

# **BUSINESS FROM ANCIENT GREECE & ROME TO THE PRESENT**

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## **The Greeks.**

The ancients appreciated wealth as much as any modern society. Examining the history of Greece and it is easy to get a feel for their fascination with wealth. However it was not private wealth. The Greeks were more interested in public wealth than private. Their laws and literature reflect this. Private wealth became a common feature after Greece was conquered by the Macedonians in the 3rd century BCE. Otherwise, the wealth of ancient Greece was usually concentrated in the *City State*. Each city had a patron god or goddess, for the city of Athens this was the goddess Athena. The temple of Athena was also the treasury of the Athenian state. Her temple was also the focus a enormous public art. The Parthenon still inspires awe, even though it lies in ruins on the acropolis above the modern city of Athens. One of the gifts of ancient civilization is philosophy, the pursuit not of wealth, but truth and wisdom. Greece produced many great philosophers, but also poets and story tellers, sculptors, painters, mathematicians, engineers, medical men (women were excluded from most professions in antiquity). They also produced the first scientists: Epicurus, Democritus, Aristarchus, Eratosthenes, and many others. They built libraries, public and private collections of documents. Indeed, any ship entering a Greek port was searched by state agents looking for books. If a ship or person on a ship carried an unknown book, it was impounded, copied and given back to the owner. Knowledge was precious, valued above all things.

Some philosophers developed curious methods of teaching, the style of teaching depending on the subject under consideration. One popular method for teaching ethics was the fable. A fable is a story with a moral point, often featuring fantastic creatures and characters, imaginary and real, all mixed together to create hypothetical

dilemmas. A dilemma is a social situation that needs to be resolved before the characters can get on with their lives. Fables are not meant to be confused with historical facts. That is not their purpose. History is about facts. Fables are about ethical crises. Plato was a great philosopher, and one who had a lot to say about money and the pursuit of wealth and power.

## **THE MAN WHO INVENTED MONEY**

Plato tells a fable concerning a man named *Gyges*, and the story begins with him working in the hills of Lydia (modern Turkey) as a humble shepherd overseeing his flocks. A terrible storm with lightning and thunder occurs. After the storm clears and the sun rises, the shepherd is distracted by a large hole in the ground. In the bottom of the chasm he sees a statue of a horse, and the statue has little windows in the sides of the horse. Investigating further he discovers the statue is hollow, and he climbs inside. All this is against his better judgment. A buried treasure is the property of whoever buried it, not the property of the bumbling shepherd. Shepherds are supposed to be models of virtue. Who else could be so dedicated to right over wrong than a shepherd? To sacrifice all the pleasures of city life, just to care for flocks of sheep must require the virtue of a saint. Hence, shepherds are always portrayed as models of virtue. Even Jesus is called "the good shepherd" though no one ever suggested he was anything but the son of a carpenter. Back to our shepherd. He climbs inside the statue and discovers a corpse, a human body. Now he knows for sure that this is not a statue, but a tomb, in fact a grave, and the best thing a good person can do is to leave it alone. (He is desecrating a grave.) This shepherd searches the body and discovers a gold ring on one finger. He takes the ring. (Now he is a grave robber). He leaves the statue, and his sheep and begins walking back to town. As he walks he places the ring on his own finger, but when he gets to town no one can see him. He discovers he is invisible. What does he do with his new found secret power? He goes to the place where shepherds socialize and with the ring on he eaves drops on the conversations. What are the other shepherds talking about? Him. (Now he is sneaking spy.) He hears them say unpleasant things about him, which of course everyone does about everyone else, but normal people do not have the benefit of a magic ring. He plots his revenge. He sneaks into the palace. He seduces the queen (now he is an adulterer). Someone somehow secretly murders the king. Who could that be? (Now he is a murderer). Finally, he steals the crown and places it on

his own head, as he seats himself on the throne. (The worst crimes imaginable in ancient times were regicide, that is killing a king, and usurpation, that is stealing a kingdom. The shepherd has now revealed his true character). We learn that Gyges can walk into a market place apparently with no goods to sell, and buy everything in sight. How does he do it? He does it with money. Remember, before money existed all business was done by bartering, goods for goods, or goods for services, or service for service. Everything was visible and above board. All transactions took place right in front of one's eyes. Imagine how hard it was to calculate profit. A man with money had almost magical powers. The purpose of Plato's fable? To explain what kind of man would invent money with all its secrets and hidden powers. Only a true sneak would think that way. Certainly we are not supposed to conclude that magic rings are real. That is not the point.

