CREDIT, CREDITORS, AND MONEYLENDING

IN LATE BYZANTINE CONSTANTINOPLE

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DECLARATION OF ORIGINALITY

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ABSTRACT

Credit, Creditors, and Moneylending in Late Byzantine Constantinople

This thesis analyzes the operations of Byzantine moneylenders and their relations with their debtors from the 6th to the 15th century, with a special focus on the 14th century. By examining the credit transactions in the Byzantine Empire, it intends to uncover the identities and motivations of the lenders and the borrowers. The Byzantine Empire was the only medieval state in which lending money at interest was permitted without any conditions. The Byzantine Church, on the other hand, forbade the clergy to charge interest due to its negative attitude toward usury. Many theologians and intellectuals condemned interest and usury, especially after the 11th century, on social and moral grounds. There were professional and non-professional moneylenders who provided cash for the money market. The jurisdictional decisions of the patriarchal court in 14th-century Constantinople offer vital information about the identities and the operations of both the creditors and the debtors. These documents show that the banking community of Palaiologan Constantinople consisted of people who came from a variety of socio-economic backgrounds. Similarly, the group of borrowers included not only people from the lowest social strata, but also members of the aristocracy. Moreover, the documents reveal that the Church tried to protect poor debtors who could not pay off their debts as well as wives of deceased debtors who were harassed by creditors trying to compensate the debt through their dowries.

ÖZET

Geç Bizans Konstantinopolis'inde Kredi, Kredi Verenler ve Borçlanma

Bu tezde Bizanslı kredi verenlerin 6. ve 15. yüzyıllar arasındaki faaliyetleri ve borçlular ile ilişkileri 14. yüzyıla özel bir vurgu yapılarak incelenmektedir. Bizans İmparatorluğu'ndaki kredi işlemlerini inceleyerek, alacaklıların ve borçluların kimlikleri ile motivasyonlarını ortaya çıkarmayı amaçlamaktadır. Bizans İmparatorluğu faizle borç para vermenin herhangi bir koşul olmaksızın izin verildiği tek Ortaçağ devletidir. Yine de Bizans Kilisesi tefecilik ve faize karşı olumsuz duruşundan dolayı borç işlemlerinde faiz uygulanmasını ruhban sınıfına yasaklamıştır. Özellikle 11. yüzyıldan sonra pek çok din bilgini ve entelektüel faizi ve tefeciliği sosyal ve ahlaki zeminde kınamışlardır. Profesyonel ve amatör olarak pek çok borç para veren kimse para piyasasına kaynak sağlamıştır. Bu kişilerin kimliklerine ve finansal işlerine dair önemli miktarda bilgiyi Konstantinopolis patrikhane mahkemesinin 14. yüzyıla ait kararları sağlamaktadır. Bu belgeler gösteriyor ki Palaiologos Konstantinopolis'indeki banker topluluğu çeşitli sosyoekonomik arka plandan gelen insanlardan oluşmaktadır. Aynı şekilde, borçlular grubu da sadece toplumun en alt kesiminden kişileri değil ama aynı zamanda aristokrasi üyelerini içermekteydi. Dahası, bu belgelerden anlaşılıyor ki Kilise, borçlarını zamanında ödeyemeyen fakir borçluların ve borçlarını çeyizler üzerinden tahsil etmek için vefat etmiş eşlerinin alacaklıları tarafından rahatsız edilen dulların yanında durmaktadır.

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CHAPTER 1

INTRODUCTION

1.1 The importance of the subject

The analysis of the dynamics of economic and financial structures in a given society can shed light on the dynamics of social life. Exchange activities such as credit transactions, gift-giving, or dowry and inheritance practices demonstrate how economic connections and social relations were established and maintained. The business of moneylending at interest in the Byzantine Empire is a particularly illuminating subject since its components and operation were inseparably intertwined with Byzantine social mechanisms. Moreover, the issues surrounding moneylending operations and especially the application of interest had not only economic but also legal, moral, and religious implications. Economy is not only constituent of its practices, but is also shaped by laws, social norms, and intellectual ideas. This reciprocal process of influence should be strongly emphasized since without understanding the theoretical procedures of economic attitudes, it is not possible to comprehend the financial practices in daily life. The topics of moneylending and interest and the people who were in the center of these financial networks were constant subjects of discussion for the Byzantine religious and secular authorities as well as intellectuals. Therefore, both the identities of the people who provided cash to the money market and the socio-economic connections created by credit transactions are important starting points for analyzing Byzantine society. The debtors, on the other hand, were as prominent components of Byzantine financial and social life as the creditors. Every layer of the society provided its own group of lenders and borrowers, whose identities and motivations showed great diversity and

consequently involved a wide array of financial attitudes. An analysis of this variety will deepen our understanding of the Byzantine social structure and will also enlighten the connections between social position and financial behavior. Lastly, the issue of interest in the business of moneylending requires special attention in this social analysis due to its “reluctant acceptance” in Byzantine society. This conditional acceptance bestows on the Byzantine Empire a unique status among other contemporary political entities.

1.2 Literature review

Various modern Byzantinists have studied the socio-economic history of the Byzantine Empire even though the attention has moved away from economic history approximately three decades ago. Moreover, the financial history of the Byzantine Empire, including topics such as moneylending, the banking system, credit transactions, and interest, has been studied even less. One possible explanation for this negligence might be the nature of the sources required to analyze such issues. The lack of surviving official state archives of the Byzantine Empire along with the scarcity of documents such as commercial and loan contracts as well as tax and court registers have disabled modern Byzantine historians to scrutinize the economic and financial history of the Byzantine Empire comprehensively. On the other hand, a variety of Byzantine literary and religious works such as sermons and treatises on different topics touch upon some economic problems of their times. However, the main focus of these works is essentially moral, social or religious issues rather than economic problems. Such scattered information does not facilitate a detailed and economically focused study. Furthermore, modern trends and interests of the academes played an important role in placing the economic and financial history of the Byzantine Empire in the periphery.

