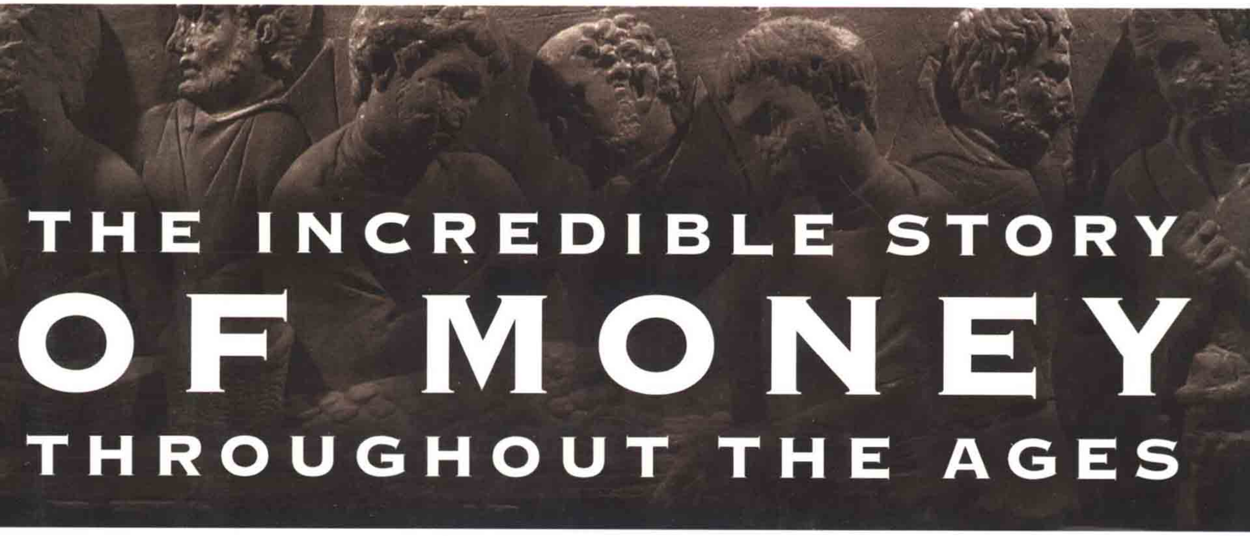
"BUY WHEN THERE IS BLOOD IN THE STREETS." —BARON VON ROTHSCHILD

The PURSUIT



THE INCREDIBLE STORY OF MONEY THROUGHOUT THE AGES

OF WEALTH

ROBERT SOBEL

The Pursuit of WEALTH

The Incredible Story of Money Throughout the Ages

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Introduction

The objective of this book is to explore and discuss how people have attempted to attain wealth through the ages. The material naturally divides itself into three sections, each emphasizing a different aspect of the subject, although themes developed in the initial chapter reappear throughout. The first section, which takes the story from the ancient Middle East to the origins of the American and Industrial Revolutions in the late eighteenth century, is necessarily panoramic, in that it covers five millennia and begins at a time more often the province of archeologists than historians. During most of this period, wealth was predominantly generated through agriculture; raising crops and domesticated animals, the wealthy being those in control of large tracts of land or sizable herds. Trade—taking products from places where they were in abundance and inexpensive to those where they were scarce and expensive—was present, but in most ancient societies was secondary to agriculture in the creation of wealth. Yet labor specialization, the market workings of supply and demand, profit motivation, "money," and the activities associated with banking, such as lending at interest, all were present. While much of the trade in the first three millennia of this period was controlled by political or religious institutions, they often were less restrictive in their thinking and methods than are modern day multinationals.

In the beginning of the period, most people were poor peasants more concerned with survival than the accumulation of wealth. Much of this poverty was tied to the nature of premodern agriculture. In antiquity in particular, roughly 65 to 90 percent of the population of any state had to be directly involved in agriculture just to feed themselves and the minority of political and religious leaders, craftspeople, and merchants. Most of these farmers barely grew enough for their own needs. Today, in the United States, less than 2 percent of Americans engage directly in agriculture, and this small group feeds not only the American population but a significant number of others as well. Modern agricultural equipment, such as tractors and combines, pesticides, and hybrid seeds, have all made this revolution in agricultural productivity possible. For example, in the distant past, for a wheat farmer a 10-fold return on seed planted was considered exceptional, a 4 to 6-fold return normal. Today, an average return is 40 to 45-fold and often considerably more. Under premodern circumstances, then, only the largest landowners and a few others could hope to live above the subsistence level.

