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*The Economic History of Byzantium:
From the Seventh through the Fifteenth Century*

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Part Six
General Traits of the Byzantine Economy

Economic Thought and Ideology

Angeliki E. Laiou

The economic thought and the economic ideology of the Byzantines have not yet been the object of detailed study, even though some scholars have written on specific aspects of the ideology that underlay or at least referred to economic behavior. This historiographical poverty is partly due to a historical one: in Byzantium there was much less systematic treatment of economic problems than in western Europe, whose theologians, Romanists, and canonists discussed in depth the numerous questions associated with profit, price, trade, and moneylending. As a result, the economic thought of the Byzantines has to be reconstructed on the basis of gleanings from many disparate sources. For example, notions regarding the just price or the just value of a commodity have to be teased out of imperial legislative or other normative texts and from court decisions, rather than from treatises specifically devoted to these topics. However, despite the dearth of systematic discussion, there was both coherent thought regarding economic matters and ideological positions on some important economic questions.

The economic thinking of the Byzantines reflected, on the one hand, received Roman law, adjusted though it became to circumstances, and, on the other hand, ideas regarding self-sufficiency, trade, price formation, and profits, which sometimes originated in classical Greece or the edicts of Roman emperors and sometimes derived from patristic pronouncements. It is less important here to trace the provenance of various ideas and more important to observe the medieval synthesis that resulted. I consider ideology to differ from economic thought: whereas economic thought involves questions that have an immediate effect on economic practice (e.g., rates of profit, interest rates, price formation), ideology is more general in its purview, embracing broad issues that involve social, political, and economic concerns. Different though they are, they are not independent of each other, and ideology can, eventually, influence both economic thought and economic practice. Economic analysis is also a different category, for it seeks to identify and explain economic laws. In the Byzantine Empire, some attempts at economic analysis appear in commentaries on Aristotle.¹

¹ On autarky, see M. Kaplan, *Les hommes et la terre à Byzance du VIe au XIe siècle: Propriété et exploitation du sol* (Paris, 1992), 3, 256, 493ff; M. Hendy, *Studies in the Byzantine Monetary Economy c. 300–1450* (Cambridge, 1985), 565–68. Cf. G. Dagron, “The Urban Economy, Seventh–Twelfth Centuries” *EHB* 428–29. On ideological attitudes toward trade and the merchants, see A. Giardina, “Modi di scambio e valori sociali nel mondo bizantino (IV–XII secolo),” in *Mercati e mercanti nell’alto medioevo: L’area*

To what extent ideology affected people's actions, in the economic sphere as in other spheres, is a very large question, which scholars have attempted to answer in a variety of ways.² As will be seen in what follows, my own view is that sometimes ideological posturing has little to do with reality, while at other times it can, indeed, become a factor of production. What should be kept in mind is that the Byzantines were much more conservative—and deliberately so—in their ideological pronouncements than they tended to be in practice.

Economic ideology, as it developed in Byzantium, owes a great deal to Christian thinking and Christian positions regarding the material life. Perhaps the most important overall concept in this respect is the Christian negation of worldly riches, which places a high value on the noneconomic transfer of goods through charity, and an equally high value on behavior that is irrational in economic terms but rational in spiritual terms and in the divine economy.³ This type of behavior was constantly celebrated in saints' lives and in descriptions of miracles that constitute what V. Déroche has called "l'économie miraculeuse."⁴ A story related in the seventh-century *Pratum spirituale* provides a good example of noneconomic behavior that nonetheless proves more profitable, even on this earth, than the most rational, profit-seeking person could hope for. It is the story of a man from Nisibis, a pagan, who wanted to lend his capital (50 large miliaresia) at interest. His wife, who was a Christian, persuaded him to give it to the poor, promising him that his capital would be doubled and would also earn interest. Three months later, when the man tried to recover his money, he found a single miliaresion with which he proceeded to buy a fish, among other items of food. Inside the fish was a precious stone that, when brought to the jeweler/money changer,

euroasiatica e l'area mediterranea (Spoleto, 1993), 523–84, and K.-P. Matschke, "Bemerkungen zu 'Stadt-bürgertum' und 'Stadtbürgerlichem Geist' in Byzanz," *Jahrbuch für Geschichte der Feudalismus* 8 (1984), esp. 267–84; see also Dagron, "Urban Economy," 415–17, 459–61, and A. E. Laiou, "Exchange and Trade, Seventh–Twelfth Centuries," *EHB* 753–54. Cf. A. P. Kazhdan, "Byzantine Town and Trade as Seen by Niketas Choniates," *ΣΤΕΦΑΝΟΣ: Studia byzantina ac slavica Vladimiro Vavřínek ad annum sexagesimum quintum dedicata* (= *BSL* 56 [1995]), 209–18, who states that Choniates disapproved of trading activities; on lending at interest, see A. E. Laiou, "God and Mammon: Credit, Trade, Profit and the Canonists," in *Byzantium in the 12th Century: Canon Law, State and Society*, ed. N. Oikonomides (Athens, 1991), 261–300; eadem, "The Church, Economic Thought and Economic Practice," in *The Christian East: Its Institutions and Its Thought*, ed. R. J. Taft (Rome, 1996), 435–64; and eadem, "Nummus parit nummos: L'usurier, le juriste et le philosophe à Byzance," *Académie des Inscriptions et Belles Lettres* (Paris, 1999): 585–604; on honest profit and the just price, see A. P. Kazhdan, "Iz ekonomicheskoi zhizni Vizantii XI–XII vv.," *VizOch* 2 (1971): 208–12. The most recent study of the medieval world has virtually nothing on Byzantium: L. Baeck, *The Mediterranean Tradition in Economic Thought* (London, 1994). I am preparing a study of Byzantine economic thought (hereafter Laiou, "Byzantine Economic Thought") that includes a discussion of Byzantine commentaries on Aristotle. See also the recent article by Christos P. Baloglou, "Economic Thought in the Last Byzantine Period," in *Ancient and Medieval Economic Ideas and Concepts of Social Justice*, ed. S. Todd Lowry and B. Gordon (Leiden, 1998), 405–38.

² For a summary of scholarly positions, see Matschke, "Bemerkungen," 268–69. To those who think that ideology had a very real role in the development of the economy may now be added A. Giardina.

³ On charity in the early centuries of the Byzantine Empire, see E. Patlagean, *Pauvreté économique et pauvreté sociale à Byzance, 4e–7e siècles* (Paris, 1977), esp. 181–203, 273–74; on the "Christian anthropology of the gift," see Giardina, "Scambio e valori," 551.

⁴ V. Déroche, *Etudes sur Léontios de Néapolis* (Uppsala, 1995), 246ff.

fetches the sum of 300 miliarisia. Thus what starts out as perfectly rational economic intent is taken out of the realm of economics and into that of charity. Whatever the spiritual rewards (at the end of the story the man converts to Christianity), there are also very high material rewards, since the capital earns an interest equivalent to 2,000% a year.⁵

Material rewards for economically unsound behavior abound in miracle stories and are surely an indication that the intended audience placed some value on material well-being and profit. However, what is important in ideological terms is that, consistently in these stories, which recur throughout the Byzantine period, it is uneconomic behavior that is being rewarded; even the thoroughly economic ideas of profit and returns on capital are being appropriated by a code of Christian ethics that expects divine Providence, rather than human action, to provide economic returns. Furthermore, miracles are, by their nature, rare occurrences; normally, charity would be its own, noneconomic, reward.

Patristic writings provide powerful statements that illustrate the position of the church toward economic and productive activity. Agriculture is considered a relatively safe activity, as long as the reference is to the labor of the poor peasant; on the other hand, the landowners, who exploit the peasant and make money from the land, are castigated.⁶ St. Basil of Caesarea, in a passage that signals the uncertainty inherent in economic and productive activity, includes agriculture in the list of economic enterprises that are at the mercy of nature and fortune, and therefore of uncertain yield.⁷ All behavior that seeks material reward through material means (i.e., through economic activity) is presented as risky, both because of physical risks and because of the spiritual danger of bringing the person involved into the sins of *philargyria* and *pleonexia* (avarice and greed). In its extreme form, this ideology would place the highest value on a life with no productive activity and no economic concerns; such is the life of the ascetic, but it is not one that could be held up as a workable model for the rest of society. The consequence, for society as a whole, is an insistence on the virtues of self-sufficiency.