Angeliki Laiou was one of the most important Byzantinists who tackled the practice of lending money at interest in the Byzantine Empire. In her 1991 article entitled "God and Mammon: Credit, Trade, Profit and the Canonists,"[1] she analyzed the Church's negative attitude towards lending at interest and the comments of the 12th-century Byzantine canonists on interest. She also examined the legal interest rates and some provisions related to moneylending from the 6th to the 12th century in the Empire with their interpretations by the contemporaries. She argued that even though advancing interest-bearing loans was legal in the Byzantine Empire, the Church and some intellectuals condemned interest on the basis of moral and social rather than economic concerns. In another article published in 1996 and entitled "The Church, Economic Thought and Economic Practice,"[2] Laiou examined the roots of this negative attitude of the Church against interest in the Holy Scriptures as well as in important works of the church fathers, canonists, theologians along with civil legislations on interest. She also compared ideas and practices concerning moneylending and interest, and she argued that the ideology of the Church, along with the state, was the determining factor in creating practices in the Byzantine Empire. In her 2003 article "Economic Concerns and Attitudes of the Intellectuals of Thessalonike,"[3] on the other hand, Laiou focused on the works of 14th-century Byzantine intellectuals concerning topics such as avarice, greed, and usury. She drew the conclusion that even though these intellectuals discussed moneylending at interest to some extent, they addressed ongoing problems of their times mostly on social and moral grounds, and their economic ideas were mostly embedded in

[1] Laiou, "God and Mammon."
[2] Laiou, "The Church, Economic Thought and Economic Practice."
[3] Laiou, "Economic Concerns and Attitudes."

their non-economic works. In addition to these articles, Laiou discussed moneylending in some other works as well,[4] yet their contents are much more comprehensive and include a variety of different topics.

The Economic History of Byzantium, a three-volume collective work published in 2002 under the general editorship of Angeliki Laiou, also included several articles by different authors on certain subjects related to moneylending in Byzantium such as interest rates, legal aspect of credit transactions, loan contracts, and identities of lenders. For example, in his article entitled "The Byzantine Law of Interest,"[5] Demetrios Gofas tracked the change in the legal interest rates throughout the long history of the Byzantine Empire depending mostly on the Byzantine civil law. In her article "Legal Aspects of the Financing of Trade,"[6] Olga Maridaki-Karatza studied the nature of commercial life in Byzantium from a legal perspective and touched upon the legal obligations of moneylenders and borrowers to each other. Gilbert Dagron analyzed the identities and the scope of the profession of money changers, who acted also as moneylenders, mostly depending on the *Book of the Eparch* in his article "The Urban Economy, Seventh–Twelfth Centuries."[7] In a similar way, in his two articles entitled "The Late Byzantine Urban Economy, Thirteenth–Fifteenth Centuries"[8] and "Commerce, Trade, Markets, and Money, Thirteenth–Fifteenth Centuries,"[9] Klaus-Peter Matschke briefly made mention of the operations and the place of the Byzantine moneylenders in urban and commercial life.

[4] Few examples: Laiou, "Exchange and Trade;" Laiou, "Economic and Non-Economic Exchange;" Laiou and Morrisson, *The Byzantine Economy*; Laiou, "The Greek Merchant."
[5] Gofas, "The Byzantine Law of Interest."
[6] Maridaki-Karatza, "Legal Aspects."
[7] Dagron, "The Urban Economy."
[8] Matschke, "The Late Byzantine."
[9] Matschke, "Commerce, Trade, Markets, and Money."

Although it is not specifically focused on the issue of moneylending in Byzantium, Nevra Necipoğlu's 1995 article entitled "Economic Conditions in Constantinople during the Siege of Bayezid I (1394-1402)"[10] touched upon the reactions of moneylenders in Constantinople to the economic hardships brought by conditions of the blockade during the Ottoman siege at the end of the 14th century. Finally, there are two important articles by George C. Maniatis, published in 2008 and 2012 respectively, that should be mentioned here. In "The Guild-Organized Banking Services Sector in Constantinople,"[11] which focuses on the 10th-12th centuries, Maniatis explained how the operations of goldsmiths and money changers extended across the defined borders in the *Book of the Eparch*, and how they engaged in the business of lending money at interest. In "The Centrality of the Contract in the Process of Economic Exchange in Byzantium,"[12] Maniatis evaluated the importance of contracts in business, including credit transactions, and provided information concerning the legal responsibilities of the parties involved in transactions.

This thesis will contribute to the literature related to moneylending in the Byzantine Empire from three different aspects. First of all, most of the studies mentioned above focus on certain periods of Byzantine history. Despite many advantages of such an approach, I think that it is crucial to analyze the practice of moneylending comprehensively over a longer period in order to understand all the aspects that made an impact on the formation and transformation of the practice. Thus, even though most of my exemplary cases come from the late Byzantine Empire, this thesis covers a much longer period extending from the 6th to the 15th century. This long-

[10] Necipoğlu, "Economic Conditions," 157–167.
[11] Maniatis, "The Guild-Organized Banking."
[12] Maniatis, "The Centrality of the Contract."

term approach is intended to uncover the continuations and the ruptures in the theory and in the practice of the lending business throughout the centuries. Secondly, studies concerning credit transactions and interest in the Byzantine Empire generally tackle the topic from a theoretical perspective through legal or intellectual works, and they primarily focus on perceptions and attitudes. With this study, I aim to compensate for the lack of comparison between theory and practice in moneylending with a special focus on late Byzantine Constantinople. Finally, perhaps the most significant contribution of this thesis to the literature will be the analysis of the identities, operations, and socio-economic connections of late Byzantine moneylenders and debtors. Various issues such as the protection of the debtors by the Church, the importance of their liberty and the maintenance of families, and the priority of the dowry will be evaluated along with and based on particular cases concerning credit transactions at or without interest.