During the second period, which concluded in the late nineteenth century, commerce gained rapidly in importance and was upheld by governments and private interests in the form of infrastructure creation, which made trade easier and less expensive to conduct. Industry became increasingly consequential as the century wore on, but the American economy remained based on agriculture well into the 1890s. That classic confrontation between two divergent visions of wealth—Thomas Jefferson advocating an agrarian America on the one hand and Alexander Hamilton working toward an industrialized America on the other—was not as simple and clear-cut as many have imagined. In fact, both men were interested in wealth creation. No less than Hamilton, Jefferson was concerned with the establishment of a large class of wealthy Americans, which he thought possible through agriculture. During the nineteenth century, his vision seemed the more realistic, as cotton and wheat were the staples of the American economy, and as more and greater fortunes were accumulated by those who devised means of serving the agrarian sector, whether by providing implements to facilitate production, money to purchase the implements, transportation to take the goods to market, or outlets from which they might be purchased.

In the third period, which opens with the appearance of large-scale corporate creation and the emergence of a truly industrial America, the debate is embodied in the two representative figures of J. P. Morgan and A. P. Giannini, both major bankers who, not unlike Hamilton and Jefferson, advocated rival images of the American of wealth in the age of securities-based capitalism. Morgan and his fellow investment bankers were concerned with wealth creation in large corporate entities that could produce on a mass scale and send their products throughout the nation and even the world. Giannini was more involved with small business, believing that every employee was a potential capitalist.

From there, the narrative proceeds to the development of what at mid-century was called "people's capitalism," which turned out to embrace Giannini's ends with Morgan's means. The book concludes with a chapter entitled "The Democratization of Wealth," which discusses a period during which the realization of wealth lay within the aspirations of larger segments of the population than ever before. Thus, the book opens with a multitude of poor people and few wealthy individuals, and ends with a large number of wealthy Americans—1 million millionaires in a population of some 260 million—and far fewer poor people than is often assumed to exist. True, in the world as a whole, the poor are omnipresent, but this is less the case in the so-called developed countries.

Some readers, especially those whose knowledge of history is confined to the last two or three centuries, might be surprised that searchers for wealth in ancient times were motivated much the same way as modern day seekers although their methods differed and their opportunities were more limited. They will encounter slavery, one of the means by which wealth was created and accumulated. Later on, readers will see how planters and slave traders in antebellum America shared similar motivations. The second section, which starts with the Age of Exploration, they will see the honing of the capitalistic instinct and the search for more efficient means of obtaining and amassing wealth. The rise of a business nexus in the young United States that was essentially agricultural and agricultural service in nature will likely be more familiar and easily recognizable.

Today's readers will have little problem understanding the reasoning of Eli Whitney, Francis Cabot Lowell, Cyrus McCormick, and DeWitt Clinton, or the railroad, beef, and mining tycoons. They should also consider that if an ancient Mesopotamian, Egyptian, Greek, or Roman—or even a European during the Middle Ages and Renaissance—could have been given a glimpse of the way society functioned in the nineteenth century, what might have struck them most would be the wide variety of methods of obtaining wealth, the speed of the civilization, and the ephemeral nature of affluence. Except for a very small percentage who engaged in long distance trade, those ancient observers might also be surprised by the distances traveled to obtain wealth. Only a few merchants in the fertile crescent or in the Mediterranean cities of the Roman Empire knew of and had contact with counterparts in India and China. By the sixteenth century, however, the Portuguese, from a small base in Europe, constructed and administered a commercial empire that stretched from the Philippines to Brazil. Certainly by that time, talk of globalization would not surprise merchants and bankers who operated on such a scale.

Finally, this book is not intended to be encyclopedic. Some industries, even important ones, have been omitted, along with individuals who became fabulously wealthy. The goal throughout is to illustrate methods of achieving wealth, not to catalogue the tales of how some achieved enormous fortunes. The methods and techniques employed by one tycoon of the Gilded Age suffices; one need not recount them all.