Autarky, or self-sufficiency, is an ideological norm that goes back to classical times.⁸ It was reinforced by Christian moral teaching. Saints' lives, when they do not extol the high social and economic status of the saint's family, insist on its self-sufficiency: to come from a family of moderate means, and a self-sufficient household, was considered a virtue, although, interestingly enough, so were aristocratic origins, associated with wealth.⁹ In terms of imagery, the image of the man reposing under his own olive and

⁵ Laiou, "Church," 445–46. An analogous story may be found in St. Augustine, *De civitate Dei* 22.9, PL 41:765–66, as noted in C. Morriison, "La découverte des trésors à l'époque byzantine: Théorie et pratique de l'ΕΥΡΕΣΙΣ ΘΗΣΑΥΡΟΥ," *TM* 8 (1981): n. 47.

⁶ St. John Chrysostom, in PG 58:591.

⁷ PG 31:272.

⁸ M. I. Finley, *The Ancient Economy* (Berkeley, 1973), 109–16. For a different view on the Greco-Roman economy, see C. Nicolet, *Rendre à César: Économie et société dans la Rome antique* (Paris, 1988).

⁹ See, for example, *Vita of St. Stephen the Younger*, PG 115:1073c, and *vita* of Theophylact of Nikomedeia, ed. A. Vogt, "St. Théophylacte de Nicomédie," *AB* 50 (1932): 71. For the quintessential aristocratic and wealthy saint, one may look to St. Michael Maleinos. When Manuel/Michael Maleinos first approached an anchorite and tried to become his disciple, he lied, pretending that he was the

fig trees, a picture that goes back to the Old Testament, is a compelling one and recurs over time.¹⁰

One may argue that the principle of self-sufficiency was an expression, in the economic sphere, of broader principles that are political and therefore better known to historians. In the political ideology of the Byzantines, it was one of the main duties of the emperor to safeguard the territory of the state and to recover lost territories. The point is clearly made in Title II.2 of the *Eisagoge* and is repeated in the *Taktika* of Leo VI, where it appears as a major element of the just (= defensive) war.¹¹ A clear statement of the negative value placed on aggressive warfare and the positive value of recovering one's own may be found in Arethas' comparison of Alexander the Great's conquests with a victory against the Arabs in 901: "He [Alexander] was greedy, initiating injustice; not even the Hellespont, that national limit, could check his assault. . . . But your actions, O most good Emperor, are as free of grasping ambition as they are remote from greed. . . . For you do not order the army to rush against what does not belong to us, but rather towards those who had, once, belonged to the Romans, . . . to restore [that lost flock] to its former inheritance."¹²

The political concept is one that promotes the integrity of "just" frontiers, which included territory the Byzantines considered legitimately theirs. In this schema, there is no aggression and no injustice done to others. That the emperor's concern is with justice in both the political and the economic sphere is made clear by the statement that "[nothing so pleases the emperor] as the peace and prosperity of his subjects and the improvement and redress of political fortunes."¹³ The economic concept promotes the integrity of the productive unit; self-sufficiency safeguards it, and in that schema, no economic injustice is done to others. Both concepts are heavily indebted to the middle Byzantine idea of justice, which included the concern that the possessions of all subjects (especially the weaker ones) should be safeguarded and that a proper and orderly society should not be disturbed by encroachment on the rights and possessions of others.¹⁴ The concept of autarky, then, is inscribed in a larger ideological context. On the other hand, political aggression would be comparable to *pleonexia* in the eco-

son of people who lived ἐν ἀυτάρκειᾳ, so that the power and wealth of his family would not frighten the anchorite: A. E. Laiou, "The General and the Saint: Michael Maleinos and Nikephoros Phokas," in *EYΨΥΧΙΑ: Mélanges offerts à Hélène Ahrweiler*, 2 vols. (Paris, 1998), 399–412. Examples of saints from "self-sufficient" households during the Palaiologan period include St. Romylos and St. Dionysios. Most of them came from richer families: A. E. Laiou-Thomadakis, "Saints and Society in the Late Byzantine Empire," in *Charanis Studies: Essays in Honor of Peter Charanis*, ed. A. E. Laiou-Thomadakis (New Brunswick, N.J., 1980), 84–114, esp. 87–89.

¹⁰ See, for example, *Theophanes Continuatus*, ed. I. Bekker (Bonn, 1838), 258, elaborating on Micah 4:4.

¹¹ Zepos, *Jus*, 2:240; R. Vári, *Leonis imperatoris Tactica*, 2 vols. (Budapest, 1917–22), 1:3–5.

¹² R. J. H. Jenkins, B. Laourdas, and C. A. Mango, "Nine Orations of Arethas from Cod. Marc. Gr. 524," *BZ* 47 (1954): no. 6, p. 33.

¹³ *Leonis Tactica*, 1:3.

¹⁴ A. E. Laiou, "Law, Justice, and the Byzantine Historians: Ninth to Twelfth Centuries," in *Law and Society in Byzantium, Ninth–Twelfth Centuries*, ed. A. E. Laiou and D. Simon (Washington, D.C., 1994), 154–55, 165, 183.

conomic sphere; both condemned, both practiced. As will be seen below, economic justice embraced much more than the ideal of self-sufficiency and, in practice, affected economic behavior not in the matter of autarky, but primarily in matters connected with profits and prices.

The fullest description of the pleasures of self-sufficiency is in the *Strategikon* of Kekaumenos, an eleventh-century source. This is the work of a landlord and soldier, and it extols the good management of the household, as Xenophon, his ancient counterpart, had done many centuries earlier. Good management means “an abundance of wheat, wine, and everything else, seed and livestock, edible and movable.” The landlord should “plant trees of all kinds, and reed-beds, so that you may have a return without having a yearly worry” and should acquire farm animals: both oxen for plowing and pigs, sheep, and other animals grown for their meat. He should diversify his activities, so that he could both cover some of the needs of his estate and make a sure investment: “make for yourself things that are self-working (*autourgia*): mills, workshops, gardens, and other such things as will give you an annual return whether it be in rent or crop.”¹⁵ If he does not take good care of his estate, all manner of bad things will happen, eventually leading him to the moneylenders, who will probably end up by taking both the estate he had inherited from his parents and whatever he had accumulated himself. Kekaumenos would have embraced the tenet “neither a borrower nor a lender be,” and to that he added, “do not stand security for anyone.”¹⁶ This seems to be taking the landlord outside the market and its activities, but even Kekaumenos does not mean to do so completely, for he says that if the estate is mismanaged, “when you wish to make purchases you will find that you have no money.”¹⁷ Indeed, what is preached here is self-sufficiency with a difference: a well-run household should make sure it has the necessities, namely, wheat and wine. Once this minimum is met, one can indulge in luxuries, buy things that are not essential, build houses.¹⁸

This very conservative man certainly gave voice to an equally conservative ideology, which required that one diversify his economic activities sufficiently so that he would have only sporadic need of the market. His statement is clear and succinct and also echoes ancient ideas, especially those of Xenophon. It is thus seductive to historians; but it is belied by practice, and even by normative statements that are no less true for being diffuse and buried in less deliberately conceived texts. Let us begin with an example of a counterideology.

For that, one may look at the *vita* of St. Neilos of Rossano, who died in 1004, and is therefore chronologically not far removed from Kekaumenos.¹⁹ St. Neilos wished to

¹⁵ G. G. Litavrin, *Sovety i rasskazy Kekavmena* (Moscow, 1972), 188–90; cf. Hendy, *Studies*, 565–66, whose translation of this quotation I am using.

¹⁶ Litavrin, *Sovety i rasskazy*, 190–92, 212–16, 218.

¹⁷ *Ibid.*, 190.

¹⁸ *Ibid.*

¹⁹ What follows owes much to A. Guillou, “Production and Profits in the Byzantine Province of Italy (Tenth to Eleventh Centuries): An Expanding Society,” *DOP* 28 (1974): 91–109; the pertinent passage of the *vita* is published on pp. 105–6 and translated and commented upon on pp. 91–92. I have used my own translation here.

test the commitment of the monks of St. Adrian, a monastery he had founded near Rossano in Calabria, and to teach them “to prefer submission to life itself.” He therefore conceived a test that consisted of an “irrational command” (ἔδοξε τοῖνυν αὐτῷ πειράσαι αὐτοὺς ἐν τινι παραλόγου ἐπιταγῆς πράγματι). One day he said to them, “We have planted many vineyards, and this is counted as greed (πλεονεξία) on our part, since we have more than what is necessary for us. Let us cut them down and leave only what is needed for self-sufficiency (μὴ ἐάσωμεν εἰ μὴ μόνον τὸ αὐτάρκες).” The monks did not say “the man is mad, he knows not what he is doing—no such thing has ever been seen or heard of,” but, in full obedience, cut down the vines. St. Neilos considered this as proof that their obedience was equal to that “of olden days” (those of the heyday of asceticism? or the days of the martyrs?). The story reached Mount Athos and Sicily, and all marveled, for no one “could comprehend the reason for this affair, and some said the monks were drunk, others that the father [St. Neilos] was angered and that is why he did this, while still others thought that the monks were unable to cultivate the vines, there being too many of them.”

