MONEY IN THE ANCIENT TIMES AND
THE MEDIEVAL AGE

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1. The origin of money

Money is undoubtedly an acquisition of civilization. No doubt, the fact that in relation to money some characters of human civilizations can be reflected and seen through is true. It can also be indicator of (not) civilized manners of those people who deal with it or who possess it. Unfortunately, the rule that possessing as great sum of money as possible also implies as human behavior as possible is not valid.

This overview wants to represent just a few characteristics of the meaning of money in the ancient world as well as in the period of the Middle Ages. The reason to go back to the ancient world is simple: then the money was invented, and since then it has been the basis of business dealings among people.

The analysis of the meaning of money is also significant not only because it is the time in which all that today stands for Europe was accumulated and articulated, but also because of the fact that it is a period in which the religion was taken as a starting point and a corrective of every human activity. Therefore, this period formed the whole religious — economic complex of experiencing the money and its cultural significance. In other words, the Middle Ages were reflecting money apart from the modern capitalism that follows the rhythm of money, its regulations and whims.

Where are the roots of the origin of money? In the history there was no a high–developed civilization that was not based on equally developed work division. Only the work division was able to eliminate the worries about what

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tomorrow may bring, which then made possible the formation of something very significant for which the specialization is needed.

In the most ancient times the trade resulted from the mutual giving of presents and counter — presents. It was clear that such a presents exchange has to have a clear reciprocity. Even the Illyiad author was aware of the fact that when Glaucoes gives his friend Diomedes a golden equipment and for that receives a bronze one that it meant that Zeus had taken away all his intelligence and reason. Only “profits and losses at the exchange” are mentioned, which stands actually for interest. Such a book-keeping is extremely demanding and very tangible: financial transactions were looking for more sophisticated formulations and legal foundation, also the administration expenses increased.

It has long been believed that the money originated to facilitate the products exchange. But the observation of the primitive tribes practice made W. Gerloff see the origins of money in tradition of keeping, i.e. saving certain goods that functioned as a standard and carrier of the social value — it was something like a common cash that, however, had a striking symbolic and sacred character². From this treasuries the gifts to other tribes were given with which they wanted to make the alliance or to whom they were paying the ransom. That “money” had primarily the character of a common guarantee. The practice of the cult animal sacrifices in temples of pagan gods as well as in the biblical tradition, was gradually substituted by the money gifts that were much more practical. The coins with the animal figures witness about the original money usage intention. Money becomes the means of the usual, every-day exchange or paying much later.

The origin of money is therefore primarily outside the frame of the narrow economic activities; it often came out from the ceremonial and ritual character of the interpersonal relations. The goods exchange as the earliest form of the money dealings shows also the arbitrary roots character and is not to be completely reduced only to the logic of business dealings. In that sense the improving of the earliest exchange forms was actually a tendency to choose one or the other object among many, usually because of its qualities, so that it served as a means of the exchange. Luxurious subjects became more easily objects of the exchange for more reasons: some were more transferable, they were easy to be stored, they had a long — lasting value and a bigger value density. In general, these preferred objects were suitable for exchange and are therefore more easily accepted as money. In short, their usage value is not always direct as, for example, the value of the cattle or rye, which already speaks about the human dimension of the origin of money.

The motive to passing from the ware exchange to the money was not only for economic or commercial reasons. Archeological, linguistic and literary insights show a different development of the ancient world and show that the exchange was not a dominant reason for the introduction and development of money.

The customary non-written laws demand in some cases of crimes and violence compensation different than the Old Testament one: “An eye for an eye, a tooth for a tooth”. The term “to pay” in Latin pacare directs us to the original meaning of that act: to pacify, to reconcile, to establish peace again through some material value that was acceptable for both sides. Such an approach is more pragmatic than the idealistic Old Testament demand that the crime shall be made up for by the direct reciprocity of the committer and the damaged side.