Everyone thinks naively that they are good, that they would never do bad things. The problem is naivety. People do not know themselves. "Know thyself" was inscribed in stone above the entrance to Apollo's temple. "Moderation" was inscribed above the exit. People do not realize how weak they really are. They will not know how true this is until it is too late. Everyone has a price, and it is usually far lower than they think. Plato's fable illustrates the moral dilemma all people face when presented with an open invitation to steal from others. That is what money does.

Plato lived in the fourth century BCE, and later Greeks seemed less concerned about the morality of money. Earlier Greeks, before Plato, were suspicious of money, preferring to continue doing business the old, honest way, by barter. Phoenicians first brought money to Greece from Lydia. They came in their merchant galleys to buy goods in Greek ports. Historians tell us that money appeared around the eighth century BCE, and it is interesting that the earliest known coins bear the face of a king, and the inscription, "Gyges, King of Lydia."

Greek culture was carried throughout the world by the conquests of Alexander the Great, and Greek markets were built throughout all his inheritance. From Spain to India, from Egypt to Afghanistan Greek ways of thinking spread. This wave of Cultural Revolution was called Hellenism. The Hellenic tolerance for new ideas facilitated trade

across every known border, and this brought great prosperity. "Prosperity precedes art," is an old saying. In the ancient world, the prosperity brought by trade enabled some to devote their energies to higher pursuits, such as technology, philosophy, mathematics, medicine, art, science, literature architecture, and all the traits we associate with civilization. The world still owes much to the men and women who dedicated their minds to answering great questions. Yet there is little doubt that such specialized living would have been possible without the prosperity of the merchants.

Greek civilization grew so rapidly that, as is often the case, colonies were the only way to make room for further growth. Very early on, the Greek cities mustered their surplus young and literally shipped them off to Italy. So rapid did the Greek colonies in Italy grow that soon they were named *Magna Graecia*, literally "Greater Greece". Other colonies were settled far to the north east, on the northern shores of the Black Sea. The modern ruins of some ancient Greek colonies have been located in places now part of modern Russia, Iran, India, in the East, but also Spain, and Morocco in the West. Many twenty-first century cities owe their existence to these early seafaring merchants.

### **The Romans.**

According to Roman historians, their civilization began in the misty past of what we call the ninth century B.C.E., nearly three thousand years ago. A desire for more from life was present from the beginning. Indeed, the legend of Rome's founding involves a dispute between two brothers, Romulus and Remus over how much land each would share in. According to the legend, the brothers fell to fighting, and Romulus killed his brother, garnering all the wealth to himself. He named it after himself, Rome.

Whatever the actual origins of Rome, it grew rapidly and wholly at the expense of its neighbors. However, Rome had kings for a while, the dynasties of Numa (a wealthy, powerful family in Rome with many friends) and the Tarquins (another powerful family in Rome) were eventually expelled, and the wealth of Rome fell into the hands of its own

people. They founded a Republic, which endured some five hundred years. Apparently, the Roman mind conceded the advantage of political freedom combined with economic freedom. Citizenship meant more than just the right to a trial by a jury of peers. Citizenship meant the right to own land, do business, and acquire wealth. This they did more successfully than any nation in history.

### **Romans vs Greeks.**

The Romans eventually collided with the Greeks, and after three generations of war, the Hellenic civilization was exhausted. It is a testament to the fortitude of Rome, though they suffered defeat after defeat at the hands of Gauls, Carthaginians, and Greeks, it did not bankrupt them. They always managed to raise the resources, muster the legions, build the roads, and fight the battles that eventually would give birth to a long lasting, peace. By the late second century, B.C.E. the entire Mediterranean Sea could be called a Roman lake. Great fleets of Roman sailing ships, painted white, with enormous swans on their stems carried the grain of Egypt and North Africa to Ostia, the port city of Rome for almost five hundred years. The Roman navy swept the seas clean of that pernicious type of merchant the *pirates*. In the same way that oil and coal fuel modern economies grain and slaves were the energy of ancient times. Much ought to be said about the slaves, who initially came from conquered peoples. Slaves received housing, food, clothing, education, and many received an allowance, which they could accumulate over time, in other words save up. What possible purpose could be served by allowing slaves to accumulate savings? Read on.