The story starts with an ideological statement on the importance of self-sufficiency as a virtuous state of being for monks. But, in fact, the dominant ideology that may be extracted from the affair is quite a different one. The monks of Calabria, as the monks of Mount Athos, apparently had been oblivious to the virtues of self-sufficiency and had been producing wine (and fruit, possibly) for the market. Profit was necessarily involved. The monks, and everyone else, including the hagiographer, considered St. Neilos’ behavior quite irrational; witness the effort to find a rational and economic justification of it, in the explanation that the monks perhaps did not have sufficient labor to cultivate their extensive vineyards. So ingrained was the ideology (and practice) of economic activity far in excess of self-sufficiency, that St. Neilos could not conceive of a more stringent test of the obedience of his monks. In sum, the dominant ideology in this story is not self-sufficiency but profitable production, and it was certainly the dominant practice.²⁰

It is, in fact, practice that holds the key to the real import of the ideal of self-sufficiency. Practice suggests that self-sufficiency was an unrealizable wish insofar as most of the peasantry was concerned, and an ideal to which the aristocracy and the monasteries paid only lip service. For the peasants, J. Lefort has shown that, while not all could have a surplus or break even, there were those who could show a profit, even after paying taxes, and that profit was capable of being invested. Indeed, self-sufficiency was an ideal of the peasantry in most preindustrial societies. But it was not a reality, and peasants were involved in the market, although their dependency on the market varied according to place and time.²¹ The polyculture that characterizes

²⁰ For the production of another cash crop, eminently made for the market, namely silk, in Byzantine Italy, see the rest of Guillou’s article. For an attitude similar to the one expressed in the story, see B. Krivochéine and J. Paramelle, *Syméon le Nouveau Théologien: Catéchèses* (Paris, 1964), 1: no. 5, pp. 440–46.

²¹ On this, see L. de Ligt, *Fairs and Markets in the Roman Empire* (Amsterdam, 1993), 149–54.

Byzantine agriculture both promotes self-sufficiency and transcends it. Historians have drawn a distinction between diversified agriculture and specialized agriculture, the latter alone being thought to be an efficient use of resources.²² Specialization, however, is a phenomenon of the industrial period and cannot easily be expected of preindustrial societies. In the Byzantine Middle Ages, diversified agriculture included a number of highly marketable crops, which brought the peasant to the marketplace, and thus out of self-sufficiency.

The aristocracy invested surplus funds in land clearance, as well as in urban real estate, in artisanal activities, and, eventually, in trade.²³ The same is true of monasteries, where one might have expected the ideology to have had its clearest effect. The novel of Nikephoros II (964) on monastic property is a clear indication that the pious emperor wanted monasteries to participate in productive enterprises, and productive investments to take place on their lands.²⁴ But it is the development of the monastic communities of Mount Athos that provides the clearest proof of the fact that the ideology of self-sufficiency was inadequate to encompass Byzantine realities. The early documents of Mount Athos, including the *typikon* issued by St. Athanasios (in 973–975), are indeed replete with ideas of self-sufficiency, which include agricultural activity and exclude any trading for profit. Within seventy years, the monks were selling their own surplus and that of others, fully participating in the economy of exchange. In response to accusations of avarice and greed, they agreed to engage in trade only for their own needs, thus once again referring to the idea of self-sufficiency, which was, however, destined to remain a dead letter.²⁵

It is, perhaps, possible to get an indirect view of what agricultural properties the Byzantines valued most. Those were the *autourgia*, assets that necessitated an initial investment and were then thought to produce revenues “from their own nature,” that is, without further expense other than labor. Mills, vineyards, olive groves, salt pans, meadowlands, brickyards, and shops were in that category; their construction or development was considered melioration of the land and was protected in all sorts of ways, both by contracts of land tenure (*emphyteusis*) and by imperial privileges that assured the use of the improved land to the owner.²⁶ The high value placed on *autourgia* has little to do with the ideology of self-sufficiency and much more to do with ideas of profitability and profit.

Autarky or self-sufficiency, as has been observed by G. Dagron, was more a literary construct than an economic model.²⁷ In practice, this ideal was either unattainable or

²² Finley, *Ancient Economy*, 106–7.

²³ See Dagron, “Urban Economy,” 414ff and passim, and E. Papagianni, “Byzantine Legislation on Economic Activity Relative to Social Class,” *EHB*.

²⁴ N. Svoronos, *Les Nouvelles des empereurs macédoniens concernant la terre et les stratiotes*, ed. P. Gounaridis (Athens, 1994), 151–61. On this novel, see E. Papagianni, “Legal Institutions and Practice in Matters of Ecclesiastical Property,” *EHB* 1065–66.

²⁵ See Laiou, “Church,” 460–61.

²⁶ *Ibid.*, 458–59.

²⁷ Dagron, “Urban Economy,” 428.

inadequate, and landlords did not in fact shun the market, as the common reading of Kekaumenos would have them do. This is a case where the ideology was removed from reality. In economic thought, it was superseded, certainly in the course of the tenth century, if not earlier, by the less proper but equally powerful stress on profit. Ideas of self-sufficiency and profit are connected with views about exchange, trade, and the market, to which I now turn.

The pursuit of profit, in the thinking of the Byzantines, is a characteristic of the merchant. An old *topos*, which goes back at least to patristic times and even to antiquity, links the pursuit of profit with the risks involved in mercantile activity: the merchant is the man who is willing to run all kinds of risks in search of profit.²⁸ It is well known, and in no need of elaboration here, that the fourth-century church fathers considered the risks to be moral as well as physical, and took a dim view of the merchant's profit. This, however, was not the case in Byzantium, at least of the middle and late period, except when rigorist authors made deliberate ideological statements. A first approximation of what the Byzantines thought about profit may be gained by two texts, dating to the second half of the tenth century and the beginning of the eleventh.

The later text is a treatise by Symeon the New Theologian on Eph. 5:16, "redeeming the time because the days are evil," dated by the editor to sometime between the years 1000 and 1009.²⁹ In it, the author speaks of the great damage one will suffer if one neglects spiritual matters, and illustrates this by referring to the economic damages a slothful merchant will incur by neglecting the good conduct of his trade. The good merchant, motivated by the hope of profit (τῆ προσδοκίᾳ τοῦ κέρδους), undertakes long journeys disregarding the dangers, the fatigue of the journey, the fear of robbers; he brings money with him to the fair and immediately begins to trade, without wasting his time and money in unprofitable pursuits. His reward is that he returns home with great profits (ἐμπορευσάμενοι καὶ μετὰ κέρδους μεγάλου ὑποστρέψαντες). While Symeon's parable is in many ways indebted to patristic writings and imagery, one fact stands out that is relevant to our topic: the pursuit of profit is a positive rather than a negative activity. Not one word is breathed regarding the dangers to the immortal soul of maximizing profits; on the contrary, the slothful merchant, the one whose example should not be followed, is he who, through his laziness, does not manage to turn a profit.³⁰

²⁸ See, for example, St. Basil of Caesarea, who speaks of the "sweat of the farmers and the dangers of trade" (πόνους γεωργικούς . . . ἐξ ἐμπορίας κινδύνους): PG 31:281. The *topos* regarding merchants appears in many Byzantine authors, among them Symeon the New Theologian, Mauropous, Manasses, and a number of hagiographic sources.

²⁹ J. Darrouzès, *Syméon le Nouveau Théologien: Traités théologiques et éthiques* (Paris, 1967), 2: no. 12, pp. 386ff. On this, cf. A. E. Laiou, "Händler und Kaufleute auf dem Jahrmarkt," in *Fest und Alltag in Byzanz*, ed. G. Prinzing and D. Simon (Munich, 1990), 53–70, 189–94, repr. in A. E. Laiou, *Gender, Society and Economic Life in Byzantium* (Aldershot, 1992), art. 11.