It is similar to the procedure of paying to father for the daughter’s wedding — with which he is compensated for the loss of an efficient family member who was able to work and earn. In the earliest times the rulers introduced taxes that used to be determined — not always according to the “objective” logic of the economic power or the endurance of their workers, but more according to the grade of dependence, i.e. submission. Even the taxes witness about the symbolic denotation of the peculiarity of the relation between the ruler (i.e. the leading class) and the subordinates.

2. Money in the Greek — Roman World

Traditionally, the inhabitants of the Lydia Region in Asia Minor carry the honor of being called the money inventors. Their money was an alloy of silver

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and gold. Rich mines of gold contributed to a fancy wealth of a Lydia ruler Croesus, but at that time money was already a completely run — in paying means.

There where money once got through, as by means of a magic touch, the welfare and opportunity for a various cultural exchange would increase. The handicraft and artistic production was developing, a man could relax from every — day life troubles and focus more on moves that live longer than the generations. There where money disappeared again, the whole achieved culture structure would collapse because the basis for the work distribution or production would vanish.

In the middle of the 7th century on the island of Mycenae, the first coin factory was founded in the Hellenic world. From this time the silver did not have to be tried and weighed, but the forged coins could be counted and used directly as a paying means. Before that time, in Greece the cattle served as the most widespread paying means. In Homer’s epics the forged coins were still unknown and all values were still measured in bullocks — for example Glaukos’ golden armor was 100 bullocks worth. According to today’s criteria the wealth power of the Greeks was great. When Solon introduces draconic punishments (640 — 559 A. C) they are still measured in sheep (1 Drachma) or beef values (5 Drachmas).

The money economy has also its disadvantages: The more production activity gets specialized, with the services that money offers people (as a possibility), the more unconditionally we are directed to the mediation through money to which a person gets addicted. Along with that the fall of an individual — both on the economic as well as on the personal and social scale — goes even deeper when the value of money falls short.

Peloponnesian wars bring the collapse of money economy in the major part of the Hellenic World, especially in its greatest trade centers. Through confiscations the upper class of affluent financiers disappears or loses its value, in short, there are neither rich customers nor (expensive) ware offered. Therefore, Pythagoras’s remark sounds rather sharp: “Give honor to Lycurgus because he despised gold, the cause of all offences”. As the only Greek legislator Lycurgus managed to keep away his polis — Sparta — from the dependence on gold. The Sparta money was made of only iron — so it only had a fictional value.

But even the well-organized Roman Empire couldn’t get rid of the inflation troubles. The Roman economy showed basically a financial deficit, completely dependent on import, especially from its Eastern part that was economically the most progressive part of the Empire. The balance in such business activities was reflected on state incomes: on taxes and different rates, on war plunders and slaves sales, as well as on the direct intervention in the
financial system. The inflation was a direct consequence of such a politics. It was also intentionally initiated — in the moments of big war needs — when the weigh of silver money was reduced. Even during the Punic wars the silver denarius value totally decreased. Knowing this, the mercenaries were looking for gold, so they reached for gold from Jove’s temple treasuries, and in a treasury there was a gold-plated lead left — the practice known also in other religions: in a religious contact the representative illusion value was important.

There were interesting programmed attempts of keeping the money value: so the popular tribune Livius Drusus pushed forward the decision in the Senate that every eighth coin should be filled with cupper and coated with silver — of course, nobody knew what coin was to be the eighth. The value of gold was so insecure that even Cicero wrote that nobody actually knew how much he actually possessed. In a few years Marius Gratidian will try to enact laws about stricter punishments for paying with invalid money. Therefore, he was previously celebrated and then, on Sulla’s command, executed.

There were Wittier ways for reaching into a state — cash that stood under Saturn’s temple on the Roman Forum. When Caesar was returning from the triumphant raid, having conquered Gallia, he borrowed a great sum of money intended for defense against the Gallic danger — since the danger was not there any more there also disappeared a fear that money wouldn’t be returned. But money was still losing its value. Still, new conquests of countries rich with precious metals temporarily solved the monetary crisis. It was similar in the case of conquering Palmyra, the Syrian town between Damask and Euphrates.

