

Introduction

“I’ve been working since I was ten. I want to find out why I was working.”

—CARY GRANT TO KATHARINE HEPBURN IN *HOLIDAY*

“Only understand the origins of an institution or instrument and you will find its present-day role much easier to grasp.”

—NIALL FERGUSON, *THE ASCENT OF MONEY*

As manager of a small manufacturing and distribution company, I was stumping around my office late one night, frustrated with our antiquated business practices. I heard myself mutter, “This place is run like a Roman blacksmith shop!” and I stopped pacing. How did they run blacksmith shops in Rome, I wondered? Did they even have any? What were they like? In fact, how did business, to which billions of us now devote our working lives, even begin? What are the important differences between ancient businesses like Roman blacksmith shops and the computerized, outsourced, Internet-linked, machine-based businesses of today? To find the answers, I started the research that led to this book. As I quickly discovered, virtually nobody has described the ancient origins and how it developed into a significant part of economic life. That is the story told here.

Business is the activity of selling to voluntary buyers at a profit. Businesses survive by attracting customers and earning the full cost of what they sell, generating enough profit to compensate for the effort, investment, and risk involved. Unlike governments, charities, and other entities that may sell things but do not require the proceeds for survival, businesses

must direct continuous, urgent attention to achieving profitable sales. That characteristic distinguishes businesses from all other enterprises.

The concept and possibility of selling at a profit first arose in Mesopotamia about five thousand years ago. The mentality and skills essential to business operations developed in the Middle Eastern states, as did governmental accomplishments that expanded trade and other business activities (part 1).

But it took the Greek combination of coins and markets to make business more than a marginal activity. From the sixth century B.C.E. an entrepreneurial market system became central to the urban economy of Athens and other democratic city-states. By 200 B.C.E. Alexander the Great and his followers had spread this economic system to hundreds of cities throughout Western Asia and the Mediterranean region (part 2).

Roman sources provide most of what we know about early business operations, including Roman blacksmith shops. The Romans favored cities with entrepreneurial market systems and established them in the parts of Africa and Western Europe they conquered. They invented multinational business corporations, and between 200 B.C.E. and 200 C.E. their empire's favorable business environment allowed firms to attain considerable influence and importance. During that same period, from Roman Judea came Hillel and Jesus with their humanistic teachings, the Christian church, and the complete dispersal of Jewish communities throughout the Eurasian landmass. These developments would strongly influence later European business and provide moral justification for the consumerism that characterizes modern economies. After 200 C.E. Roman business declined, but the nexus between money, markets, and business remained firmly established (part 3).

For each part, I have asked a similar set of questions: What were the main businesses? How did they operate? What was business's role in the economy? What was the nature of business labor? How were business people regarded? In short, what was new about business, and why so?

To address such questions, we must range far beyond an account of business itself to account for impersonal forces that affected the business environment, such as climate, geography, and technology. To quote the editors of a grand recent survey of Greco-Roman economic history, this account like theirs "recognizes that classical antiquity saw one of the strongest economic efflorescences in premodern history but keeps this perspective, refusing to confuse the ancient economy with the modern. In short, it

takes seriously Douglass North's injunction to explain the structure and performance of economies through time."¹

Extraordinary individuals also changed the course of history. Given the times, they were almost all men: kings called "the great," such as Sargon, Cyrus, and Darius in the Middle East and, of course, Alexander of Macedonia; thinkers like Solon, Aristotle, and Archimedes; Roman emperors, including Augustus, Diocletian, and Constantine. Not many business people are known, but we encounter a few: the trader Imdilum of 2000 B.C.E. Assur, the banker Balmonahse of Babylonia, Roman investors like Pliny the Younger and Cato the Elder, and the greatest ancient tycoon of all, Marcus Crassus. They all inhabited a world full of murder, cruelty, villainy, and perversion, as well as love, wisdom, courage, and heroism—and so, therefore, does this story.

The early history of money, markets, and business also offers the benefit that Niall Ferguson identifies: "Understand the origins of an institution or instrument and you will find its present-day role much easier to grasp."² By picturing business in earlier, simpler forms, we can better understand how money and markets work, and the relationship between business activities like manufacturing, trade, retailing, and finance. Businesses that primarily serve other businesses—shipping, banking, investment, and wholesaling—also emerge naturally as the story progresses.

Let us begin. The real beginning, though, is not with the simpler times when business originated, but before then. Why, indeed, was there ever a time before business?