Anthropologists and sociologists instruct us that three of the most powerful human motivations are the pursuits of wealth, status, and power. These appear in different mixes at different times in history. All of us know people who desire wealth in order to purchase status and power, and others who use their status to achieve wealth and power, and finally, those with great power who employ it in the acquisition of wealth and status. Also, individuals differ in the degree to which each motivation is a factor in their lives, and the mix changes as they age. The pages that follow trace the pursuit of wealth, but remember that this was not the only goal of the individuals and organizations discussed. Still, wealth more often than not was the spur, although we know of a few secular and clerical figures who rejected wealth, but then they also renounced status and power. The theory that informs this book is that in modern times, in the aggregate, wealth is the prime mover.

One need not look to western society alone to realize how wealth can motivate a people to labor and creation, and how its absence or removal can lead to stagnation. One of the more interesting examples of this is the Kwakiutl, a tribe that inhabited the northern part of Vancouver Island near the mainland of British Columbia at the turn of the twentieth century. The eminent anthropologist Franz Boas studied them and produced a report that foretold by a couple of generations what would come to be known as Keynesian economics. Boas' problem wasn't a lack of observational skills or analytical sophistication. Rather, he did not fully comprehend what he had witnessed.

The Kwakiutl were famous for the *potlatch*, in which competing clans met regularly to stage contests in which they demonstrated just how wealthy they were by destroying their most valued possessions: canoes, blankets, and fish grease. Boas noted that large copper plates were also thrown off cliffs, although he commented that the throwers would return later to gather the pieces. The blankets were the most important, for these were the common denominator against which all the other possessions were measured.

Boas understood why the Kwakiutl loved the potlatch, citing self-esteem and status as important elements. The Kwakiutl ranked themselves by just how much they destroyed.

Boas wrote of this in a report to the Smithsonian Institution in 1895. Four years later, economist Thorstein Veblen would produce his *Theory of the Leisure Class,* in which he gave us the term *conspicuous consumption,* which would seem to help explain the potlatch.

What Boas noted but did not comprehend was that the Kwakiutl were quite wealthy, far more than neighboring tribes. The reason was that they worked hard to accumulate those possessions destroyed at the potlatch. There was a strong element of competition present that encouraged productivity and excellence—and accumulation. The Kwakiutl developed a system of banking that featured rates that rose sharply according to the length of the loan and the creditworthiness of the borrower. In their search for greater and greater wealth, they even created a system of credit purchasing, with copper plates serving as "credit cards." This too encouraged hard and imaginative work. Moreover, the system exhibited many of the aspects of modern reserve banking. Boas noted that in a village of 150 people, there were only 400 blankets, but debts were owed amounting to 75,000 blankets. If the lenders had called in their loans, there would have been what Boas termed a "disastrous panic."

Distressed by what to them was the wasteful nature of the potlatch, Canadian authorities attacked the practice, suggesting it was deleterious to economic development. Despite some setbacks, the authorities succeeded. The potlatch fell into disfavor. The Kwakiutl turned to commercial fishing to fit into the larger economy. But without the economic spur of the potlatch, initiative declined. So did the Kwakiutl economy. With the best of intentions, the authorities caused grievous harm to the Kwakiutl.

Whether Boas knew of Bernard de Mandeville's *Fable of the Bees* (1705) is unknown. This work dealt with how a prosperous, hardworking community fell into distress when they abandoned their profligate ways in order to save. The pursuit of wealth is fundamental to western civilization. It was there at the dawn of recorded history, and probably even before.

Acknowledgments

As the last book completed by my late husband in his long and very prolific career, *The Pursuit of Wealth* holds special meaning for me. It is my privilege to thank, on behalf of Bob and myself, some of the many friends, colleagues, and associates who helped make this book a reality, especially those who generously gave their time, wisdom, and support following Bob's death in June of 1999.

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As Bob's wife and editor for the past 41 years, I have met or heard about many individuals who helped, challenged, and inspired Bob in his work. I would like to use this occasion to collectively thank all of those good people. I think you know who you are. I sincerely hope so.

Carole Sobel

Contents

CHAPTER 1

The Ancient World

WEALTH took many forms in the ancient world, primarily land ownership, but also precious metals, slaves, ships, and manufactures. It could be obtained in several ways, the most obvious being through agriculture, herding, mining, commerce, and finance. Wealth also could be amassed through the exercise of power, obliging others to act in ways that they might not find beneficial. The right to collect taxes, for example, was a form of wealth. Rulers granted such rights in return for other kinds of wealth or services. A good reputation for business, governance, or warfare also could be considered a form of wealth.