Diocletian will try to make important steps to reform the Empire entirely. But only two things will resist the powerful emperor’s power: Christians and money. The first ones were giving their lives away, while the money was only temporarily stabilized. The province money lost the value so much that it was abolished and substituted with the emperor’s coins. Diocletian’s reform was based on administrative centralism and remains blind for the basis of every economy which is the revival of production. The East of the empire, economically healthier and less exposed to the pressure of the barbarians, prospers better than the West because its economy could survive hard times.

The arrival of the barbarians to the West also implies the return to the natural economy. The money, in the barbarian world, has a value of a treasure component, or to be more precise — the plunder and the barbarians show interest for it only if it was made of precious metals. It sounds ironic, but it is true that the barbarians made the final reform of bad money that was running along the ruins of the Empire.
3. **The Middle Ages and the money**

The Middle Ages is usually casually called the Age of feudalism. Concerning its economic history the distribution of economic evolution of human society in three phases was actually imposed to medieval people: natural economy, money economy and credit economy (*Naturalwirtschaft, Geldwirtschaft and Kreditwirtschaft*), as it was formulated by Bruno Hildebrand in the 19 century. This division was developed by Adolf Dopsch in the 20th century and applied on the analysis of the medieval economy. According to this division the medieval economy was essentially natural and in a certain way it serves as a model of a natural economy conception. From the beginning this division has not only hidden dangerous simplifications, but also some untenable basic theses. At first, the Middle Ages is a long and within itself a very different period.

The medieval economy was natural for the most part according to its contents, but money remained the way of denoting the value. If in some medieval documents some giving was denoted in money it doesn’t mean that it was also paid out in money. Money was just a denotation, it served as a measure for value (appreciation — *appreciatura* — as it is stated in a chapter from *Cantar de mio Cid*). The real money was something else: the cattle, the rye, sometimes slaves, the fur (for example — in Croatia — the marten fur)...

The real money — if it was still used or if it was imported as a value from the East — was worth as a treasure that had the function of money (more precise: ware) reserves. Precious metals, other objects or expensive raw materials were accepted not as a further exchange or shopping, but to form a social status or for the cases of giving dowry, ransom or the loyalty pledge.

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Such first money accumulations — (in the beginning of mostly not — western European) precious metals and precious subjects in the West are actually the-surisation and do not form a real money trading.

The existence of non–metal money is a sign of archaism and inefficiency of economy to go over to money earning. The money is appreciated in the function of its value — not as a sign but as a ware, its value was not theoretic, legible on itsavers or reverse (it was not engraved), it was a real value of a precious material it was made of (in other words it was a market value). To know how much it is worth the money is measured not read. As late as in the 13th century French lawyers started to differ its inner value — its weight in gold — and its nominal value, i. e. its transformation into a monetary sign, the exchange means.

In every phase of the monetary history, the financial phenomena — defined by the historians as monetary renaissance signs — speak more about the limitations of sheer money economy. In that period money activities were practically never really fully imposed as a general way of trading. But the Middle Ages never actually gave up its money, at least not its value dimension — it was a reminiscence of the Roman civilization that rulers persistently tried to imitate.

The monetary reform of Charles the Great that puts up the monetary system of Libra, Solid and Denarius (1 Libra — 20 solids, 1 Solid — 12 Denars) — until the previous century present in the English monetary system — actually responded to already held back money economy. The gold was not coined any more, i. e. the libra and the solids were not real money, but only accounting means. The only money that was really coined (and was really in circulation) was a silver Denarius — until the 13th century.

The re–coining of the first golden coin since the Roman times was very important — in Florence and Genova in the 13th century, St. Louis’ gold coin a little later and the Venetian Ducat from 1284. In the beginning it was more an indicator than the economic reality or a sign of an increased wealth power. The reason for that is a small number of those great bank units in circulation. The ruling houses have much profit from it as well as the successful (especially Italian) bankers who in that way concentrate golden reserves and can affect the determination of smaller bank — notes value. The coining of silver coin of low value called Grosch (Venice 1203, Florence 1235., France 1265., Flanders 1275., Bohemia 1296.) had a real influence on economy. On that level the progress and power of European money economy was stabilized for a long time.