Many Roman families had a long tradition of setting their household slaves free after so many years of service. However, the vast majority of slaves were spoils of war, conquered peoples sold into slavery to pay the costs of war, or to add to the profits of victory. How should modern people imagine the life of an ancient slave? This is a hard question to answer, in part because of the variety in standards experienced by many slaves. Many were treated well, many were not. If food, clothing and shelter are

considered pay, then how does the life of an ancient slave compare to a modern underpaid employee? There were several slave revolts, which the Romans refer to as ***The Servile Wars***. These were put down with great severity. It is perhaps no accident that the institution was revived a thousand years after Rome fell, when profits and growth were again the obsession of certain countries, down to nineteenth century America. Nevertheless, slavery was part of the story for all ancient cultures. The Roman Senate, because of the lessons of *The Servile Wars*, eventually began to change the status of all Romans, including slaves. Remember the comment above about paid slaves who were allowed to save their earnings? Roman law was progressive in many ways: for the time came when slaves could buy their own freedom. Groups of former slaves set up corporations which collected funds to help others buy their freedom! As mentioned earlier, others slaves were emancipated by their owners. By the second century (CE) the most people living within the Roman Empire were former slaves, and we know this from their tombs, and preserved legal records.

Many mis-perceptions about history have their source in popular films, especially in movies about Christians in Rome. In such films there must always be stock characters, good guys and heroes, action and emotions. The facts are often irrelevant or in the way of the plot. History gets pushed aside. Thus in film things Roman are usually corrupt or evil, the rulers of Rome seem personally dedicated to making the lives of simple people miserable. In films the Roman legions exist to pillage and rape.

In reality the primary function of the Roman legions was not to oppress their own people. Legionnaires never went tediously about collecting the wealth of the world for their own pleasure. In fact the primary function of the the armies of Rome was protecting business. Business was the lifeblood of the Republic and the Empire as well.

The life of Roman soldier was pretty good, even by modern standards, but they had to serve the state, and the state served the people. The Latin word *RES PUBLICA* (or as we say, republic) literally translates as "thing of the people." The soldiers of the

Roman legions were allowed to acquire private wealth *after they retired*, with twenty-five to thirty year's service. When a legionnaire retired after 25 years service they received a special document, and it came all the way from Rome, no matter where they were serving at the time. This document was often written on a scroll of sheep skin (parchment), but sometimes it written on a sheet of copper. It was called a *diploma*, and it conferred full political citizenship on the holder, and the right to own land. They usually received a parcel of farm land, enough acres to sustain a whole family and it was located in one of the provinces. They owned this land in their own name, and could pass it on to their posterity as an inheritance. This process of reward was also given to foreigners who served in the legions, called auxiliaries. Many social concepts about private ownership of land, and all the laws revolving around that subject come from this institution in ancient Rome.

## **The Roman Mind**

The Roman mind was above all practical. Wherever the legions passed, they first secured themselves. These legionary forts became so secure that modern Europe is mapped on top of them. One secure the legionaries built roads, thousands of miles of roads. This brought the merchants who set up shops in sight of the protection offered by the troops. The merchants were followed by the artisans, farmers, women, and children.

By the time of Julius Caesar, the Roman world had outgrown itself. It had absorbed every culture it mastered, bringing all ideas, all religions, and all professions into itself. The world was too great to be governed by a Republic. This is what Caesar thought. Cicero and others were determined to preserve the Republic, and the Senate of Rome as the supreme source of law. The Roman Civil Wars extinguished the Republic. Though Caesar did not live to become emperor, his nephew and heir, Octavian did. Octavian took the name Augustus, meaning *great*, and set about reforming the Roman world into a new constitution based on the Senate, which was

now appointed rather than elected, and a new Imperial bureaucracy. Wealth and prosperity were still the purpose for all things Roman though.