The creation of wealth through commerce is of special interest. In antiquity, although usually a distant third, behind growing crops and breeding livestock, today, the majority of the world's population is engaged in some aspect of the broad category of commerce. This simple wealth-building technique appeared quite early in the history of civilization and, of course, remains important to this day. It appears prominently, in different manifestations but always recognizable, in all of the chapters that follow.

How commerce originated is one of those mysteries that probably never will be solved. Theories abound. It may have arisen from simple gift-giving. A farmer with a surplus would help out a neighbor. Even some later trade took the form of modified gift-giving. Correspondence between the kings of Babylonia and Egypt in the fourteenth century B.C. not only indicates a wide range of items being given but also significant transferals of wealth. For example, one gift to the Babylonian king included more than 1000 pieces of clothing, over 100 bronze objects, plus jewelry, furniture, and chariots adorned with over a half ton of gold. On occasion, the royal gift-giver would hint at an acceptable return present. Perhaps the most famous example of a major exchange of goods as the result of gift-giving is that recorded between the Queen of Sheba and King Solomon:

> She gave the king a hundred and twenty talents [about 4½ tons] of gold and a very great quantity of spices and precious stones; . . . And King Solomon gave to the Queen of Sheba all that she desired, whatever she asked besides what was given her by the bounty of King Solomon. (1 Kings 10:10, 13)

Alternatively, commerce may have originated when farmers producing surpluses traded their excess for someone's overproduction of a commodity they lacked. Surviving records show clearly that, from the earliest times, most villages and towns had regular fairs for the exchange of goods. But how then might one explain the shift to merchants acquiring handcrafted items and then transporting them a distance to trade for goods in abundance someplace else? Then, when the merchant accumulated a surplus, how did he think to employ it? While many invested in land, some went into pawnbroking, money lending, or banking. Some engaged in all of these occupations simultaneously. Those with wealth could lend it and receive interest, or invest funds in projects, which, if successful, would bring them profits. As will be seen, the path from one occupation to another differed by time and place, but it was always a variation on this theme, the pursuit of wealth.

Wealth might be stolen, or it might be gathered by the state through taxation and tribute. It might be accumulated by priests accepting gifts for performing services or for granting absolution or access to paradise. Specialists in such professions as medicine, law, writing, or any of a dozen other areas could charge fees for services. There was some manufacturing, especially of textiles, pottery, armor, ships, and the like, but this was not a dominant occupation until after the advent of the Industrial Revolution. Later still, wealth could be obtained by creating and distributing information. This is not to suggest that information was not valuable much earlier, but rather that the modern phenomenon of rapidly expanding technology and knowledge proceeded at a far slower pace in the past.

While the craving for wealth may not be a prerequisite for civilization, it is found in all civilized societies. Anthropologists describe societies in which there is no desire for wealth, but these are preliterate cultures. (In fact, writing was invented to keep commercial and governmental records.) Such societies often lack any form of money as a medium of exchange. They are not noted for restlessness and a desire for change, and they even lack a clear idea of the passage of time. According to historians, the pursuit of wealth in one form or another appears to have been present for at least nine millennia, or from about the time when human beings began a settled life in villages and cities. During the long nomadic period that preceded sedentary life when humans lived primarily by hunting and gathering, most things were shared among the members of the group, and there was little competition for private wealth. But even then some social hierarchy developed, and in the sharing some were more equal than others. With villages—and later, cities—came private property and land ownership—in short, the pursuit of wealth. Civilization, those human cultures in which cities and complex levels of political, social, and economic development are commonly present, saw the pursuit of wealth become a central feature of human activity.

The Ancient Near East: Economies Dominated by Political and Religious Institutions

The Western world's first civilizations developed in northeastern Africa and western Asia, in the lands of Egypt and Mesopotamia, respectively. While much is unknown with respect to what led to these civilizations, one factor was constant: they all developed in river valleys. At a time when agricultural techniques were at their most primitive, river valleys supplied adequate moisture for irrigation and rich, easily worked alluvial soil for agriculture.