In spite of the doubt towards the money that was visible in the medieval world, which was inspired by the spiritual, the fact of the rarity of money was the reason for its prestige, so that sheer coining of money was a sign of power — the money was also more a symbol of social and political power than the
economic one. The rulers forge the golden money that does not always have the appropriate value, but it raises the prestige. The real value of coined money was determined mostly by Florence — we would say today “the Florentine Wall Street”, not by the quality of some ruler’s gold coin.

The rise of the money economy invites both greed and hatred towards the money. A booming economic progress incited by the greater use of money leads at the beginning only to the advantage of some social classes and according to wider groups it looks like some new, additional and even worse tyranny. It is especially obvious in cities in which in the Middle Ages a certain financial egalitarianism was flourishing. Since the family was a basis for making money, it was impossible to achieve huge accumulation of money. In his sermons St. Bernard speaks very harshly about money. The Church, that was a big user of that evolution because of its ability to quickly collect money, was accused of that “avaritiae” — covetousness.

The evolution of money meaning is reflected even in the practical moral codex. While during the dominantly feudal social system the basic sin and the mother of all vices is the so called, superbia, haughtiness, in the Middle Ages it gives its place to avaritia, covetousness — for money. The moralists’ target is also money evolution users — let us call it here the “bourgeois” — the upper middle class of a new civic society. On sculptural monuments in churches there is often a usurer whom his heavy moneybag pushes down into hell.

Feudal society longed for self-sufficiency as its ideal. The affirmation of such an idea is also to be found in the works of St. Thomas of Aquina that accepts Aristotle’s distinction between the economy of a family (autarkic) type, i.e. the natural self — sufficient economy that aims at simple use of goods for maintenance (for what it is praised) and the money economy that was practiced against the nature and therefore damages it. The scholastics took Aristotle’s statement that money is not produced naturally and so should not be born — Nummus non partit nummos — so its only determination is to serve as an exchange means. Just like the Antique Age the Middle Ages only knew the form of the consumer loan as a main if not the only loan form. The production credit did not exist.\(^6\)

The percentages — interests — were forbidden, because they were seen as a pure usury which was based on a number of Old Testament texts (Gen 22. 25, Levit 25, 35–37, Deuter 23, 19 –20) as well as on the Gospel (Lc 6, 34 — 35). The usurer was the one who made money in dreams. The borrower was understood as the money seller and along with that the ownership right was partially sold to someone else. The ethymological meaning of a Latin ex-

pression mutuum comes probably from the following meaning: meum becomes tuum, quasi de meo tuum, so it did not stand for “to demand something more than something ‘sold’ (i.e. borrowed money) and ask for its use to be paid too”. That was seen as if for sold wine the additional surcharge was demanded for its drinking, which is its normal purpose. In the Middle Ages the money was considered as something consumable, that can be irretrievably “spent, consumed”. Maybe our every-day expression that we “spent” the money comes from that.

The usurer is getting his fortune on time, as the time passes he demands a certain percentage — but nobody with medieval experience of the world could not trade with time. Here we have to keep in mind the experience of the world as it was made by God, from which its immutability comes forth — so that it cannot be manipulated. The time belongs to the category of the common good. The time trading is “reversing the order of things” (St. Bonaventura).

Even the Carolings spread the usury prohibition from clergy to all underlings, i.e. to all Christians. The French city Cahors, whose inhabitants were famous for usury, Dante compares with Sodom and places them into the 6th hell circle together with the services and privileges profiteers (today we’d say the corruptionists), bribe-takers, falsifiers, hypocrites and procurers.7

Still, only in the scholastic philosophic — theological circles the usury was really condemned. Medieval lawyers, the so-called “legists” who examine and go into the Roman law very deeply, as well as the canonists, church law masters stand at less rigorous positions. Roman law permits trading and interests taking starting from the sovereignty of the participants’ will in a certain trading and consulting. The Bologna lawyers and canonists claimed even as early as in the 13th century that “both contract parties cheat on each other” and that by prices determination they “delude” themselves although they stand by the “conscientiousness” in all that, which actually means that “it should be acted without wishing to be cheating on somebody on purpose.”