Silver was the currency of the Roman Republic.<sup>1</sup> With Caesar, the end of the Republic heralded a new currency gold, and both were used together. One gold *aureus* equaled fifteen silver denars. Records exist detailing the rise and fall of these currencies over the next four hundred years. At one point, severe inflation caused prices to triple. Over time, the silver currency steadily devalued against gold.

The Empire endured in the west until the fourth century. Large economic areas developed under the Imperial bureaucracy. Trade grew so rapidly that the city of Rome itself began to lose its population to the attractions of provincial life. Southern Russia became the new source of grain for the growing empire. All of northern Africa was united by roads and port facilities, supplying many of its own needs. Gaul (modern France), England, Ireland, Scotland and parts of Germany grew into a region of its own. Each of these areas became so populated and prosperous that they achieved their own self-sufficiency, and eventually trade with the city of Rome declined in favor of these new markets.

The empire built ports, lighthouses, postal stations, and a postal bureaucracy, not to mention canals, aqueducts, and bridges still in use. "The state therefore became the guardian of the economic cohesion of the Mediterranean world."<sup>2</sup> Regular trade was carried on with places as far away as China, India, Siberia, and east Africa.

The port cities often became important financial centers. Ostia, the port of Rome became the banking center of Rome. Since large-scale seaborne trade carries substantial risk, corporations were formed to distribute both profits and risk in the event of losses. These were originally tolerated, but later established and regulated by the Empire. Under the later empire, great manufacturing centers were built using the technology of cascaded watermills fed by canals. These provided the means to process grain into flour more efficiently than before, thus feeding the population. Finished goods were produced in *fabricae*, the ancient equivalent of factories where processes were put



in sequence, and people were employed in specialized skills. Slavery vanished from the empire, though new classes of society were created by the empire as needed.

## **The Fall of Rome**

Much is written about the fall of Rome. It is hard to conceive of a time, or a means that would eventually leave all things Roman in ruins, but it happened. Many causes are advanced explaining the fall of Rome, but one of the most interesting and persistent is that offered by Edward Gibbon, who wrote "The History of the Decline and fall of the Roman Empire."

Gibbon acquired both fame and notoriety when . . . he claimed that the establishment of Christianity as the official religion of the empire had precipitated its eventual disintegration, corruption, and decline.<sup>3</sup>

The first volume of four was published in 1776, and it was carried around the world. Gibbon's hypothesis was a heavy influence in the minds of many political thinkers and revolutionaries, not the least being the founding fathers of the United States. Relying on Gibbon, the authors of the U.S. constitution insisted on a separation of church and state. Indeed, they correctly deduced there could be no freedom of speech, no free press, no basis for freedom of assembly without such a guarantee of a secular state.

Gibbon relied on his knowledge of Classical sources, the writings of ancient Romans in their own words. Gibbon's knowledge of these sources was so intimate that his method became the standard for literary criticism and historical research. Other scholars challenged his view of Christianity's influence on Rome, because the implications were a severe criticism of the merits of the religion. None was able to

reassemble a coherent picture of Christianity as a productive influence in matters of economics. What was present in the minds of political leaders attempting to create modern nations in the late eighteenth century? If religion, any religion, can have such negative effects on the pursuit of wealth and freedom as that seen in Rome, then it should be proscribed, prevented. In other words, if the world fell into darkness once because of a religion, it can happen again.

Christianity was officially acknowledged, and later endorsed by Emperor Constantine the First, called 'the Great.' The early fourth century A.C.E was a time of great stress for the empire, much of it from internal dissention. Civil War was a constant threat. Religious factions divided every community. Edward Gibbon described the benefits as well as the problems Christianity brought to Rome. Although he identified many causes for the decline of the Roman state, several stand out. First is the burden placed on believers, through commandments to not have certain motives in their daily life.