For the peoples who inhabited the Tigris-Euphrates River Valley in Mesopotamia and the Nile River Valley in Egypt, the rivers were essential for existence; neither area received more than 10 inches of rainfall a year. These two earliest Western civilizations, although having in common their dependence on river valley conditions, differed markedly, both with respect to other environmental circumstances and with regard to their basic patterns of civilization. Mesopotamia—geographically equivalent, roughly, to the modern state of Iraq—had limited natural resources and lacked physical barriers to invasion. As a result, on the one hand, Mesopotamians had to import a wide range of goods in large quantities, while on the other, they were subject to frequent disruptions caused by migrations and invasions of new peoples. By contrast, the Nile River Valley of Egypt exists in relative geographic isolation, with deserts to the south, east, and west, and an inhospitable coastline to the north. As a result, the Egyptians seldom were invaded successfully until long after their earliest civilization had disintegrated. Moreover, Egypt was a land replete with natural resources. Copper, turquoise, gold, limestone, and sandstone were found in the desert regions surrounding the valley. The only serious deficits in the Egyptian supply of necessary raw materials were wood and iron. So whereas Mesopotamian civilization literally could not exist without commerce, Egyptian civilization could survive on a minimum of trade.

Beside the environmental differences—or perhaps because of them—these civilizations also differed in some of their basic institutions. For approximately its first 1000 years (ca. 3500–2500 B.C.), Mesopotamia exhibited a basic pattern of civilization, but no political unity. The valley and, indeed, much of what is today Syria, Turkey, Lebanon, Jordan, and Israel contained hundreds of independent city-states, countries centered on a dominant city with its surrounding territory. The Syrian city-state of Ebla, which flourished in the third millennium B.C., included 800 towns and villages as well as the city of Ebla itself, with a population estimated at 30,000. Estimates of the overall population of the state of Ebla range from 250,000 to over 300,000 people. But even by the standards of the ancient Near East, Ebla was not a large state. The modern archaeological site (all that remains today is a mound) covers 140 acres. By comparison, the wall of the city of Uruk in southern Mesopotamia enclosed 1280 acres, and Babylon, the greatest city of Mesopotamia, grew to occupy 2500 acres and to control an empire that included all of southern Mesopotamia. Repeatedly, from around 2500 B.C. on, respective cities united large sections of the Near East under their dominion, creating empires that often encompassed both the valley of Mesopotamia and many of the other lands of southwestern Asia. In spite of these empires, the cities within them retained much of their individual character. One reason for the instability of the region has been the frequent revolt of these cities against imperial authority.

The key, for Mesopotamia then, was its cities. While empires came and went, the cities remained as the mainstays of Mesopotamian culture. Egypt developed a very different pattern. For Egypt, political unity was essential for its civilization. Indeed, for at least the first 1000 years of its history (from ca. 3100 B.C.), Egypt did not possess cities in the Mesopotamian sense. There were administrative centers, but the population was not concentrated in these locations. The people were spread out in villages all along the banks of the Nile. When Egyptian unity collapsed, so did Egyptian civilization.

Despite these environmental and political differences, the two civilizations exhibited a number of common economic features. The primary occupation of all these peoples was agriculture, with grain the principal item of trade. As one modern-day historian has remarked, "Grain was for the ancients what oil is to the modern world." However, wine, copper, tin, lead, bronze, iron, silver, gold, lapis lazuli, woolens, linen, timber, slaves, perfumes, and olive oil were all traded throughout the Near East. Olive oil, in particular, was a most important multipurpose product. It was used as the primary cooking oil, as a skin lubricant, and as fuel in lamps to provide light.

Like much of the economy of these early civilizations, trade was usually either directly or indirectly under the control of the state or various religious institutions. Rulers and priesthoods owned large tracts of land, extensive herds of livestock, storage facilities, large workshops, weaving mills, breweries, and trading companies. In short, the government and the priesthoods were to the ancient Near East what multinational corporations are to today's economy. But land, herds, and other capital assets also could be held by families, by companies, and by individuals. Likewise, trade and commerce could be conducted by individuals and private companies. An example of the latter comes from the records of the Mesopotamian city of Ur (second millennium B.C.). In one particular document, two individuals, Lu-Meslamtae and Nigsisanabsa, formed a partnership and received from an investor, Ur-Ninmar, silver, sesame oil, and clothing, which was to be taken to the city of Tilmun to be exchanged for copper. It was agreed that, after their return, they would repay the investor at a substantial profit, based entirely on that individual's initial investment, not a percentage of the profits. While it is unclear who would bear the burden of catastrophic loss from natural disaster or brigandage, it is certain that any risk arising from the vagaries of the market were to be borne entirely by the partners. All of these conditions were framed in a contract "sworn conjointly by the king," indicating that the document conformed to the laws of the city and would be enforced by the authority of the state. Another common pattern is seen in the trading practices of the merchants of the cities of Ashur, Babylon, and others in Mesopotamia. In these communities the merchants were typically organized into guilds (karums). The guilds were private firms, licensed by the state, that controlled various categories of trade and commerce, most often at state direction.

