Seven Features Of Ancient Enterprise

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05-15-2024 ~ *The changing context for enterprise through the centuries reminds us that business activities are not universal but fluid and alter according to society's practical priorities and ethics.*

There are multiple differences between antiquity's economic practices and those of the modern world, and these should be borne in mind when considering the changing context for enterprise through the centuries. Whereas modern business largely operates on credit, in archaic and classical times handicraft workshops were located on basically self-sufficient landed estates, including those of the large public institutions. Such industry was self-financed rather than operating on credit, which was extended mainly for long-distance and bulk trade.

Furthermore, entrepreneurs in antiquity either headed wealthy families or sought fortunes by managing other people's money, which typically was provided subject to a stipulated return. Regardless of the source of their capital, they coordinated a complex set of relationships whose institutional structure evolved throughout the second and first millennia BC.

The Importance of Land
From Babylonian times down through late Republican Rome, commercial income tended to be invested in land. But there was no price speculation on credit until the late first century BC in Rome. Land was the major savings vehicle and sign of status. The largest estate owners shifted subsistence land to growing cash crops,

headed by olive oil and wine in the Mediterranean, and dates in the Near East, harvested increasingly by slaves.

Lending Was Mainly for Commercial Trade Ventures

We do not find banking intermediaries lending out people's savings to entrepreneurial borrowers. Throughout the Near East, what have been called "banking families" such as the Egibi are best thought of as general entrepreneurs. They did hold deposits and make loans, but they paid the same rate of interest to depositors as they charged for their loans (normally 20 percent annually). There was no margin for arbitrage, and no credit superstructure to magnify the supply of monetary metal on hand.[1] Promissory notes circulated only among closely knit groups of *tamkaru*, so a broad superstructure of credit was only incipient, and did not come to fruition until modern times with the development of fractional-reserve banking from the seventeenth century onward.[2] Most lending was for commercial trade ventures—in which the creditor shared in the risk as well as the gain—or took the form of predatory agrarian loans or claims for arrears on taxes or other fees owed to royal or imperial collectors. Down to modern times, small-scale personal debt was viewed as the first step toward forfeiting one's property, a danger to be entered into only unwillingly. The dominant ethic was to keep assets free of debt, especially land.

Moneylending in classical Greece was mainly in the hands of outsiders, foreigners such as Pasion in Athens. In Rome the elite left banking to low-status individuals headed by slaves or freedmen, ex-slaves who "confine[d] their activities to bridging loans and the provision of working capital," operating only "on the margins of trade and industry."[3]

*Ancient Entrepreneurs Were Not Independent Specialists*Throughout antiquity entrepreneurs pursued a broad range of activities, organizing and managing voyages, fields, workshops, or other productive units. They rarely acted by themselves for just their own account but as part of a system. Traders and "merchants" tended to work via guilds, such as those organized by Assyrian traders early in the second millennium, and in the Syrian and "Phoenician" trade with Aegean and Mediterranean lands from the eighth century BC on. Wealthy "big men" such as Balmunamhe in Old Babylonian times, Assyrian traders in Asia Minor,[4] the Egibi and Marushu in Neo-Babylonia, Cato and other Romans spread their capital over numerous sectors—long-distance and local trade, provisioning the palace or temples with food and raw materials, leasing fields and workshops, moneylending and (often as an outgrowth) real estate.

As late as the second century BC when we begin to pick up reports of the Roman *publicani*, they had not yet begun to specialize. Despite the fact that collecting taxes and other public revenue must have required a different set of skills from furnishing supplies to the army and other public agencies, most *publicani* acted opportunistically on an *ad hoc* basis. “What the companies provided was capital and top management, based on general business experience,” observes Ernst Badian,[5] probably with a small permanent staff of assistants and subordinates. An entrepreneur might run a ceramic workshop, a metal workshop, or the like, as well as dealing in slaves or renting them out. Richard Duncan-Jones[6] concludes: “The term *negotiator* was widely interpreted, including not only merchants, shopkeepers and craftsmen but moneylenders and prostitutes.”