"Thou shalt not covet thy neighbor's house; thou shalt not covet thy neighbor's wife, nor his manservant, nor his maidservant, nor his ox, nor his ass, nor anything that is thy neighbor's." [4.](#)

Without putting words in the mouth of Moses or god, one ought to understand this commandment, before attempting to rationalize its meaning to Romans. Envy, desire, emulous, all come to mind. Many interpreted it as a ban on anything but status quo. Humanity should be content with what it has. Other commandments relate the dangers of any distraction from a life auspiciously commanded toward god.[5.](#) Traditional pagan Romans were deeply concerned over the benefits of a life without ambition, zeal, desire for security and prosperity. On the other hand, Christians saw no benefit in a worldly *good life* if it ultimately jeopardized the life that mattered, the life with god after death. Gibbon and others saw this as a direct threat to the Roman economy, society,

and constitution. Business as usual would be a thing of the past. The ancient world had seen countless religions come and go. Most were openly imported to Rome, perhaps as a gesture of *good faith*.

Second, the laws of the land were originally derived from the citizens themselves, through contentious deliberation in the senate. Many Hollywood films depict key moments of decision making taking place in this august body. The Senate of Rome was not just some elite body of men detached and obscure to everyday Romans. Roman civilization intentionally placed reminders of the true source of all Roman power in public places. They also carried a reminder with them wherever they went. Lurking somewhere in the background of every film about Rome, standing behind Julius Caesar himself, or leading a charge of Roman legionnaires against a barbarian hoard, one sees the conspicuous and militant figure of the standard bearer. He is armored in a peculiar way, adorned by a leopard skin, with the leopard head surmounting his own. He carries a tall staff securely in both hands. A plaque at the top of the staff bears the inscription SPQR, which means "Senatus Populusque Romanus," the *Senate and the People of Rome*. In every battle, the standard-bearer went in front of his companions. He must be defended at all costs. In defeat, he must be the last to die. Even after the transition to Empire, the standard was continued as a reminder of the origin and purpose of Roman life. The imposition of the law of god frustrates, and even banishes attempts to build the rule of law on principles of democracy. Third, other commandments such as "thou shalt not kill," place a new burden on every civilization, which must defend itself with citizen soldiers. Who will take up the defense of the state if killing is forbidden? Forth, creation of a monopoly is always disastrous to free trade. This is true whether the monopoly is for a commodity such as grain or services such as religion.

Eighty-four years later in 1880, another English scholar, Thomas Hodgkin took up Gibbon's hypothesis.

## Conclusion.

Capitalism captivated the world for nearly one quarter of a millennium. Adam Smith penned his book "An inquiry into the Wealth of Nations" in seventeen seventy-six, while living in Edinburgh, Scotland. It became an instant success, copies sold around the world. Translations in Japanese, Russian, German, and French carried the message even further. The book influenced would be fathers of what would eventually become the United States. Successive attempts to create enlightened governments around the world derived much passionate ideological momentum from Adam Smith. Still, two hundred years after its first publication, the book is used in adult courses about economics, business, political science, sociology, and history; and is treated with such admiration and often reverence, that students foresee it to be the final authority on all opinions dealing with free markets, the profit motive, the role of government, and the ubiquitous, if not mysterious, invisible hand.

Capitalism is not a science, in spite of, and perhaps because of the passion, so many have for it. Modern science, with its reliance on experimentation, was new to the world, even in 1776. Although many people believe in capitalism, defend it, and teach it, this alone does not make it sound, or even well founded.

Nor was capitalism produced in a vacuum. Adam Smith did not work alone. Indeed his acquaintance and familiarity with other scholars contributed substantially to his opinion on economics. David Hume, the renowned natural philosopher was intimately involved in Smith's mind. Edward Gibbon, author of "A history of the Decline and fall of the Roman Empire," also laid the historical perspective upon which Adam Smith relied. Gibbon thesis, that Christianity undermined and ultimately destroyed the Roman world held great sway in Smith's view of the *desired* relationship between church and state. All three men, Smith, Gibbon, and Hume published their books at the same time, in or just before 1776, in the same place, Scotland, while working for the same class of institution, Universities. The thoughts and writings of all three contributed greatly to the future Constitution of the United States, and later constitutional governments around the globe. They changed the world.

## **Capitalism, not a Science.**

Yet it would be a monumental error, to treat Adam Smith's work as bearing heavily on modern economic engineering, just as it would be a mistake to treat other great authors from the past as if they knew the future; they did not. Smith's work is a product of the eighteenth century, and no one rationally builds a sophisticated world using ideas no longer considered adequate to explain reality. This does not mean *The Wealth of Nations* is useless in this century. One book among many opened the eyes of past generations to questions latter generations were able to answer. Even old ideas ought to be tested.