1.3 Sources, methodology, and terminology

The corpus of the Byzantine literary tradition includes numerous sources from very different regions and from various times. It has not been possible to include the entirety of these sources in this thesis due to its limited scope. Thus, through a careful reading of the secondary literature, I employed only selective information directly relevant to the practice of lending money at interest from some of the most prominent Byzantine literary texts such as histories, chronicles, and letters. I also utilized a variety of legal sources such as law books, jurisdictional and administrative manuals as well as a few exceptional commentaries and treatises in order to diversify the narration. On the other hand, I would have liked to employ hagiographical texts which would have significantly

contributed to my thesis due to their references to social, religious, and economic issues such as trade, moneylending, and interest. Nonetheless, they are not included among my primary sources since their examination would have greatly exceeded the scope of my thesis.

In this thesis, the main legal sources to evaluate moneylending at interest in the Byzantine Empire are the Byzantine civil law and the ecclesiastical canons concerning economic issues with their commentaries in different centuries. The *Code of Justinian* from the 6th century is one of the most important legal sources due to its validity until the very end of the Empire. It provides information concerning legal interest rates as well as identities and operations of various professions that might also engage in the business of lending money at interest. The legal codes in the following centuries such as the *Basilika* from the 10th century as well as the *Hexabiblos* of Constantine Harmenopoulos and the *Syntagma* of Matthew Blastares from the 14th century mostly repeated the provisions in the *Code of Justinian* in terms of interest and loan issues. These 14th-century codices are essential for comparing theoretical information with the pieces of evidence on real practices coming from the 14th-century jurisdictional decisions of the patriarchal synod in Constantinople, which are almost entirely lacking for other centuries.

Another important primary source that offered vital information about various guilds including the money changers and goldsmiths is the *Book of the Eparch*, which was compiled by Leo VI the Wise in the 10th century. As Paul Lemerle denominated, it was a period of "encyclopedism"[13] when numerous manuals on economic, bureaucratic, military, and legislative issues were produced for organizing the administrative and

[13] Lemerle, *Byzantine Humanism: The First Phase*, 309–346.

cultural structure of the Empire.[14] The *Book of the Eparch* is a significant exemplary compilation in this period whose purpose is to provide a manual regulating entire economic life including production, commerce, and jurisdiction of the guilds in Constantinople. It is essentially addressed to the eparch of Constantinople, who was the supreme jurisdictional and economic authority in the city. The *Book of the Eparch* consists of 22 chapters devoted to different guilds, some of whose functions extended towards and especially enabled them to engage in the business of moneylending.

Intellectual products such as commentaries and treatises on various topics are also important components of the Byzantine literary tradition. In the 14th century, Byzantium experienced an increase in such intellectual works, one of which belonged to Nicholas Kabasilas (1322–1391), a jurist and a clergyman. Kabasilas was a particularly important figure in this period due to the exceptional character of his work, which targeted a specific subject as the source of present social and economic problems: *tokos*, or usury. In his treatises, *Kata tokizonton* (Against Usurers) and *Te eusebestate Augousta, peri tokou* (To the Dowager Empress, on Usury), Kabasilas criticized the operations of creditors and the practice of charging high interest in credit transactions. In his letter to the empress Anna of Savoy, he asks for the refutation of interest. In "Against Usurers," Kabasilas engages in a dialogue with creditors, who raise arguments on behalf of their relevance and importance in Byzantine society and their good will for the poor. Yet, Kabasilas confutes the claims of these imaginary creditors and takes a position against usurers, referring to the superiority of divine law which condemns usurious actions. His opinions are influenced by mostly patristic writings. Thus, I employed "Against Usurers" by Kabasilas as one of my main literary sources in tracking the

[14] Kazhdan, *The Oxford Dictionary*, 696–697.

identities, activities, and arguments of Byzantine creditors in the 14th century even though it might be highly prejudiced since they were narrated by Kabasilas himself.

Unlike literary, legal, and administrative sources, it is unfortunate that the Byzantine documentary sources are mostly lacking especially when compared with the relative abundance of the Western European sources. However, monastic archives and the Italian notarial acts compensate for this scarcity. While the former are concerned particularly with the economic circumstance and the legal status of Byzantine monasteries, the latter provide information exclusively on the business partners and their connections with commercial and financial operations. The 14th-century registers of the patriarchal synod in Constantinople, on the other hand, fill the gap in our knowledge to a certain extent. These registers consist of 749 documents for the years between 1315 and 1402, yet 177 of these documents come from the period between 1399 and 1402. The rest is not equally distributed to the years. The lay cases constitute 32 per cent of the total number within the period 1315–1398 with 46 cases, and there are 92 lay cases, 52 per cent of the total, covering the years between 1399 and 1402. In the period between 1315 and 1398, 61 per cent (28 cases) of the cases are directly or indirectly related with dowry disputes while 17.5 per cent (8 cases) are about marriage disputes and 13 per cent (6 cases) are about disputes among ecclesiastics. Cases concerning the dowry, marriage disputes, ecclesiastical and property disputes as well as minority and inheritance issues represent approximately 84 per cent (77 cases) of the lay cases in the period 1399–1402. There are 15 cases concerning poverty, commercial law and loans, which constitute 16 per cent of 92 cases in total from the same period.[15] On the one hand, these patriarchal registers have serious limitations. It is not possible to track any trend in the cases due to