Indications of the extensive roles of the palace and temple in the economies of the ancient Near East abound in the surviving literature: the ruler of Egypt, Pharaoh, collected one-fifth of the harvest from nonpriestly cultivators; the Israelite king, David, conquered Jerusalem from the Jebusites and held it as his personal possession, as he did with many other conquered territories; one Egyptian temple in the second millennium B.C. controlled 2400 square kilometers and employed 86,486 people; the king of the Mesopotamian city of Ur, as noted in the surviving records of the late third millennium B.C., owned 347,394 sheep; and the ruler of Ebla possessed two million sheep and a half million cattle. In the *Bible* the prophet Samuel warns the Israelites of the changes a king will make in the everyday lives of his subjects.

> These are the ways of the king who will reign over you: he will take your sons and appoint them to his chariots and to be his horsemen . . . and he will appoint . . . some to plow his ground and to reap his harvest, and to make his implements of war and the equipment of his chariots. He will take the best of your fields and vineyards and olive orchards and give them to his servants. He will take a tenth of your grain and of your vineyards and give it to his officers and his servants. He will take . . . the best of your cattle and your asses, and put them to his work. He will take a tenth of your flocks, and you shall be his slaves. (1 Samuel 8:1–17)

Much of our knowledge of these ancient economies has been derived from excavations conducted during the last two centuries. One of the most recent and spectacular (from excavations begun in 1964) has been the discovery of the ancient city of Ebla, from which 20,000 clay tablets and fragments dating back to 2500 B.C. have been taken. With the exception of the Egyptians, who wrote on a form of paper made from the papyrus plant, the basic writing material of the ancient Near East was clay. From these thousands of tablets, one can obtain a fairly clear picture of what constituted wealth and how it was accumulated in this particular city-state. We know from the tablets that there was a king in Ebla, elected for a term of seven years, apparently by a group of wealthy merchants who ruled with him as a council of "Elders." Elective kingship was not common in Mesopotamia, but may have been so elsewhere. Until further discoveries are made, just how typical the nature of the monarchy at Ebla was must remain an unanswered question. What is not debatable is that the rulers of Ebla, unlike those of many of the states of Mesopotamia, were more interested in creating a commercial empire than a political one. As one scholar has commented, "Ebla seems to have been a society grounded on the profit motive." The treaties the kings of Ebla made with other states dealt with freedom of movement, the establishment of trading colonies within each state's territory, and matters of taxation, but they most always confirmed the respective states' autonomy.

Beside facilitating trade with neighboring states, the government of Ebla was heavily involved in the production process. Cloth was made in state-owned mills, and the state employed its own smiths and metalworkers to fashion objects from copper, tin, gold, silver, bronze, lapis lazuli, and the like. This practice of government ownership of much of the means of production was common throughout the Near East. A single tablet from Ur lists in that government's textile mills 6400 tons of wool for processing and indicates that as many as 9000 slaves may have been employed in that state-owned industry. While it is clear that free enterprise also played a role in the economy, the dominance of the state is apparent. Through the Ebla state treasury moved tons of silver and gold. Indeed, although they did not possess money in the sense of paper or coins, the Eblaites did use as an accounting standard 11-pound gold and silver ingots. Moreover, gold and silver were used for the purchase of imported goods, including the metals that the Eblaites refined. If money is defined as a medium of exchange, a standard of accounting, and a means of payment, then the Ebla tablets demonstrate that throughout the third millennium B.C. in the Near East, there was monetary as well as barter exchange. And from the evidence of other sites and sources, it is clear that Ebla was not unique in this regard.