## **Modern Business = Game Theory.**

John Nash and several other scholars received the Nobel Prize in Economics for doing great harm to Adam Smith's theories. There is another way to put it; Nash, a brilliant mathematician, found mistakes in some of Adam Smith's ideas, such as the invisible hand, the effect produced by the profit motive. On the other hand, one might simply say Nash added to Smith's ideas. The point is, modern economics uses a discipline of mathematics unknown to Adam Smith, Game Theory. When game theory is applied to economics, some of Smith's ideas begin to unravel. Rather than social wealth increasing, the wealth of modern economies becomes increasingly concentrated in the hands of a small percentage of the population. Another facet of game theory predicts that players in the game of capitalism will hide their wealth, and often use it to eliminate another player. This is not a free market. This can scarcely justify supporting capitalism unless one happens to be one of the few wealthy. Recently another mathematical tool, Quantum Economics, has exposed other flaws in eighteenth, nineteenth and twentieth century economic ideology.

How different the planet would be if two world wars could have been averted by correct understanding of the natural forces of economics.

## NOTES

[1.](#) Herman Kinder and Werner Hilgemann, "The Penguin Atlas of World History," volume 1, p. 105.

[2.](#) Ibid.

[3.](#) Peter Hanns Reill and Ellen Judy Wilson, "Encyclopedia of the Enlightenment," p. 231.

[4.](#) Exodus 20:17, "The Holy Bible," p.97.

[5.](#) Ibid. 20:1 through 23:33, pp. 97-101.

## Bibliography

Kinder, Herman, and Hilgemann, Werner, "The Penguin Atlas of World History," volume 1, translated by Ernest A. Menze, with maps designed by Harald and Ruth Bukor, Penguin Books, Middlesex, 1974.

Reill, Peter Hanns, and Wilson, Ellen Judy, "Encyclopedia of the Enlightenment,"

Exodus 20:17, "The Holy Bible," King James translation, Oxford University Press, London, 1611.

## **Your assignment.**

- PART A: Ten Vocabulary words. As you read the text above select 10 vocabulary words (minimum). You select

the words new to you, or words used in a way new to you. List each word and then a definition that fits the usage of the word. Look up the definition in an academic dictionary (such as *Oxford* or *Miriam Webster's New Collegiate*, but not Google.) Then write the definition IN YOUR OWN WORDS. Select as many vocabulary words as needed to fill up the requirement of 10.

- PART B: Answer the following questions. Do NOT retype the question. All answers must be complete sentences, not just fragments.

1. Explain the ancient Greek attitude about money.
2. Explain how the ancient Greeks viewed wealth. (Wealth and money are not the same thing. Money is a means of exchange. Wealth is stored value, also called capital, and exists in the form of land, precious metals, inventory, knowledge, patents, copyrights, secret processes, etc.)
3. When, and how did the Greek ideas about trade, profit, and culture spread across much of the world.
4. Explain how the Roman people set up a government where the power and the profits were in the hands of the people of Rome.
5. Citizenship is still something precious, highly valued. How did the ancient Romans feel about it? What did it mean to the Romans?
6. How were the Roman *Servile Wars* relevant to us today?
7. Explain the main purpose of the Roman legions.
8. Explain how Rome changed from a republic (like the US) to an Empire.

9. Outline what happened to trade under the Imperial Roman Bureaucracy.
10. Who was Edward Gibbon?
11. Explain Gibbon's theory about the fall of Rome.
12. After Rome became Christian, what happened to their love of trade, ambition and expansion?
13. Every nation has founding fathers. Who were some of the founding fathers of the United States?
14. Explain how the history of Greece and Rome effected the American founding fathers.
15. Who were Adam Smith, and David Hume?
16. Explain the influence of Adam Smith, David Hume, and Edward Gibbon on the American founding fathers.
17. Explain whether or not man currently possesses a perfect understanding of the natural forces of Business. (Give evidence.)
18. Who was John Nash, and what did he discover that was so shocking?
19. What does Nash's theory mean for people today?