[15] Malatras, *Social Structure and Relations*, 374–375.

their uneven distribution, and they do not provide very detailed and complete information concerning the identities of the defendants and plaintiffs. Nor do they comprehensively provide the context of the conflict which brought the parties to the synod, but mostly summarize the situation, the arguments, and the decision. On the other hand, these records provide a certain type of data set which is vital for comparing the theoretical information from literary sources with how things were actually practiced and have a better understanding of the credit system in 14th-century Constantinople. They include information about the titles of both parties involved in the cases; values, types, and places of the properties and objects in question, the commercial and family connections of the plaintiffs and defendants, and certain legal practices. All of these offer insights about the identities of moneylenders, financial and social relations created on the basis of loan contracts among citizens from various backgrounds, and mechanisms of credit operations in 14th-century Constantinople. In this respect, the patriarchal registers constitute the backbone of this thesis for late Byzantine Constantinople.

These legal documents follow a structured pattern by nature and more often than not use similar narrative forms. Therefore, I avoided adopting a perspective focusing on discourse analysis. Instead, I preferred the method of content analysis in examining my various sources. Moreover, I constructed a conceptual framework to evaluate exemplary cases. This framework consists of a specific terminology that I derived from literary and legal sources, and utilized it to interpret the patriarchal documents. Therefore, I compared and combined the information I gathered to reconstruct the Byzantine credit system along with the identities and activities of moneylenders and debtors. Finally, I employed a *longue durée* perspective in my thematic analysis of moneylending

operations. I scrutinized the practice of moneylending in Ancient Greece, the Roman Empire, and Medieval Western Europe along with the Byzantine Empire from the 5th century BCE up until the 15th century. I also analyzed the changes in the Byzantine credit system throughout the long history of the empire. While I used various exemplary cases to strengthen my arguments and to enrich my narrative, I tried not to lose the focus on this a *longue durée* perspective. Even though the main concepts will be defined in detail in the following chapters, I would like to give a brief summary of my terminology to develop familiarity with the framework.

The term "creditor" or "moneylender" (δανειστής)[16] referred to anyone who advanced money professionally or non-professionally in the Byzantine Empire. In the registers of the patriarchal synod, the term was employed for any lender regardless of their social or economic status. It was possible for both individuals and secular or ecclesiastical foundations to lend money, usually at interest. In these credit transactions, parties came to an agreement through written or oral contracts. In addition, borrowers commonly pledged their movable or immovable possessions to their creditors in exchange for their debts. Unless borrowers were able to repay their debt in due course, the ownership of the pledges might be transferred to their creditors.

"Loan" (δανεῖον)[17] referred to the transaction of money or any asset on the condition that the lender will be compensated with the same quantity. Since the Code of Justinian, all Byzantine legal texts strictly retained the difference between the loan proper and the loan for use. In theory, a loan for use, as in *chresis*[18] and *commodatum*,[19]

[16] Kazhdan, *The Oxford Dictionary*, 544, 545.
[17] Kazhdan, *The Oxford Dictionary*, 1243
[18] Kazhdan, *The Oxford Dictionary*, 434
[19] Kazhdan, *The Oxford Dictionary*, 491

is not the ownership but the usufruct of the object which is transferred without any charge. On the other hand, the loan proper includes a remuneration, which is called interest. Yet, in practice, such distinctions were blurred, and some other types of agreements such as *misthosis*[20] took place between these loans.

"Debt" (χρέος)[21] stands for both the obligations and the objects in any loan contract. Anyone may owe a sum of money as well as any movable or immovable possessions to another. In Byzantine society, people commonly borrowed money for various reasons, yet credit transactions, in particular moneylending at interest, were considered as a risky practice for both the lender and the debtor. It is frequent that many debtors ended up in trial against their creditors, especially in the late Byzantine period, and they were faced with the danger of losing their possessions or even their liberty. Yet, the decisions of the patriarchal court in 14th-century Constantinople demonstrate that the liberty of debtors was principally ensured in spite of their arrears.

"Interest" (τόκος)[22] is the sum charged by creditors to debtors for borrowing and using money. Charging interest was legitimatized by the Byzantine state, and the state continuously regulated legal interest rates, which underwent changes throughout the long history of the Empire. In ancient and medieval times, any receipt of interest was considered as "usury" (τοκοληψία),[23] and usurers in this sense were named as τοκογλύφος. Even though it was legal, the general attitude of both the Byzantine society and the intellectuals towards usury was negative. Usurers were condemned as being exploiters of people in need in various intellectual products such as the treatises of

[20] *Misthosis* was a form of lease, yet after the Justinianic period, the distinction between *misthosis* and *tokos* became blurred. Thus, the two terms were employed interchangeably. Kazhdan, *The Oxford Dictionary*, 1382.
[21] Kazhdan, *The Oxford Dictionary*, 594–595.
[22] Kazhdan, *The Oxford Dictionary*, 1002.
[23] Kazhdan, *The Oxford Dictionary*, 2146.

Nicholas Kabasilas, “Against Usurers” and “To the Dowager Empress, on Usury,” in the 14th century.