³⁰ This is not by any means to argue that Symeon had forgotten Christian teaching regarding avarice: see his statements on *pleonexia* in Krivochéine and Paramelle, *Syméon le Nouveau Théologien, Catéchèses*, 2: no. 9, pp. 110–12. In this passage, however, he condemns those who have dealt unjustly

A few decades earlier, Symeon Metaphrastes (d. ca. 1000), a high imperial official and the well-known compiler and purifier of saints' lives, voiced a similar view in his version of the *vita* of St. Spyridon of Trimithous. The original *vita*, written in the second half of the seventh century, features a sea captain (who also engaged in trade) who had borrowed some money from the saint (either in a sea-loan or in an early form of the *commenda* contract). That version of the *vita* had focused on the sea captain's efforts to cheat the saint by pretending to return the money, the saint's discovery of the ruse, and the man's repentance.³¹ The Metaphrastic version projects a similar moral message: do not be greedy, and do not cheat. However, Symeon Metaphrastes also engages in a good deal of editorializing. The sea captain is here specifically called a merchant; trade seems to be his primary activity. The cause of his economic downfall, and the proximate cause of the discovery of his dishonesty, was that "he had spent the money in expenses that were not geared toward making a profit; hence he became indigent (δαπάναις γὰρ, ὡς ἔοικεν, οὐ πρὸς κέρδος ὀρώσας τὸ χρυσίον ἀνηλωκῶς, ἔπειτα πρὸς ἀπορίαν ἐλάσας)" and went back to the saint to borrow more money. The story then unfolds of the discovery of his ruse and the saint's forgiveness and parting words: "that he should not covet the goods of others, nor should he pollute his conscience with ruses and lies. For the gain acquired from such actions, he said, is not profit, but manifest damage (μὴ οὕτω τῶν ἀλλοτρίων ἐπιθυμεῖν, μηδὲ δόλοις καὶ ψεύδεσι καταμιαίνειν τὸ συνειδός. Τὸ γὰρ ἐκ τοιούτων, φησὶ, περιποιούμενον οὐ κέρδος ὄλωσ, ἀλλὰ ζημία σαφής)."³² The meaning is equally manifest. Money borrowed for trade should be used for profitable investment; if it is used for consumption instead, one gets into trouble. What is condemned here is not at all the merchant's profit, which is conceived as a legitimate part of his trade; rather, it is *philargyria* that caused the merchant in question to misbehave; that, and his unproductive use of money.

These examples are meant to be illustrative, not exhaustive. What they illustrate is the fact that the merchant's profit was perfectly acceptable in the economic thinking of the Byzantines, with all that such a position implies. Nowhere, for instance, do we find the condemnation of profits deriving from mercantile enterprise as unclean money, as sometimes was the case among theologians in western Europe. If saints' lives of the middle period are a good guide in this respect, we can say that they do, sometimes, refer to dirty money, that the pious may not touch, but it is not the merchant's profit that is at issue. Rather, what is unclean is the money made from exactions and from the unjust treatment of the poor; the people who are guilty of such practices are functionaries or the powerful or, in one case, Emperor Theophilus, who was said to

with others, having appropriated what originally was common property; they are judged as virtually thieves, in what is a very unusual construction for Byzantium. A similar thought may be found in Alexios Makrembolites: I. Ševčenko, "Alexios Makrembolites and His 'Dialogue between the Rich and the Poor,'" *ZRVI* 6 (1960): 204.

³¹ P. van der Ven, ed., *La légende de S. Spyridon, évêque de Trimithonte* (Louvain, 1953), chap. 21, p. 94. Cf. Laiou, "Exchange and Trade," n. 48.

³² PG 116:458–60.

have left money to the poor and the monks upon his deathbed conversion to the orthodox position on the veneration of icons.³³

In fact, the Byzantines believed that the merchant's profit was justified and legitimate. However, the Byzantines, like the ancient philosophers, were uneasy about "the art of making money," Aristotle's *chrematistike*. In Byzantine thought and practice, as in that of all societies that were the cultural heirs of ancient philosophy and Christianity, there was a constant balancing act between the notion of the freedom of exchange and the conflicting notion of social and economic justice.

The concepts of just value, just price, and just profit are intimately interconnected. In Byzantium, it was primarily the state that gave specific content to these concepts that appear in rather too general and inchoate a form in the writings of churchmen. Once again, we have little theoretical or systematic discussion of the just value or the just price or the just profit. The information comes from legislative codes or novels or regulatory texts (primarily the *Book of the Eparch*) and is, perhaps not unexpectedly, fragmented.

The just value (ἄξία, διατίμησις) differs somewhat from the just price (δικαία τιμή, δίκαιον τίμημα). As I understand it, one major difference lies in the fact that the concept of just value extends not only to land or commodities that are exchanged, but also to labor. Furthermore, while just price presupposes a transaction, the just value may simply be the result of an evaluation, not necessarily attended by a transaction. Beyond these somewhat evanescent differences, it is important to establish that the concept of just price is not dependent on any particular process of price formation. The just price may be the price agreed upon by two contracting parties; it can be the market price, arrived at by the global interplay of supply and demand, that is, the ultimate result of negotiations between numerous buyers and sellers; it may be a price imposed by administrative action; it may be a price that is regulated although not imposed by administrative action. Almost all of these possibilities were envisaged by the Byzantines and were present in Byzantium, with different weight at different times. The only exception is the price imposed by administrative action, for which we do not have examples in practice or in theory.³⁴ It is true that, in an eleventh-century treatise, the value of land is said to be fixed by imperial law, but that statement is immediately followed by another, which says that it also depends on local custom: "there are differences in the evaluation [of land] according to imperial decrees and the customs of the place."³⁵ This indicates that the fiscal value of the land, which is all that the treatise is concerned with, is not an administered price but rather an evaluation that takes into account the market price of land.

³³ F. Dvornik, *La vie de St. Grégoire le Décapolite et les Slaves macédoniens au IXe siècle* (Paris, 1926), 55; I. van den Gheyn, "Acta graeca Ss. Davidis, Symeonis et Georgii Mitylenae in insula Lesbo," *AB* 18 (1899): 245.

³⁴ There is nothing like Diocletian's Edict on Prices in Byzantium. On the issues discussed here, see A. E. Laiou, "Κοινωνική δικαιοσύνη: τὸ συναλλάττεσθαι καὶ τὸ εὐημερεῖν στὸ Βυζάντιο," *Πρακτικὰ Ἀκαδημίας Ἀθηνῶν* 74 (1999): 103–30.

³⁵ *Géométries du fisc byzantin*, ed. J. Lefort et al. (Paris, 1991), 62: "Ἔχει δὲ διαφορὰν περὶ τὰς διατιμήσεις κατὰ τε τὰ βασιλικά προσταγμάτων καὶ τὰ τῶν τόπων ἔθιμα.

In Byzantium, as in the Roman Empire, the laws governing exchange were predicated upon the idea of free contractual negotiation. In law, exchanges are made, and the sale price is established, through negotiation between competent parties, acting freely, that is, without fear or under threat of force, and involving things of which they are the proprietors.³⁶ Ruse or force annuls the contracts in law; in practice, acts of sale are often preceded by a formula that states that the seller acts freely, without constraint or fear. “Ruse” in this context means actual fraudulent misinformation regarding the items exchanged. While this is forbidden, it is permissible for the two parties to try to outwit each other (*se circumvenire*, περιγράφειν ἀλλήλους) in establishing the sale price. In the medieval West, this statement caused a good deal of problems to canonists, Romanists, and theologians, since it seems to legitimate lying, which in any case was seen as an integral, and negative, aspect of commercial exchange.³⁷

There was, however, an important corrective, which existed already in Justinianic law and was considerably extended in the middle Byzantine period. It consists of the notion of *laesio enormis* (literally, “enormous damage”), an extreme or unacceptable (economic) damage done to the seller, if the sale price is less than half the just price. In such a case, the contract is annulled, unless the seller agrees to pay the full (just) price. This legal limitation on free negotiation and exchange was reinforced by the Christian and patristic idea that negotiation necessarily involves lying, and is therefore morally wrong, as well as the more general idea that cupidity and greed are sinful for Christians.³⁸ As a result, there are, in Byzantium, two conflicting ideas regarding just price and price formation: one that is based on free negotiation and one that puts moral and eventually social constraints on negotiation, so that extreme damage to individuals may be avoided. The very notion of *laesio enormis* presupposes and rests upon the following concepts: a concept of the just value, which is independent of the specific negotiation; an acceptance of free negotiation as establishing the actual price; a limitation placed upon free negotiation when the sale price is under half the just value of a commodity.