Market Development and Patent Protection Were Alien Concepts
There was no such thing as patent protection or “intellectual property” rights, and little thought of what today would be called market development. Artistic styles and new techniques were copied freely. Moses Finley[7] cites the story, “repeated by a number of Roman writers, that a man—characteristically unnamed—invented unbreakable glass and demonstrated it to Tiberius in anticipation of a great reward. The emperor asked the inventor whether anyone shared his secret and was assured that there was no one else; whereupon his head was promptly removed, lest, said Tiberius, gold be reduced to the value of mud… neither the elder Pliny nor Petronius nor the historian Dio Cassius was troubled by the point that the inventor turned to the emperor for a reward, instead of turning to an investor for capital with which to put his invention into production.”

Entrepreneurs Worked in a War-Oriented Environment
Even when entrepreneurs played a nominally productive role, they worked in a war-oriented environment. A major source of fortunes was provisioning of the army, mainly with food but also with manufactured goods. Frank[8] notes that during 150-80 BC “we hear of only one man… who gained wealth by manufacturing, and that was in public contracts for weapons during the Social War (Cicero, *in Pis*. 87-89).” On the retail level, Polanyi’s paradigmatic example of free price-making markets was the small-scale food sellers who followed Greek armies. Provisioning armies with food was indeed the main commercial activity, with the most economically aggressive being the public contractors who supplied

Roman armies on the wholesale level. Contracts were set at auctions that became notoriously "fixed" by the first century BC.

Enterprise Was Considered Déclassé

There was a basic conflict between social ambition for high status and the aristocratic antipathy to engaging directly in business ventures. "Although Aristotle asserted that 'unnatural' *chrematistike* (money-making) knew no bounds," Humphreys concludes, "the general impression given by our sources is that the majority of Athenians were quite ready to give up the effort to make money as soon as they could afford a comfortable *rentier* existence, and that even the few who continued to expand their operations could not pass on the same spirit to their sons. The result was small-scale, disconnected business ventures, assessed by the security of their returns rather than their potentiality for expansion."

The same was true in Ancient Rome. Reflecting the disdain in which active participation in money-seeking commerce was held by their aristocratic ethic, most of the shippers engaged in Rome's maritime trade were foreigners or ex-slaves owning one or two small sailing vessels.

Enterprise Was Tied to Long-Distance Trade

The most typical form of enterprise was long-distance trade. Its organizational pattern changed little from the epoch when Mesopotamia's temples and palaces provided merchants with commodities or money.

Opportunities for making money evolved as a by-product of this mercantile role. In Old-Sumerian documents, Leemans [9] notes, "*damkara* are only found as traders. But when private business began to flourish after the beginning of the Third Dynasty of Ur [2112-2004 BC], the *tamkarum* was the obvious person to assume the function of giver of credit." By the time of Hammurabi's Babylonian laws, in many cases "*tamkarum* cannot denote a traveling trader, but must be a money-lender." Leemans concludes [10]: "The development from merchant into banker [that is, a moneylender or investor backing voyages and similar partnerships] is a natural one, and there is no essential difference between these two professions—surely not in Babylonia where in principle no distinction was made between silver (money in modern terms) and other marketable stuffs. In a society whose commerce is little developed, trade is only carried on by merchants, who buy and sell. But when commerce increases, the business of a merchant assumes larger proportions.”

Notes:
[1] Debt and Economic Renewal in the Ancient Near East by Michael Hudson and Marc Van De Mieroop (eds.), 2002, pp. 345-347.
[2] Randall Wray, ed., 2004. Credit and State Theories of Money: The Contributions of A. Mitchell Innes by Randall Wray, 1995. See especially the articles by Ingham and Gardiner.
[3] David Jones. 2006. The Bankers of Puteoli: Finance, Trade, and Industry in the Roman World by David Jones, 2006, p. 245.
[4] Trade and Finance in Ancient Mesopotamia: Proceedings of the First MOS Symposium J. G. Dercksen, ed., 1999, p. 86.
[5] Publicans and Sinners: Private Enterprise in the Service of the Roman Republic by Ernst Badian, 1972, p. 37.
[6] The Economy of the Roman Empire: Quantitative Studies by Richard Duncan-Jones, 1974.
[7] The Ancient Economy by Moses Finlay, 1973, pp. 147: 871.
[8] An Economic Survey of Ancient Rome. Vol. 1, Rome and Italy of the Republic by Tenney Frank, ed., 1933, p. 291.
[9] The Old-Babylonian Merchant: His Business and His Social Position by W.F. Leemans, 1950, p. 11.
[10] The Old-Babylonian Merchant: His Business and His Social Position by W.F. Leemans, 1950, p. 22.

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