Even among the theologians there is no equal firmness in usury condemnation. The theoreticians examine this transgression from two aspects: from the aspect of the divine (lex divina) and human law (lex humana). In the first case the usura (interest) is stands for a sin and meanness while the second

7 Dante Alighieri, The Divine Comedy, Inferno XI, 95:
Once more a little backward turn thee,” said I,
“Where thou sayest that usury offends
Goodness divine, and disengage the knot.”
And since the usurer takes another way,
Nature herself and in her follower
Disdains he, for elsewhere he puts his hope.
law shows greater flexibility and invites to all needs that the ware economy demands. The human law is not in the position to forbid everything that destroys the wished virtue while the divine law leaves nothing unpunished and wants to insist on justice. A special attention was given to intention. The mistake in the price determination was not, observed in itself, already a sin — the consciousness state of the contractor is important. The usury starts with the hope for the profit. All cunning and tricks directed to the percentage taking cannot save the user’s soul.

The Church did not make any compromises with the usurers and even forbade them to bequeath the illegally (by usury) acquired goods — not even for the needs of human and charitable institutions. From the usurers and their successors it was expected to return the interest profit to those they owe this percentage to — an order that was as general as unreal in reality because of the financial markets law on which the money value was changing, just like today. The preaching enthusiasm spoke about the rigid punishments for usury. The Florence archbishop Antonio from the 15th century wrote that even four usury generations will end up in hell tortures if they do not give back what was acquired by usury. The effectiveness of such condemnations was not great although the usurers were often socially isolated. Still, in the 13th century the Court processes against the usurers were organized in front of the Church Courts — inquisition —, which means that the usury really was considered as a very harsh offence against the faith and moral laws.

But we should not get carried away by the great success of such church condemnations. The harsher the church condemnation tone was, the stronger the usury was getting. Still, the medieval banking cannot be understood without the reflection on the church money doctrine. Bankers and usurers of that time still could not ignore these condemnations, no matter how general and ineffective they were. Therefore, the structure of the money and bank operations is getting a completely specific character depending on a social and religious position of the interest banking.

So that an addition that exceeds the borrowed sum is considered as a profit and not as a usury (quidquid sorti accedit, usura est), different cunnings were used so as to reach the interest percentage. One of the most widespread methods of making profit without the open interest demand was money exchange with the client from the city or country different than that where the debit was done (it often includes a different currency too). Then the interest was immediately included in the height of the exchange sum (that was actually a return of the borrowed money with the interest). The sense of this operation was that the exchange contract was not understood as a borrowing because the money exchange or the foreign currency borrowing or sale did not provoke the church condemnation because it only had to do with normal legal trading. Therefore, in the accounting books of the famous banking house
of Medici thousands notes about the currency exchange can be found, although not the remarks about the profit made (that obviously did exist and was the reason for such business activities).

Due to a general sensitivity of the process as well as of the risk from the money contract
deal that was growing all the time, it was necessary that in the whole operation beside the interested clients (the creditor and debtor) there had to be a correspondent too, a mediator, that had to take care about the legal foundation of the contract as well as about its possible unfavorable consequences for one of the clients — especially for the creditor. European banking passed a hard exam exactly in such a financial — legal system and as a consequence it had a creation of half-dependent (with time independent) “cast” of the financial and legal experts. The church prohibition of taking interests contributed in this way (in)directly to the creation of the financial managers’ class.

Therefore big bankers were not seen as usurers in public. Their business partners were exclusively clients with safe property or some big business, with authorized offices in other cities and countries. Great businessmen — bankers — therefore avoided the danger to be accused of bribery. Small usurers, who were known by everyone and who were trading within the same known group of people, did not have these “business” opportunities, so that the church condemnation and public unpopularity were focused precisely on them. Since there were many Jews among small usurers, who were not bound to the usury prohibition neither legally nor conscientiously — because they were not Christians — the public unpopularity against usurers increases the animosity towards the Jews. That is nothing new for us: even today the reproaches against high prices don’t go to powerful, far and impersonal financial magnates who actually dictate the market, but to the ones we are in direct contact with. Nobody is, for example, especially angry with big oil companies for raising the prices but on our market places people do make fuss about our “greedy” country boys who raised the potato price again.