In Byzantium, free negotiation coexisted with the limits mandated by ideas of justice. The limitations deriving from the concept of *laesio enormis* are primarily evident in land sales and labor contracts, and were in practice most visibly in the middle period, to be weakened in the Palaiologan period and even earlier. The legislation of the Macedonian emperors on land sales to the *dynatoi* had, as one of its legal bases, the protection afforded the seller by the *laesio enormis*, whose effects were extended beyond their original and rather limited intent. This is quite clear in the novel of Romanos I

³⁶ The main texts are *CI* 4.46.2, 4.44.2, 4.44.6, 4.44.8 = *Bas.* 19.10.78 (77); see also *CIC*, *Dig.* 4.4.16, no. 5; cf. M. Kaser, *Das römische Privatrecht*, 2 vols. (Munich, 1975), 2:388–90. On the *laesio enormis* in Byzantium, see E. Papagianni, Ἡ νομολογία τῶν ἐκκλησιαστικῶν δικαστηρίων τῆς βυζαντινῆς καὶ μεταβυζαντινῆς περιόδου σὲ θέματα περιουσιακοῦ δικαίου (Athens, 1992), 1:70; cf. A. Sirks, “La *laesio enormis* en droit romain et byzantin,” *Tijdschrift voor Rechtsgeschiedenis* 53 (1985): 291–307, whose discussion differs from mine on several points.

³⁷ J. W. Baldwin, *The Medieval Theories of the Just Price* (Philadelphia, 1959), 9–10 and *passim*.

³⁸ Sirks, “*Laesio enormis*,” 304, considers that the limit of the half price was established by pre-Justinianic commentators and owes nothing to Christian ideas.

issued in 934 that states, among other things, that if the sale price of land acquired after the famine was less than half the just value (δικαία ἀποτίμησις), the sale was annulled and the buyer lost the money he had paid. If the sale price was not quite that low but nevertheless resulted in great harm (περιγραφήν καὶ βλάβην) to the seller, the sale was still annulled, although the buyer had the right to recover the money he had paid.³⁹ In the same period, a protection similar to that of the law regarding the *laesio enormis* was extended to laborers who made contracts regarding their wages. If it was found that the negotiated and agreed upon wage was less than the just wage, then the contract would be annulled and the work evaluated; if the negotiated wages were higher than that, the contract remained valid.⁴⁰

Therefore, in the middle Byzantine period the freedom of negotiating prices and wages was assumed, but it was also tempered by the intervention of the state acting in the interest of social and economic justice, and on the basis of the idea of just value and just price. Beginning with the eleventh century, there was considerable attenuation of the protection afforded by the laws on *laesio enormis*. Thereafter, echoes of this protective legislation are mostly found in formulas in sale contracts, where the seller renounces the protection, and even in sales agreements (all of the extant examples concern the sale of land), where it is specifically stated that if the land is worth more than the price paid for it, the remainder constitutes a donation. The documentation is clearest for the thirteenth century and later; by that time, free negotiation had become paramount in establishing the sale price, and intervention on behalf of economic justice had been reduced. By that time also, and in a process that began probably in the eleventh century, the just value and the just price had become identical with the market price, despite the voice of moralists who occasionally complained about this phenomenon.⁴¹

Ideas regarding the profit of the merchant were based on similar general premises and followed a similar evolution. In the middle Byzantine period, the prevailing ideology admitted a legitimate profit for the merchant, profit conceived as the reward of his labor and recompense for the risks he ran in the exercise of his trade, that is, a cost-plus-labor theory of profit and, by extension, of price.⁴² But the other side of this position is the equally firm belief that there is just and unjust profit, and that profit of any kind has certain legitimate levels, which it should not exceed. Profiteering, taking advantage of the misfortune of others—for example, by selling grain at very high prices in times of famine, or buying land at excessively low prices in hard times—was condemned and unlawful; so was stockpiling, especially of foodstuffs, and hoarding of

³⁹ Svoronos, *Novelles*, Novel 3, chap. 5.3.

⁴⁰ *Das Eparchenbuch Leons des Weisen*, ed. J. Koder (Vienna, 1991), 22.3.

⁴¹ See Laiou, “Byzantine Economic Thought.”

⁴² See, for example, J. B. Pitra, *Juris ecclesiastici graecorum historia et monumenta*, 2 vols. (Rome, 1864–68; repr. 1963), 2:323–24. On the value placed on labor, see also the peculiar justification, by John VI Kantakouzenos, of a heavy tax placed on merchants who bought from the peasants and imported foodstuffs into Constantinople, because, among other things, “they make great profit from the work of others without exertion”: *Ioannis Cantacuzeni Eximperatoris historiarum libri quattuor*, ed. I. Schopen, 3 vols. (Bonn, 1828–32), 3:80–81 (hereafter Kantakouzenos), ἀμογητὶ ἐκ τῶν ἐτέρων πόνων αὐτοὶ πολλαπλασίω τὰ κέρδη φέρονται.

commodities with a view to raising the price and acquiring unreasonable profit (παράλογον κέρδος).⁴³ This was the firm position of church and state during the middle Byzantine period and into the eleventh century. Quite aside from the fact that profits deriving from stockpiling commodities, or from fraudulent practices, were illegal, the just profit was considered to be not what the merchant could gain in the course of a free negotiation, but, rather, something that was subject to noneconomic constraints and regulations. A canon attributed to Patriarch Nikephoros I (806–815), but whose attribution is insecure, states clearly that the just profit is 10% (it is not clear whether this is calculated on the purchase price or on the purchase price plus expenses).⁴⁴

In the *Book of the Eparch*, the rates of profit are legislated by the state in the case of the butchers, the fishermen, the bakers, and the grocers. The price of wine is to be established between the tavernkeepers and the eparch, proportionately to the purchase price. While the rates of profit permitted to the various guilds by the *Book of the Eparch* vary, the general idea is clear: maximizing profits by taking full advantage of the forces of supply and demand is not permitted. Thus, although there is no price regulation in the *Book of the Eparch*, there is certainly regulation of profit, at least in Constantinople where the provisions of this text were applied.⁴⁵ As has already been suggested elsewhere, the result was that merchants could maximize their profit primarily by increasing the volume of their transactions, not by taking advantage of fluctuations in supply and demand.⁴⁶

If, in the tenth century, just profit had been conceived as having a value independent of the bargaining mechanism, by the late eleventh century there are indications that the idea of free negotiation was gaining ground. A greater degree of freedom crept into economic exchange, and the noneconomic view of just profit was attenuated. It must be admitted that the clearest indications are to be found in practice rather than in ideological statements, although late eleventh- and twelfth-century commentaries on Aristotle's *Nicomachean Ethics* may provide an analytical and theoretical basis.⁴⁷ Indications may also be found in negative statements, whereas the only positive remarks as to the validity of any negotiated price come from the patriarchal court of the fourteenth century and concern land transactions.⁴⁸ By negative statements I mean asides such as that included in a letter by Tzetzes, in which he complains of monks who sell apples to the emperor at exorbitant prices—three to four pounds of gold for one apple or pear! This grotesquely exaggerated anecdote is followed by the statement that such

⁴³ On stockpiling and hoarding, see *Synopsis Basilicorum* P 24, with reference to *Bas.* 60.22 (or 69.6). Cf. *Eparchenbuch*, 10.2, as well as 11.3, 13.4, 16.5, 20.3. On thesaurization as a form of hoarding that leads to a decline in prices, cf. C. Morriison, "Manier l'argent à Constantinople au Xe siècle," in *EΥΨΥΧΙΑ* (as above, note 9), 557–65.

⁴⁴ Pitra, *Juris ecclesiastici*, 2:323–24.

⁴⁵ On this and on state regulation in general, cf. Dagrón, "Urban Economy," 410ff and passim, and N. Oikonomides, "The Role of the Byzantine State in the Economy," *EHB* passim.

⁴⁶ See Laiou, "Exchange and Trade," 735–36.

⁴⁷ Cf. *ibid.*, 745, especially the story from the *vita* of St. Auxentios. Cf. Laiou, "Byzantine Economic Thought."

⁴⁸ See, for example, *MM* 2:365.

practices would inflate the price of apples, with the result that the poor would die without tasting fruit.⁴⁹ The point is that Tzetzes is thinking of a world where prices are normally set in the marketplace, and where the emperor's misplaced generosity will play havoc with the normal functioning of the market. Similarly, as already pointed out, when Symeon the New Theologian speaks of the merchant's profit, there is no indication at all that he is thinking of a controlled "just" profit.

It is not surprising that there is a dearth of positive statements to the effect that the merchant's "just profit" would be what he could realize in an honest transaction, however high it might be, or that, by extension, the just price is reached through the mechanism of supply and demand. Such an overt statement would have run counter to a powerful ideology that continued to survive even after the tenth or eleventh century. One may see this ideology in the same letter of Tzetzes, well known and sufficiently commented upon, which shows that in twelfth-century Constantinople the expectation still was that the just profit of a fish vendor should be exactly that posited by the *Book of the Eparch*.⁵⁰ The ideology is also much in evidence in periods of crisis: for example, in early fourteenth-century Constantinople, when, in the midst of famine, the patriarch reminds the emperor that there is a just price and a just rate of profit, and demands state intervention in order to stop merchants from stockpiling grain and bakers from realizing extravagant profits.⁵¹ The ideology of justice in exchanges was powerful indeed, even after the just price had become equivalent to the market price.