Not only were the people of Ebla interested and deeply involved in commerce, but it is very clear that the city-state's great wealth came from trade. It has been estimated that the farmers of Ebla harvested enough grain to feed 70 times their own population. Add to this the surpluses created in the textile and metal industries and the centrality of trade to Ebla's economy becomes unarguable. Trade, as with production and so much else in the Eblaite economy, was in the state's hands. Merchants were most often agents and representatives of the government, with a commissioner overseeing their activities. The state secured treaties guaranteeing the merchants' safety, confirming the conditions of exchange, and often establishing trading monopolies. In the absence of international agreements protecting trade and commerce, the involvement of the state in some fashion was essential. Only the government could secure from other governments the kinds of guarantees so crucial for the uninterrupted flow of commerce. Even though the government appears involved in virtually all aspects of commerce, there is no evidence in these documents that prices were established in any fashion other than by market forces.

This state control is found in many near eastern societies, including that of ancient Israel. Solomon built a merchant fleet and, in league with the king of Tyre, sent it to Ophir on the Red Sea coast of the Arabian Peninsula. His merchants returned with more than 15 tons of gold. Traders in his employ are also recorded buying horses in Egypt and elsewhere, and then selling them in Syria. Indeed, much of Solomon's reputed wealth was generated by acting as an intermediary in the trade between Egypt and western Asia. Israel also mined iron and copper and produced wine, olive oil, and textiles for export.

The pharaohs of ancient Egypt likewise dominated their economies. Around 2200 B.C. one of the pharaoh's traders made this report regarding his mission to Nubia, in what is today the Sudan:

> I descended with 300 asses laden with incense, ebony, . . . grain, . . . ivory, and every good product. Now when the chief of Irthet, Setu, and Wawat saw how strong and numerous was the troop of Yam, which descended with me to the court, and the soldiers who had been sent with me, then this chief brought and gave to me bulls and small cattle, and conducted me to the roads of the highlands and Irthut, because I was more excellent and vigorous than any count, companion, or caravan-conductor, who had been sent to Yam before. Now, when I was descending to the court, the king sent . . . the master of the bath, Khuni, upstream with a vessel laden with date-wine, cakes, bread, and beer.

Most of the wealth of Egypt was either in the hands of the pharaoh, the temples, or the pharaoh's regional governors, the nomarchs.

One very clear indication of the immense resources at the disposal of the Egyptian government was the construction of the pyramids. Built to house the bodies of the dead pharaohs, these structures represent some of the most impressive construction projects ever undertaken. The largest, the Great Pyramid, is 786 feet on a side and 481 feet high. The resources needed just in the materials of construction are staggering. This one structure contains approximately 2 million stone blocks weighing over 2 tons each. But even more impressive is the fact that this pyramid took two decades to complete, with an estimated work force of 100,000. These individuals had to be housed, clothed, fed, and in many cases, even paid. The workers were free Egyptian farmers who worked on the pyramid during the season of the Nile flood. The project, then, represented both income during the months when the land could not be worked and the religious devotion of a people who believed that their rulers, the pharaohs, were living gods whose earthly death was simply a transition, not an end. During the third millennium B.C., approximately 35 large pyramids were constructed in Egypt.

Merchants and traders in the ancient Near East faced one very formidable task in pursuing their careers: transportation. For those living along the banks of the Nile or the Tigris or the Euphrates, river transport was both efficient and relatively inexpensive. River barges could carry between 10 and 15 metric tons at a cost, calculated for grain shipments in the later Roman Empire, of 5.9 percent per 100 miles. Ships on the Mediterranean could carry 500 metric tons and add to the cost at a rate of only 1.4 percent per 100 miles. Land transportation, which was accomplished most often in this early period by the use of donkeys, was (for many products and distances) prohibitively expensive. While estimates vary considerably for land transport, the expense would be at a minimum 13 percent per 100 miles. In spite of these high costs, significant trade took place on land, as evidenced by the great wealth of Ebla, whose commerce was carried, at least at its outset, entirely by land.

