Business

In the preceding Part I on trade two causes of its limited character were pointed out. The one deriving from the narrow scope of productive activities, as in agriculture and manufacturing, as well as its corollaries, banking and credit. The other from the lowly status of those who carried it on, namely Italiots and freedmen. Part II which deals with Business has, characteristically, only very little to do with trade. Tax farming and contracting was specifically reserved to the equestrians. The senatorial class was effectively barred from participation. Their privileges set them high above any other class in the state. More especially they had unlimited openings for acquiring treasure and revenue as an accessory of the vice-regal posts reserved for them in the government of the Provinces. High finance, estate speculation on a sub-continental scale, political monopolies in the administration of booty, sequestered and confiscated property, patronage at all levels, foreign policy deals, tribute arrangements and dynastic favours were their domain without having to fear any aspersions of corruption as long as certain conventional decencies were observed and, for the rest, the state was well served. But the senatorial ordo was practically inaccessible to the equestrians.

In Section A below only equestrian business is treated, in the first place tax farming and contracting. Section B on Senatorial business still needs to be outlined.

### A. Tax farming and contracting; the equestrians

#### 1. Early Stage

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    - (4) Lack of interest or knowledge of production in Roman upper class.
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