1.4 Chapter plan

This thesis consists of three main chapters, in addition to the introduction and the conclusion. Chapter 2 seeks to set the historical background, by analyzing the processes concerning the formation of the business of moneylending in three different contexts. It treats, first, the formation of a banking system and the identities of bankers in Ancient Greece, then turns to the Roman legal tradition regarding credit transactions, before finally discussing the development of the idea of usury in Western Medieval Europe. In Chapter 3, the practice of moneylending at interest in Byzantium is approached from the perspective of the moneylenders. This chapter tries to identify the Byzantine creditors as well as their social backgrounds and examines their activities in relation with the attitudes of the Byzantine state, the Church, and society towards interest. It consists of four subchapters consecutively covering the periods from the 6th to the 10th century, the 10th century, the 11th to the 13th century, and finally the rest of the Palaiologan period. Even though it covers almost a thousand years, the main focus is on the 14th century. The final chapter before the conclusion analyzes, in turn, the identities, operations, and motivations of the debtors in Palaiologan Constantinople and focuses on certain social issues related with credit transactions such as dowry rights and the customary help offered by the Church to the debtors in need.

CHAPTER 2

HISTORICAL BACKGROUND

2.1 Moneylending at interest in Ancient Greece and Rome

There were strong socio-economic, cultural, and geographical connections between the Byzantine Empire and the worlds of Ancient Greece and Rome. In fact, these two were the two legs of the tripod that created the Byzantine Empire along with Christianity. The corresponding terminology with the practice of lending money at interest had been mostly borrowed from Ancient Greece by the Byzantines. However, with respect to the state's legal intervention on the money market and credit transactions, it is safe to claim that the Byzantine Empire followed the Roman tradition rather than that of Ancient Greece. The influence of this tradition survived throughout the long history of the empire in a variety of legal codes, and it mostly determined the limits of credit operations of moneylenders and their relations with borrowers. Therefore, both of these civilizations had deeply penetrated roots in the Byzantine monetary transactions so much that it is important to follow the development of moneylending at interest in Ancient Greece and Rome until the 6th century, when the Church's negative attitude toward interest-bearing loans eventually began to penetrate into the civil code of the Byzantine Empire.

After the 4th century BCE, moneylending at interest became widespread in Ancient Greece as new ways of charging interest appeared,[24] and the wealth that had been accumulated in the coffers of both temples and individuals began to flow into the

[24] For example, the first system of insurance with premium of 8 per cent at annual base for the flight of slaves was invented in 324 BCE. Glotz, *Ancient Greece at Work*, 364; Ihssen, *They Who Give from Evil*, 21.

market as productive capital.[25] The reason for this gradual change was the expanding market activity and growing industry in the 5th and 4th centuries BCE which encouraged the practices of investment and borrowing money.[26] Therefore, money changers, the *trapezitai*, extended their operations to lending money at interest; thus, they emerged as bankers functioning as necessary intermediaries in the economy.[27] The bankers as professional creditors used both their own capital and the deposited sums by others to lend to a third party expecting a profit, or interest. The proficiency of the money changers in the production and circulation of money with their social and commercial connections made participation in the business of moneylending much easier for them. Thus, they easily and efficiently conducted their businesses and made great fortunes as bankers.[28] In Ancient Greek society, lending money at interest was clearly considered beneficial for the public and as a necessary factor boosting the commercial operations. Under these circumstances, any individual or institution that had wealth and the intention to gain profit from financial operations had the chance to get involved in credit transactions as lenders. Therefore, in addition to bankers, many non-professional creditors such as merchants and temples[29] took part in the practice of lending money at interest. This situation had striking similarities with the Byzantine example where only the temples were replaced by the ecclesiastical foundations. In addition, it may be

[25] Glotz, *Ancient Greece at Work*, 238.
[26] Glotz, *Ancient Greece at Work*, 240–241, 364–365.
[27] Glotz, *Ancient Greece at Work*, 304.
[28] Pasion was one of the most famous bankers of the 4th century BCE. He was a slave and worked as the chief moneychanger, *argyramoiboi*, at the Piraeus Port. Then, he inherited the bank and conducted a wide range of commercial activities in the Aegean Sea. When he retired in 371 BCE, his firm had 50 talents as capital. Glotz, *Ancient Greece at Work*, 304–305; Kenyon, *Athenian Propertied Families 600–300 B.C.*, 428.
[29] The temple of Apollo on Delos always lent large sums of cash at 10 per cent interest. Finley, *Economy and Society*, 72.

speculated that wealthy members of the upper classes also engaged in moneylending operations as non-professional creditors.

These professional and non-professional creditors advanced various types of credits such as personal and consumption loans as well as business and productive loans.[30] When it comes to the interest rates that the creditors could charge on these credits, if the circumstances enabled it, the creditors could demand usurious amounts. Yet, different factors such as the trustworthiness of borrower and the risk that the loan held played an important role in determining the interest rates.[31] Therefore, the range of the rates varied enormously. Before the 3rd century BCE, the interest rate on normal loans was at around 12 per cent,[32] yet it was not unusual to charge 16 or 18 per cent interest.[33] There were some occasions that the creditors demanded 10 or 36 per cent interest at annual base. If the risk was dangerously high and the debtor was a suspicious man, the interest rate could climb up to 100 per cent.[34] It was a general rule that interest on commercial and especially maritime loans was higher than normal interest rates since the risk had been assumed by the lender who was facing the danger of losing his capital on treacherous sea routes. Yet, the common interest rates on these commercial loans remained generally at around 12 and 18 per cent.[35] After the 3rd century BCE, the interest rates on normal loans fell to 10 per cent, and in the 2nd century, presumably as a result of the capture and transfer of the Persian wealth to the west by Alexander the

[30] Finley, *Ancient Greece*, 68.
[31] Glotz, *Ancient Greece at Work*, 243.
[32] Homer and Sylla, *A History of Interest Rates*, 42.
[33] When Apollodorus, son of the famous banker Pasion, pledged some of his properties to Arceasas of Pambotadai in order to give the money to Nicostratus, who ransomed himself by borrowing, Arceasas offered 1,600 drachmas at 16 per cent interest.
[34] Finley, *Ancient Greece*, 67, 69, 72, 75; Glotz, *Ancient Greece at Work*, 243–244, 366.
[35] Homer and Sylla, *A History of Interest Rates*, 42.