Although many rich bankers had problems with their conscience, for what we have a great number of testimonies in wills in which it is ordered that the damage the debtors suffered by enormous real interests should be made up for. With time there were less and less such wills, especially in Italy, which speaks for gradual social numbness or helplessness in relation to the usury phenomenon that gradually becomes the socially accepted form of financial activities.

In the strict sense of the word the medieval theoreticians did not formulate some special economic doctrine. The economic activity did not attract the scholastics as a special area of knowledge and therefore could not have a special aim of analysis. So, the question of interests and prices, work and possessions, was imposed on theologians if they were connected with the final ex-
istence aim. That is why it is not appropriate to speak about a special medieval political-economic analysis. For the scholastic theologians the society is a spiritual organism, not a special economic mechanism, so that social activities need to be re-examined with the help of the morality scale.

The most moralized term is the one of justice. The private property is seen according to the laws of the highest justice: the private property is something evil considering the general welfare, but since the human character is in a sinful state — imperfect — the private property existence has to be permitted. Money itself is neither bad nor good, moral categories appear at its usage. When using money increases greed, then it destroys justice and becomes evil.

Roman lawyers did not see anything wrong in traders’ attempt to achieve greater price of its ware, morality or immorality was not the question that should be asked here. But exactly this question is the central one for theoreticians of Christian society. That is why the upper classes felt urgent need to enter the economic activities as well. The whole Middle Ages were marked by the attempts to keep under control the products prices, especially the foods prices. The just price term, often used in the Middle Ages, is in itself without a clear definition. It remained undefined because medieval theoreticians and politicians do not see the difference between the ware value and its market price. The analysis of the conception justum pretium shows that under this term there is the useful variant price that appears on the market during the real conjuncture when financial speculations do not raise the ware prices. Apart from that, the “unjust price” is a result of evil human will to have the maximum profit from the traded ware. It is important to notice that a just price is determined by the participation of cautious and respected people, which again means that truth and general justice has to be taken into consideration. The price or the value of something, following Aristotle’s teachings, was to be determined according to the human needs. At the same time this is the measure of its value, but it was never an individual, but general need.

4. Instead of conclusion

The contrast between late–ancient, i.e. late–Roman and medieval relation to the possessions is shocking. The late Rome is marked by the final materialization of social practice expressed in the dependence on real values of welfare and pleasure, but it was also marked by the contempt for the work that makes that fortune.

From the unbound hedonism and the spirit of greed of the ancient world that made a man become a thing, the intensive process of the principal dematerialization of all social relations in early Christianity is obvious — through the usual semantic understanding of richness among the Barbarians; through
— not only economic but also moral triumph — of small self — sufficient production with which there also goes the rehabilitation of the value of work; through the — no matter how abstract — acknowledgment of generally human dignity, until the transformation of possessions — the source of all the richness — in the power instrument, in a mutual relation between a master and the underlings. This is all again symbolized — until the relation ware — money that through materialistic condemnations (of “Mammon” — a block for soul salvation) will be disciplined and put in frame.

These would be the main transition phases form the ancient world until the end of the feudalism under the anthropological vision of the economic ethics in its social dynamics. Due to the exceptional process in which more than an effort itself was invested it is always difficult to understand the way the money functions.

Later on, the historic periods will open the operative space for money for which the medieval man believed it belonged to his world of self — understanding and communication. Today, money became the communicator of human value and value of man; therefore it should not confuse us that the same man gets less able to evaluate its real value. The medieval man tried to keep his own self as an evaluator of each value, he might have not been less greedy than toady’s man, but a contemporary man got to know better the unreliable and tricky nature of money, but with that he did not necessarily get freedom from its threatening domination.