In sum, then, in Byzantium there was always the coexistence of the ideas of free negotiation and social and economic justice; the latter was meant to moderate the effects of the former, but the weight of these two ideas varied according to the times, which is to say, the economic conditions, and to some extent according to whose voice is expressed by our sources. All of this suggests that price formation was the result of the interplay of these ideas, when they were put into practice; but there is no theoretical statement regarding price formation, except possibly in an undated commentary on the *Nicomachean Ethics*.

Any discussion of medieval economic thought must include the society's views on usury in its medieval definition, that is, lending at interest. The brief discussion that follows does not address the evolution of interest rates, which have already been discussed in other chapters.⁵² It is still necessary, however, to say a few words about the ideology and economic ideas underlying the Byzantine attitudes toward lending at interest. It is a particularity of Byzantium that it was the only state, both in the Muslim Near East and in western Europe, that permitted lending at interest; it also regulated the rates of interest. The fact is important, for the Byzantines disposed of exactly the

⁴⁹ *Ioannis Tzetzae Epistulae*, ed. P. A. M. Leone (Leipzig, 1972), ep. 57, pp. 78–80, 82 (hereafter Tzetzes).

⁵⁰ Tzetzes, ep. 57, pp. 81–82; G. Dagron, "Poissons, pêcheurs et poissoniers de Constantinople," in *Constantinople and Its Hinterland*, ed. C. Mango and G. Dagron (Aldershot, 1995), 70–73.

⁵¹ A.-M. Maffry Talbot, *The Correspondence of Athanasius I, Patriarch of Constantinople* (Washington, D.C., 1975), letter nos. 93, 100, 106.

⁵² See Laiou, "Exchange and Trade," 702–3, 726–27, 749–50; D. Gofas, "The Byzantine Law of Interest," *EHB* 1091–96.



1. Homily on the earthquake and Lazaros. "The wealth of the rich man [*on the right*] did not avail him when there was earthquake." The earthquake may be that of January 870 in Constantinople. National Library, Athens, cod. 211, fol. 87, Homilies of St. John Chrysostom (late 9th century) (after A. Marava-Chatzinikolaou and C. Toufexi-Paschou, *Κατάλογος μικρογραφιών βυζαντινῶν χειρογράφων τῆς Ἐθνικῆς Βιβλιοθήκης τῆς Ἑλλάδος* [Athens, 1997], 3: pl. 21)



2. Last Judgment: a civil servant in Hell. Church of St. George near Kouvaras in Attica, fresco, 13th century (after D. Mouriki, "An Unusual Representation of the Last Judgment in a Thirteenth-Century Fresco at St. George near Kouvaras in Attica," *Δελτίον τῆς Χριστιανικῆς Ἀρχαιολογικῆς Ἑταιρείας*, ser. 4, vol. 8 [1975–79]: pl. 88)

same texts, from the Old and the New Testament, on which the prohibition of usury in medieval western Europe was based. They also shared the same Aristotelian texts regarding usury. Necessarily, there was a certain suspicion of lending at interest, even in the minds of the Christian emperors who permitted it but who, since Constantine I, tried to regulate it in accordance with both economic principles (the highest permitted rates were, at first, those that applied to loans in kind, and always those on the high-risk sea-loans) and noneconomic ones, such as the status of the lender or of the borrower. This suspicion was voiced most strongly by ecclesiastics, especially the theologians or moralists, rather than the canonists.⁵³

The most common and most prevalent Byzantine position regarding the Christian and Old Testament prohibition of lending at interest was that it applied only to ecclesiastics. Laymen, therefore, could legitimately charge interest on loans. Lending at interest is given several justifications. One is that interest is equivalent to revenues from the item loaned, an economic argument.⁵⁴ Another is the simple and pragmatic argument that appears in a novel of Leo VI, which permitted once again interest charges, forbidden by his father, Basil I: no one would lend money unless they could charge interest.⁵⁵ A fourteenth-century justification, attributed to people whom the opponent of lending at interest wishes to confound, namely, that the law permitting interest is older than the one forbidding it, seems like a straw man, set up to be easily destroyed.⁵⁶ More interesting is the idea that the man (or woman, in Byzantine practice, but not in Byzantine perception) who lends money runs a certain economic risk.⁵⁷ Byzantine canonists, however, were convinced, as were their western counterparts, that simple loans carry no risk, and indeed made the absence of risk a defining element of a loan.⁵⁸ In the twelfth century, there was, apparently, a lively debate among churchmen as to the legitimacy of lending at interest for clerics (its legitimacy for laymen was assumed). We have only echoes of this debate and only a brief mention of an interesting economic argument in favor of usury: some argued that the borrower profits from a loan, and that the interest is the lender's share of the profits. Clearly applicable only to a productive loan, this argument would make a loan similar to a partnership, which, of course, was not forbidden by divine law; but we do not know how the full argumentation ran.

The opposition to lending at interest, while it rests on a larger theoretical basis, is

⁵³ On the 12th-century canonists, see Laiou, "God and Mammon." For a full discussion of Byzantine attitudes toward lending at interest, see eadem, "Byzantine Economic Thought." On this topic, see also Laiou, "Nummus."

⁵⁴ *Bas.* 23.3.34: οἱ τόκοι τάξι' ἐπέχουσι καρπῶν (= *CIC, Dig* 22.1.34: "usurae vicem fructuum optinent").

⁵⁵ *Les Nouvelles de Léon VI, le Sage*, ed. P. Noailles and A. Dain (Paris, 1944), Novel 83. On the dating of the pertinent legislation, I am following T. E. van Bochove, *To Date and Not to Date: On the Date and Status of Byzantine Law Books* (Groningen, 1996), who has revised A. Schminck's revision of the dating of the legal compilations of the Macedonian emperors. Gofas, "The Byzantine Law of Interest," follows Schminck's dating.

⁵⁶ Nicholas Kabasilas in PG 150:740–44.

⁵⁷ R. Guiland, "Le traité inédit 'Sur l'usure' de Nicolas Cabasilas," in *Εἰς μνήμην Σπυρίδωνος Λάμπρου* (Athens, 1935), 276.

⁵⁸ Laiou, "God and Mammon," 273.

not very sophisticated. In essence, it appeals to divine law, which unequivocally condemned lending at interest.⁵⁹ The most powerful idea, which runs through the centuries, is that usury is *pleonexia*—avarice, which is a sin—or *aischrokerdeia*, dishonest gain. An economic objection to lending at interest, namely, that usury is the appropriation of the property of others, that it is, in fact, theft, is not fully developed by the twelfth-century canonists and reappears as a banal phrase in the fourteenth century.⁶⁰ In the fourteenth century also there is the statement that the usurer appropriates the results of the labor of others in order to increase his own wealth.⁶¹ The interest of this position lies above all in the fact that it underlines the importance accorded by the Byzantines to labor as the legitimate source of wealth.

While, then, the predominant position was that lending at interest, at controlled rates, was legitimate for laymen, there was also a rigorist trend that saw usury as a contravention of divine law, and therefore to be condemned. The rigorists were most vocal during two different periods, first in the period just after the first phase of Iconoclasm, when two patriarchs, Tarasios and Nikephoros I, extended the usury prohibition to laymen, a position briefly adopted in the civil legislation by Basil I.⁶² The second period of vocal opposition to lending at interest began in the 1340s, a time of acute social tension and economic instability. It was undoubtedly based on the same concerns for social and economic justice that lie behind the idea of the just price, which also, as we have seen, witnessed a resurgence somewhat earlier in the fourteenth century, equally a time of crisis.⁶³

Real interest rates, as has been noted earlier,⁶⁴ remained stable for a long time, from the reign of Justinian until the eleventh century, except for small technical adjustments and for an early increase in the interest rate on sea-loans, which rose from 12% to 16.67% in the early ninth century. Grain prices also exhibit stability from the ninth century certainly through the tenth, and possibly until the late eleventh; after that, and until the late thirteenth century, the information is sporadic and inconclusive. Land prices, too, appear relatively stable from the tenth century to the end of the thirteenth.⁶⁵ This long-term stability may be due to real factors. In the case of interest rates, which are always closely connected with the rate of profit, it may be that they

⁵⁹ Thus, for instance, the canon of Patriarch Nikephoros I, in Pitra, *Juris ecclesiastici*, 2:322–23.