Great, they went down to 7 per cent annually.[36] However, it is not easy to mention any fixed interest rate for these loans since the city-states in Ancient Greece, despite a few exceptions,[37] did not regard themselves as responsible for legislating against usurious acts, and, unlike Romans, they did not legally designate maximum interest rates.[38]

Like in Ancient Greece, the Roman law, except for a few exceptional periods,[39] mostly permitted the practice of charging interest. However, the Roman state essentially differed from the city-states in Ancient Greece in one important respect. Contrary to Greeks, the Roman law determined maximum legal interest rates, and tried to regulate the rates on interest-bearing loans and the relations between creditors and debtors. An important piece of information about credit transactions comes from the Law of the Twelve Tablets, dated c. 451–449 BCE. According to the eighth tablet dedicated to torts and delicts, "No person shall practice usury at a rate of more than one twelfth,"[40] and creditors who demanded higher interest rates than the maximum legal limit had to pay four times.[41] Moreover, the Roman law clearly prohibited the compound interest, yet, in certain occasions it was tolerated. For instance, if the interest was to be added to the capital annually rather than monthly, the law allowed the compound interest.[42] In the

[36] Homer and Sylla, *A History of Interest Rates*, 38–39, 42; Glotz, *Ancient Greece at Work*, 365.
[37] For a particular payment default, the Athenian law designated an additional interest at 18 per cent. Yet, possibly, it was a penalty rather than a common provision. Another example comes from a decree at Delphi forbidding any interest more than 6 per cent. Yet, this is so low than usual that it was presumably a revolutionary act by a political group. Glotz, *Ancient Greece at Work*, 242.
[38] Millett, *Lending and Borrowing*, 181; Glotz, *Ancient Greece at Work*, 242; Finley, *Ancient Greece*, 76, 92.
[39] In 342 BCE, *Lex Genucia* totally banned demanding interest on loans. Moreover, when a debt crisis occurred, in 89 BCE, the *praetor* A. Sempronius Asellio reenacted the old law banning interest-bearing loans entirely. Andreau, *Banking and Business*, 91.
[40] Ihssen, *They Who Give from Evil, 23;* Whether the term of *unciarium* refers to 12 or 8.3 per cent annually is subject to discussion among historians. For the details of the discussion: Andreau, *Banking and Business in the Roman World*, 92.
[41] Homer and Sylla, *A History of Interest Rates*, 45.
[42] "In Cilicia, while Cicero was governor, annual capitalization was allowed, but not monthly capitalization." Andreau, *Banking and Business*, 92–93.

third tablet addressed the execution of judgment, creditors were allowed to imprison defaulters on the condition that they should provide the debtor's daily necessities, and several creditors could share the properties of the debtor on the basis of judgment.[43] Presumably, neither the legislations nor the restrictions prevented usurious activities, since it would have been exceptionally difficult to control all day-to-day practices. The Roman state still maintained its efforts to regulate the operations in the money market. Historian Titus Livy wrote that the *Lex Licinia Sestia* and the *Lex Duillia Menenia* were legislated to deal with the debts of the plebs and the interest-bearing loans.[44] In 367 BCE, it was legislated that the interest paid should be deducted from the capital, and the rest had to be paid in three equal installments. In the following decades, the legal maximum interest rates were changed more than once in accordance with the requirements of the money market and economic circumstances.

There is more and sane information about interest rates and the legal regulations concerning the relations between lenders and creditors for the 1st century BCE and the 1st century CE than any other periods in Ancient Roman history. As a result of expanding commercial activities and investments in provinces during the late 2nd century BCE, great wealth had been accumulated in Italy; however, the Social War of 90 BCE ended this period of prosperity and welfare.[45] When a debt crisis occurred in 89 BCE, the *praetor* A. Sempronius Asellio reenacted the old law banning interest-bearing loans entirely.[46] However, presumably, this did not remediate the economic circumstances; thus, in 88 BCE, the *Lex Cornelia* returned to the Twelve Tablets limiting the maximum

[43] Homer and Sylla, *A History of Interest Rates*, 45.
[44] Ihssen, *They Who Give from Evil*, 24-25.
[45] Homer and Sylla, *A History of Interest Rates*, 47.
[46] Andreau, *Banking and Business*, 91.

legal interest rate,[47] and made a deduction of 10 per cent from all debts.[48] Thus, professional moneylenders and other creditors suffered a loss of their wealth on loans. Yet, this possibly helped the Romans to deal with the financial crisis. Moreover, the temples at Delphi and Olympia were plundered, and opponent cities were compelled to take loans from Romans at high interest rates by Sulla.[49] In 72 BCE, Lucullus attempted to ease these debts of the cities, and limited the legal interest rate to 12 per cent per annum for Asia and Cilicia.[50] Moreover, he legislated that "accumulated interest could not exceed principal," and creditors could not take more than one fourth of a debtor's income.[51] In 51 BCE, the maximum legal interest rate was set at 12 per cent per annum by the Senate.[52] An important piece of information concerning the legal interest rates comes from the writings of Cicero. He mentions that the maximum legal interest rate in Rome was officially 12 per cent annually, yet if creditors were assured of the security, they extended loans at 6 per cent.[53] This method of demanding 1 per cent per month was named *centesimae usurae*, and possibly it was adapted from the Greeks.[54] On the other hand, these were just the legal interest rates, and in practice, the real interest rates were volatile. In the Roman world, the changes in the rates of interest resulted from current political or military affairs rather than taking its source from the economic structure. The aristocracy was already merged into the financial life; thus, changes in its politics