One of the most extensive surviving records of long-distance overland commerce involves the northern Mesopotamian cities of Ashur and Kanesh, in what is today the nation of Turkey. Ashur's merchants shipped tin, originally obtained in Afghanistan, and woolen textiles the 700 miles to Kanesh, where these goods were exchanged for silver and gold. It is estimated that, over a 50-year period, 80 tons of tin and 300 tons of textiles traveled by donkey caravan from Ashur to Kanesh. Grain, too, apparently could be shipped overland for profit. In the early second millennium B.C., a caravan of 3000 donkeys set out from Mari in northern Syria seeking to acquire grain and wool, and in the late third millennium B.C., 72,000 bushels of grain were shipped by land between the two Mesopotamian cities of Ur and Isin. Apparently, so common was the overland transport of grain to the city of Ashur that grain came to be measured there in units called "donkey loads."

Although there is little mention in the Ebla tablets of any role for religion in the economy, the surviving texts from Egypt and Mesopotamia place religious institutions at the center of their respective economies. Priests were among the wealthiest individuals throughout the Near East, and temples became the centers of economic life in many of the cities in Mesopotamia. Temple archives disclose that they owned a great deal of land, some of which was rented, with the rest farmed by a large force of laborers. Among the records are receipts for animals, grain, perfumes, and precious metals brought to the temples as contributions.

The connection between the temple and the economy derives directly from the perceived relationship between the gods and the well-being of the community. In general, the gods were seen by the Mesopotamians as the true owners of the cities; it was, therefore, only natural that the gods' representatives would possess or control much of the community's wealth. During the earliest stages of Mesopotamian civilization it was not uncommon for the priests to hold political control of their respective cities. From a very secular, business perspective, the temples had other advantages as well. Temples and their holdings enjoyed tax exemptions, which could be considerable. The rulers of the city of Ur in the second millennium B.C. levied a 10 percent tax on all private commercial activity. To avoid taxation, many merchants would dedicate themselves to the gods, and by so doing receive "the protection of the gods," which included exempt status. Working for the temples entailed some loss of freedom, but most of these merchants, while doing the temple's business, also did much of their own.

Temples for the worship of a particular city's gods often were established as part of the creation of a trading colony in a foreign city. Such a foundation would offer sanctuary to foreign merchants, owing to its religious nature. Since these religions were polytheistic, there was a tendency to identify gods from different communities that shared common attributes. Such identification would further enhance the trading community's respectability and importance, making the relationship between the two societies that much closer. There is some evidence that certain temples and priesthoods were established by merchants purely for pursuit of profit. In a polytheistic religion, the addition of some hitherto unknown god to the pantheon was always possible. By creating such a religious establishment themselves, the merchants would be entirely in control.

In their gratitude and "to honor the god," the merchants often would give offerings to the god. Among the many contributions were vast quantities of gold and silver. This wealth would be in addition to what temples earned from their lands, flocks, factories, and fees for the use of large storage facilities. The latter initially were built to hold the produce from the temple's estates, but they later became commercial ventures, like modern grain storage companies. Moreover, since the temples were considered to be under their particular god's protection and had large secure doors and often guards, many private individuals would leave their valuables with the temple. It was probably in this manner that banking arose in the Near East.

Early on, only kings and priests had the necessary capital for banking services, in particular, giving out loans at interest. In time, private individuals as well as temples and palaces joined in the profession. Grain and specie were loaned, with the usual rate in the Near East for grain being 33⅓ percent and for silver, 20 percent. As noted earlier, temples often were associated with merchants and with trading colonies, and as a result regularly would serve as clearinghouses for trading accounts. A foreign merchant might have an account with a local temple. When it came time to pay for goods, instead of personally coming to the temple and retrieving the necessary funds, he would give the seller a written note ordering the temple to pay the bearer the amount owed from the account. By the sixth century B.C., in addition to temple banks, there were prominent private banking houses in Babylon—large even by modern standards—which made loans both to private individuals and even to governments. The evidence suggests, however, that these did not much predate the sixth century B.C.; for most of the history of the ancient Near East, it was the governments and temples that had the capital and made the loans.

While much of the commerce of the Near East was dominated by governments and temple corporations, private citizens often pooled their resources and formed partnerships to conduct trade. Many such arrangements appear in the tablets: "Itti-Marduk-Balatu and Shapik-zer pool a mina of silver as the capital of a partnership. The result of their operations belongs to them jointly." This document and similar ones are the equivalent of incorporation papers. This particular record tells us little about the operations of the firm. Itti-Marduk-Balatu's name appears on several tablets, suggesting he was a