⁶⁰ It is presented by Zonaras in his commentary on canon 5 of the council of Carthage: Rhalles and Potles, *Σύνταγμα*, 3:306–9. For the 14th century, see *Theoleptos of Philadelpheia: The Monastic Discourses*, ed. R. E. Sinkewicz (Toronto, 1992), no. 16.

⁶¹ Kabasilas in PG 150:723.

⁶² See Laiou, “Exchange and Trade,” 710.

⁶³ At the end of the 14th century, when the situation in Constantinople was just about desperate, the patriarchal court occasionally disallowed the payment of interest, even though it had been freely agreed upon: Laiou, “Church,” 455–56.

⁶⁴ Laiou, “Exchange and Trade,” 710, 757.

⁶⁵ See C. Morrisson and J.-C. Cheynet, “Prices and Wages in the Byzantine World,” *EHB* 818–21. In my view, the data on land prices are not very trustworthy, since in many of the recorded transactions special factors intervene: sometimes the land is klasmatic, with a low price; at other times, indeed quite frequently, acts of sale are in fact acts of sale and donation combined, or the sale is made to a powerful person who can impose a low price.

remained stable because in a traditional, agricultural society, profit rates change very slowly. In the case of grain prices, the price stability may reflect a long-term stability of the technical conditions of production and a parallel upward swing, after the tenth century, in population size and production: thus increased supply would have kept up with increased demand, resulting in price stability.⁶⁶ In both cases, however, ideological factors may well have played a role as well. Interest represents the minimum returns on the exploitation of capital; the long-term stability of interest rates may suggest that there was a concept of the “just profit” of capital, just as there was a “just profit” for merchants. This would explain why, when interest rates increased in the eleventh and twelfth centuries, people still used older language that made it seem that the rates had not changed.⁶⁷ As for the price of grain, it may well be that the stability due to real factors eventually became a social standard, that is, that there was an expected price that people held dear, although with fluctuations and perturbations in supply and demand at the margins.⁶⁸ It is, in other words, a distinct possibility that the concepts of just profit and just price influenced, to some extent, the behavior of prices and interest rates. Price instability after the thirteenth century occurred in a period when the ideological constraints had become significantly attenuated.

Although the economic thought of the Byzantines has to be reconstructed from disparate and fragmentary materials, we do possess a sustained discourse on economic matters dating from the last decades of the existence of the empire. It consists of George Gemistos Plethon’s ideas on political economy, which were incorporated in his Address to Theodore II Palaiologos, despot of the Morea, and the Address to Manuel II Palaiologos, the latter written shortly after 1417–18.⁶⁹ Plethon’s purpose was, primarily, to help restore the economic fortunes of the Peloponnese so as to permit the peninsula to defend itself, and indeed to become the springboard for a Byzantine counterattack against the Turks. Insofar as economic thought is concerned, his proposals reflect Platonic ideas, some traditional Byzantine ideology, some impulses from current economic conditions, and some novel syntheses that constitute the original part of his work. Whereas he was not writing a systematic treatise either on economics or on political economy, his description of the economic and fiscal measures he deemed

⁶⁶ See Morrisson and Cheynet, “Prices,” 830.

⁶⁷ For example, in the *Peira* (19.1, Zepos, *Jus*, vol. 4), it is said that the *patrikios* set the legal interest rate at 8, 6, and 4 nomismata *per pound of gold* (i.e., per 72 nomismata), which nicely preserves the Justinianic scale of 8, 6, and 4, although the Justinianic rates are *percentages*, and therefore, lower.

⁶⁸ If, at a certain point, the controls on profits in Constantinople were relaxed, it was still possible for the merchants to increase their profits, in an environment of stable prices, by reducing costs.

⁶⁹ Sp. Lambros, *Παλαιολόγεια καὶ Πελοποννησιακά*, vol. 4 (Athens, 1930), 113–35; vol. 3 (Athens, 1926), 246–65. Some of his ideas are incorporated in a letter to Manuel II regarding the Isthmus of Corinth: *ibid.*, 3:309–12. For English summaries of these texts, see C. M. Woodhouse, *George Gemistos Plethon: The Last of the Hellenes* (Oxford, 1986), 92–107. On Plethon’s economic thought, extensive work has been done by S. P. Spentzas; see his *Αἱ οἰκονομικαὶ καὶ δημοσιονομικαὶ ἀπόψεις τοῦ Πλήθωνος* (Athens, 1964). For Bessarion’s views, which have substantial differences from those of Plethon, see L. Mavromattis, “Ο Καρδηγάλιος Βησσαρίων καὶ ο ἐκσυγχρονισμὸς τῆς Πελοποννήσου,” in *Μνήμη Δ. Α. Ζακυθηνοῦ* (= *Σύμμεικτα* 9.2 [1994]), 41–50.

necessary does constitute a coherent whole. In what follows, the focus of attention is on Plethon's ideas rather than on the specific realities of the Peloponnese, to which these ideas were a response.

Plethon carried the Byzantine concept of autarky to a macroeconomic level. The state should, in his view, which derives from Plato, be self-sufficient, and, he thought, it had the wherewithal to achieve that goal. Self-sufficiency would be achieved partly through sumptuary restrictions, partly through the prohibition of exports, and partly through punitive tariffs when exports were allowed. Agricultural exports in particular (which, according to Plethon, were in any case the most important resource of the peninsula) could be exported only to friendly foreign states, with a tariff of 50% ad valorem. What the state needed that it did not itself produce (especially iron and weapons) should be imported through a barter system, which Plethon greatly favored over the use of money in foreign exchanges.⁷⁰ He perhaps shows an understanding of the relative worth of the commodities to be exchanged, since he mentions cotton (more expensive than wheat) as a barter item for iron and weapons. There is a slight modification of the insistence on national autarky in the statement that it is necessary to import and to export some items. He intended to regulate international exchange through a customs policy, which would admit the free entry of necessary imports and would tax very heavily the export of items that should rather remain within the borders. However, the main thrust of his proposals is for a self-sufficient state and minimal use of money.

Within the national economy, Plethon sees agriculture and animal husbandry as the main sources of wealth, indeed the only ones worthy of much discussion. His basic ideas have honorable ancient and medieval pedigrees, although they lead to some novel propositions. That agriculture and the security forces (the army) are of paramount importance and are interdependent⁷¹ is an idea that imbues Xenophon's *Oeconomicus* and reappears in Byzantine texts such as the *Taktika* of Leo the Wise. Plethon's tripartite division of society into those who labor (in the fields), those who provide services, including merchants, artisans, and manual workers, and those who rule goes back to Plato and is a variant of the medieval division into those who fight, those who pray, and those who work the land; in all cases, agriculture is seen as paramount.⁷²

What is novel is Plethon's division of the factors of production into three elements: labor, the means of production (oxen and other cattle, flocks, vineyards), and the element of security, provided by the army and the administration, including the emperor. Plethon sees all three as essential factors of production, and indeed so they were: political/military protection of the agricultural producers had been considered as the counterpart of the peasant's contribution of produce ever since Xenophon, and the need of

⁷⁰ Lambros, *Παλαιολόγια*, 4:124–25; 3:262–63.

⁷¹ *Ibid.*, 3:253–54.

⁷² *Ibid.*, 4:119–20; H. Beckh, *Geoponica sive Cassiani Bassi scholastici De re rustica ecolgae* (Leipzig, 1895), 2.

protection must have been more than ever evident in the insecure conditions of the early fifteenth century. The high value placed on agricultural capital and its providers is a recognition of its importance, as also of the fact that in late Byzantium the owners of capital could be different from the owners of land and/or from the peasants.⁷³ According to Plethon, the owners of capital should have a share in the final product equal to that of the agricultural workers.

The importance of these three factors of production is seen in the fiscal policy proposed by Plethon. The origin of taxes, he thought, lay in the contribution of the community to those who had been entrusted with guarding and protecting it.⁷⁴ In his own proposals regarding taxes, however, he uses the terms connoting taxation loosely, to include reward for labor, rent for the means of production, and contributions to those who provide security. He was against multiple taxes, proposing a single and simple tax. He was also against labor services and against a tax across the board, considering the first as servile and the second as unfair, which indeed it is, constituting as it does regressive taxation.⁷⁵ A proportional payment in kind is what he considered to be fair taxation. His system was simple: after the seed corn had been laid aside (and the flocks had been replaced), the rest of the production should be divided into three equal parts. One part would be reward for labor, one part would be rent for (or reward for owning) the means of production, and the third portion would be the tax properly speaking, given over to the soldiers and the ruling class, including the emperor.⁷⁶ The soldiers, the members of the ruling class, and even the members of the high secular clergy (but not the monks) were to be assigned one or more peasants, designated by the unfortunate term “helots,” from whom they would get their sustenance. The pertinent passage, being particularly representative of Plethon’s views, is here quoted in full.⁷⁷

The first thing I say has to be corrected is that it should not be the same people who pay taxes and serve in the army, but that first all the Peloponnesians must be divided into two parts, the ones who serve in the army and those who pay taxes, depending on each person’s suitability. Those who are to serve in the army must be freed of all taxes, and their food supply must be procured; the taxpayers must be relieved of all army service, and they must not, as they do now, pay small sums to many people, nor must they pay in coin, for in this way collection becomes exceedingly irksome both to those who collect and to those who pay. The tax must be paid in one form, and in kind, and one person must collect from each, and the tax must be so much and such as will seem just, and sufficient to [our] affairs, and also will seem most light to the payers themselves.