[47] Homer and Sylla claim that it was fixed at 12 per cent since 8.3 was not in use anymore. Homer and Sylla, *A History of Interest Rates*, 47;
[48] Barlow, "The Roman Government and the Roman Economy," 214.
[49] Homer and Sylla, *A History of Interest Rates*, 47.
[50] Ihssen, *They Who Give from Evil*, 29; Homer and Sylla, *A History of Interest Rates*, 47; Andreau, *Banking and Business*, 92.
[51] Homer and Sylla, *A History of Interest Rates*, 47.
[52] Andreau, *Banking and Business*, 92.
[53] Ihssen, *They Who Give from Evil*, 29; Andreau, *Banking and Business*, 92.
[54] "The Greeks calculated in drachmas per mina per month, and given that one hundred drachmas made up a mina, one drachma per month was the equivalent of 1 per cent per month." Andreau, *Banking and Business*, 92.

affected the rates. Similarly, the rates varied in accordance with the acts of senators. In addition, civil wars and the amount of available money that had been mostly gained through victorious wars had an impact over the interest rates. For instance, as a result of the measures taken by the state such as the prohibition of the exportation of gold and silver, and novel supplies provided by Caesar and Pompey, the amount of available money in Italy abundantly increased. Thus, the real interest rates were below the legal limits by 54 BCE. Yet, it is not usual to encounter a rate less than 4 per cent, which was called the *minimae usurae*.[55] However, the period of Civil War between 49 and 31 BCE again devastated the financial well-being of Rome, and the real interest rates climbed over the legal limits.[56] Interest rates exceeding 12 per cent were considered usurious even if there was no legal limit. When usurious interest rates were charged, these fluctuated around 24, 48, or 60 per cent per year. For example, Senator Marcus Junius Brutus lent money to the King of Cappadocia and to the City of Salamis at 48 per cent per annum in 44 BCE. Then, Cicero felt obliged to remind Brutus that 12 per cent was the legal limit.[57]

The financial instability of Rome continued until the Battle of Actium in 31 BCE, when the treasuries of Egypt were transported to Rome and transformed into coins. During the time of Augustus, property rights were restored, money that had been hoarded got into circulation. Therefore, interest rates again fell to 4 per cent, and debts were paid off.[58] However, this time of prosperity did not last long, and a financial crisis resulting from credit disturbances left its marks on the year 33 CE. Interest rates again

[55] Andreau, *Banking and Business*, 94.
[56] Homer and Sylla, *A History of Interest Rates*, 47–48.
[57] Homer and Sylla, *A History of Interest Rates*, 47.
[58] Andreau, *Banking and Business*, 94; Homer and Sylla, *A History of Interest Rates*, 48.

exceeded the legal limits. The crisis was eventually settled by providing interest-free loans from the treasury for a three-year term.[59] The reign of Tiberius witnessed an increase in the rates. At the end of the 1st century, public money was lent at 5 per cent interest, which was used to provide for the children of the poor. For the 2nd and 3rd centuries, unfortunately, there is a lack of information concerning credit and banking. It was a period of alternating revolutions and civil wars that damaged the Roman monetary and financial system. For the period, even though industrial loans were not common, personal and maritime loans prevailed in the Empire. There were no legal limits for sea loans, yet, charging 20 per cent per voyage was a common practice. Moreover, even though the legal maximum interest rate was 12 per cent per annum, and it had not been modified for a long time, it was presumably exceeded in time of scarcity of available cash.[60]

In the beginning of the 4th century, Constantine the Great made a currency reform,[61] and this resulted in a slight increase in the interest rates. The classical rate of *centesimae usurae,* or the *hekatostiaios tokos,* which was 12 per cent per annum, increased to 12.5 per cent. Yet, the term *hekatostai* was in use in the following centuries.[62] Thus, there is no reason to think that the classical rate essentially changed in the 4th century. There were some exceptions to this legal maximum limit. Since the maritime loans carried high level of risk assumed by lenders, there was no upper limit for them. Moreover, the *hemiolion*[63] appeared in cash debts on the ground that a period of two months would passed since the debtor had been found guilty of not paying his

[59] Homer and Sylla, *A History of Interest Rates*, 48.
[60] Homer and Sylla, *A History of Interest Rates*, 49, 54–55.
[61] He "set the value of the gold solidus (aureus or nomisma) at 1⁄72 of a litra of gold and divided it into 24 silver siliquae (*keratia*)." Gofas, "The Byzantine Law of Interest," 1095.
[62] Gofas, "The Byzantine Law of Interest," 1095.
[63] According to the Hellenistic *hemiolion* or *hemiolia,* the interest rate was 50 per cent.

debts, and that the creditors informed the court about the debtor did not agree with the decision. Under these circumstances, the interest was even doubled.[64] It is sure that the law attempted to prevent defaulters and defend the capital of creditors who provided the market with urgent cash in times of need, clearly in favor of their own profit. The next significant legal regulation concerning the practice of lending money at interest would be made in the 6th century under the authority of the emperor Justinian, and it would remain mostly unchanged until the very end of the Byzantine Empire. All these laboring efforts of the Roman state to control the interest rates and to oversee the money market throughout the centuries by enacting perpetual legislations yielded their fruits in the Byzantine law which was significantly more stable in its regulatory endeavors.