I will state which tax will come closest to achieving all of these things. The fruits of the labor of each person belong, I think, to three [groups] according to justice:

⁷³ Cf. A. E. Laiou, “The Agrarian Economy, Thirteenth–Fifteenth Centuries,” *EHB* 334–36.

⁷⁴ Lambros, *Παλαιολόγεια*, 4:120.

⁷⁵ On this, cf. Laiou, “The Agrarian Economy,” 337–38.

⁷⁶ Lambros, *Παλαιολόγεια*, 4:123–24, and the longer and more elaborate passage in 3:254–56.

⁷⁷ *Ibid.*, 3:254–56.

one to him who has done the work, the second to him who helps production by providing the means for it [τέλη: capital resources], and the third, to him who procures security to all. The workers are the tillers, the diggers, the shepherds; the means of their labor are the oxen, vineyards, flocks, and any other such things, and those who procure the common security are those who serve in the army and endanger themselves for the community, and the *archontes* and those who are in charge of various aspects of the common affairs, and who preserve each thing, great and small; the emperor is at their head, who is in charge of everything, and preserves and directs everything. If any of these things should lack, the others cannot benefit at all; but first there must be the workers, then they must have the means for their work, and also those who guard them, if there is to be a benefit. For this reason I say that the fruits of the labor of each must be distributed in three parts, whether they consist of wheat, wine, oil, cotton, or the proceeds of pasture, milk, wool, or any other similar things. The products must be calculated, for the tillers after the seed corn has been set aside, and for the shepherds after the old [flocks] have been replaced; then, one part will go to the worker, one for the means of the labor, and the third to the fisc. He who works with his own capital resources will receive two portions, while the third will go to the fisc; he who received the resources from public officials will work for one-third, or for whatever is agreed upon that will not diverge significantly from what is just; and he who works with shared capital resources will receive one-half;⁷⁸ and none of them will pay anything else of any significance.⁷⁹ We might call those who pay this tax “helots,” for, being relieved of army service, they have been assigned to the payment of taxes. And it is necessary to consider them the common food providers and not to collect anything other than this tax, not for any person, nor should it be allowed to anyone to use [helots] for labor services; rather we must treat them very well and not do any injustice to them in anything.

We may note a few salient similarities and differences with the economic thought of earlier periods. For one thing, the special category of *autourgia* has disappeared from the schema. Vineyards, hardly a means of production, are placed in the same category as oxen, while no mention is made of agricultural implements. Mills, ovens, and other investments in secondary agricultural production have disappeared from consideration. For fiscal purposes, the only taxable resource is primary agricultural and pastoral production. Most importantly, land has disappeared as an economic category, for Plethon thought that, according to natural law, land should be considered a common good, available to anyone and everyone who was capable of cultivating it.⁸⁰ This surprising idea had, indeed, some precedents in Byzantine thought, as in that of the ancient Greeks and Romans, as well as that of the fourth-century church fathers. Gregory of Nazianzos, for example, thought that private property was the result of the Fall of

⁷⁸ I.e., one-third of the product for his labor, plus one-sixth as recompense for his part ownership of the means of production, which indeed adds up to 50% of the total production.

⁷⁹ I read δὴ instead of μὴ in line 17, p. 255.

⁸⁰ Lambros, *Παλαιολόγεια*, 3:260: τὴν γῆν ἅπασαν ὡσπερ ἴσως ἔχει κατὰ φύσιν κοινὴν ἅπασι τοῖς ἐνοικοῦσιν εἶναι, ἀντιποιεῖσθαι δὲ μηδὲνα ἰδίᾳ χωρίου μηδενός.

man.⁸¹ Here, however, it is presented as a recipe for the present and the future, not as a description of an original or primitive state of affairs. Plethon's concept of the land as available to the person who could till it, that is, his concept of the use value of land, is indeed original in the Byzantine context. It also underlines the great value he gave to labor. In this, he was in concert with the earlier Byzantine views on labor.

The economy envisaged by Plethon was closed, highly dependent on agriculture, protectionist up to a point, and for all intents and purposes a natural economy, with very little use for money. It is to be expected that in this system manufacturing and the economy of exchange played a minor role. Artisans are called τὸ δημιουργικόν, for they create things that did not exist before. Merchants are necessary because they exchange goods between places that have a surplus and those that have an insufficiency: a good ancient idea that the merchant is useful to the city because he can provide the necessities a city lacks. For the rest, the merchant's job does not appear in a good light: Plethon talks of the διακοδικόν that preys upon the poor peasants, by using false weights, and in other ways.⁸² Finally, he repeats old views that the *archontes*, the ruling élite, should not engage in trade or manufacturing: if they are already practicing a trade, they should choose between it and the prerogatives of social class. This is very much the position embraced by both Alexios I and theorists of the twelfth century, who tried to impose on society and on economic activity a rigid and closed hierarchy.⁸³ For, indeed, Plethon does not restrict his prohibition to the *archon*/merchant; rather, he envisages a society where the division into three classes—those who work, those who provide services, and the rulers/soldiers—would be rigidly maintained.

In sum, Plethon's ideas are of interest primarily for a study of political economy. As far as economic thought is concerned, his concept of the use value of land, the factors of agricultural production, and of the value of labor are notable. Other important topics, such as the just price, or just profits, or the legitimacy of lending at interest are not treated or even implicitly inherent in his writings, which is understandable given his basic premises. He does understand the effect of customs duties on exports, but the administrative solution he proposes for the relevant problems is rather rough and ready, and the tariff of 50% ad valorem is based on a noneconomic argument: "commodities should not be exported except if the foreigners are in no less than double the need of the citizens."⁸⁴ The original parts of his conception of the economy of the Peloponnese must be seen as idiosyncratic rather than representative, for we can find few parallels to them either in the statements or in the actions of his contemporaries.

⁸¹ For a brief summary, see O. Langholm, *Economics in the Medieval Schools* (Leiden, 1992), 72–73. For the views of Symeon the New Theologian, see Krivochéine and Paramelle, *Syméon le Nouveau Théologien, Catéchèses* 2:110–12. Cf. note 30 above.

⁸² Lambros, *Παλαιολογία*, 4:132.

⁸³ Laiou, "God and Mammon," 285ff.

⁸⁴ Lambros, *Παλαιολογία*, 4:124: ὡς οὐκ ἂν ἄλλως ἐξαχθησομένους ἢ εἰ ἐν μὴ μείονι ἢ διπλασίᾳ χρεῖα οἱ ξένοι εἶεν τῶν πολιτῶν. It is noteworthy that John VI had found it necessary to levy duties on foodstuffs imported into Constantinople: Kantakouzenos, 3:80–81.

Nor does the fact that this is the only extant explicit treatment of economic questions mean that Plethon's discussion was sophisticated: what he advocated was a very simple economy, in an increasingly complex world, and the ideas he presented were, to that degree, limited.

The utopian aspect of Plethon's ideas is quite uncharacteristic of Byzantium, where, as we have seen, economic thinking derived in part from Roman law, in part from the effort of the state to find a balance between freedom of action and social/economic justice, and in part from the free-market practices that become clearly evident in the eleventh century and after. In turn, these latter practices are reflected and may have found partial theoretical justification in the commentaries on Aristotle, which proliferated in the same period and into the fourteenth century. Aristotle's concept of justice in the economy permits different interpretations: both an exegesis that would lead to the labor-cost theory of value and one that would make it dependent on demand. The western scholastics developed both these possibilities; the Byzantine commentators who preceded them, and who were much admired by the westerners, also came close to a demand theory of value, an alternative to the labor-cost-risk idea of price formation that is implicit in texts of the earlier period.⁸⁵ A sustained analysis of the commentaries is an important desideratum for the further study of the economic thought of the Byzantines, which is much more subtle and complex than has been recognized.

⁸⁵ Laiou, "Byzantine Economic Thought."