2.2 Moneylending at interest in Western Medieval Europe

It is considerably more difficult to analyze the subject of moneylending at interest in Medieval Western Europe in its entirety in comparison to the Byzantine Empire due to the fragmented political structure and the diversity of laws in different regions. After the dissolution of the Western Roman Empire in the 5th century, various new kingdoms had been founded and continued to grow in the following centuries, sometimes adapting the Roman practices and at other times supplanting them with their own institutions. Even though the Carolingian Empire in the 9th century and the Holy Roman Empire in the following centuries succeeded to unify some of these states under the authority of a monarch, in different parts of Europe, various political entities maintained their sovereignty sometimes in peace, but mostly in competition with the others for centuries. Therefore, like many other social and economic practices, the business of moneylending

[64] Gofas, "The Byzantine Law of Interest," 1096.

varied significantly in practice from region to region, despite substantial similarities in theory. The circumstances for the business of moneylending in the Italian city-states and the Hanseatic League had been essentially different from the monarchical kingdoms such as England and France in the Middle Ages. Contrary to the fragmented structure of Western Europe, the effectively organized, highly bureaucratized and centralized Byzantine state had clearly defined most of its economic and financial activities in spite of the possibility of some local differences in practice.

It is also difficult to compare the Byzantine Empire and Western Europe due to the presence of certain differences in their legal structures. These discrepancies most likely resulted from dissimilar positions of the law makers' statuses. The existence of the Papal State as an independent sovereign state under the control of the pope, who had also supreme ecclesiastical authority over the western Christian world, exhibits a conflict with the idea of the co-existence of the emperor and the patriarch as two authority figures in the Byzantine Empire. One of the most important results of this difference was that the ecclesiastical law in Western Europe had developed under the centralized authority of the popes particularly through the papal decretals.[65] In fact, the concept of an independent secular law deriving from local customs and under the supervision of the canon law only emerged in accordance with and as a result of the new social and economic circumstances in Western Europe in the 11th and 12th centuries.[66] In the Byzantine Empire, on the other hand, secular and canon laws existed side by side in harmony from very early on. Roman legal tradition, Christian values and beliefs, and Hellenic culture were the main sources of Byzantine law. However, in the course of

[65] Berman, *Law and Revolution*, 1–272; Gallagher, *Church Law*, 231.
[66] Berman, *Law and Revolution*, 273–274.

centuries, the Byzantines who considered themselves as Romans integrated Christianity into their legal culture. Thus, as Zachary Chitwood argues, the secular Byzantine law faded away with the Christianization of Byzantine law.[67] The triangle of law, God as the ultimate source of justice, and the emperor as an essential instrument of God was a crucial feature of the Byzantine legal culture.[68] The imperial throne imposed its authority through legislations that it promulgated for the sake of the idea of harmony in the government.[69] However, the patriarch and many consuls had a central position in the legal and administrative structure of the Byzantine Church. There were many occasions when the patriarchal authority surpassed the secular imperial power. This can also be seen in that the Byzantine collections of ecclesiastical law were named as *nomokanon*, the combination of the terms of *nomos* and *kanon* as references to the co-existence of secular and religious laws. All in all, despite these fundamental differences, it is still important to examine moneylending in the Western Europe to situate the Byzantine Empire in a greater context and to expand our understanding on moneylending as a medieval business.

Usury was absolutely prohibited by the Biblical texts which also provided a certain ground for further condemnations and forbiddance in the Middle Ages. In the Old Testament, Exod. 22:24 states that you should not demand interest from your poor neighbors to whom you lent money, and Lev. 25:35–37 in a similar way declares that one should not take interest from fellow countrymen in need either in cash or in kind. Deut.23:20–21 repeats the same ban on interest on loans made to countrymen with a very interesting additional detail: "You may demand interest from a foreigner." This

[67] Chitwood, *Byzantine Legal Culture, 867–1056*, 184–187.
[68] Lokin, "The Significance of Law and Legislation," 89.
[69] Gallagher, *Church Law*, 231.

permission became the source of legitimation for the Jews to advance interest-bearing loans to Christians whom they considered as foreigners. On the other hand, this legitimacy did not operate in the reverse direction since Christians in the Middle Ages did not consider Jews as foreigners. Instead of this, they referred to their enemies in warfare as foreigners regardless of their religion.[70] As Psalm 15 declared, those who lend money at interest are not welcomed by God. The reason for this expression can be found in Ezekiel 18:10–13: Ones who lend at interest and make profit are violent people who committed detestable crimes causing God's anger.[71] Furthermore, the New Testament also included a negative attitude toward lending money, yet the most crucial point in this attitude is the hope of full repayment. According to Luke 6:34–35, even sinners advance money expecting to be fully repaid, the real virtue is to lend without expecting complete repayment.[72] The hope of gain and intention in credit transactions will be a key concept in determining whether a loan is usurious and therefore a sin or not in the discussions of 11th and 13th centuries as I will tackle in the following pages.

The Church and various Christian theologians along with the Councils from 4th century onwards influenced the development of the idea of usury. In the 4th century, as I will examine in detail in the pages concerning Byzantium during the time of Justinian, the 17th canon of the Council of Nicaea deprived the clerics of the right of lending money at interest, and the Councils of Elvira and Carthage in the same century included the laity into this prohibition.[73] Many theologians in the 4th and 5th centuries such as Saint Augustine, Saint Jerome, and Saint Ambrose were against usury. The latter

[70] Le Goff, *Your Money*, 21–22.
[71] Le Goff, *Your Money*, 22.
[72] Le Goff, *Your Money*, 22.
[73] Wood, *Medieval Economic Thought*, 160.

legitimized it only when it was "against the enemy whom it would not be a crime to kill."[74] This negative attitude toward usury and interest was very similar with the general condemnation of the practices in question by the Greek Church Fathers such as Basil the Great, John Chrysostom, Gregory of Nazianzus, and Greogry of Nyssa. In the 5th century, Pope Leo the Great repeated the prohibition against clerical usury in one of his letters in which he also officially announced the laity who were taking interest as "guilty of shameful gain."[75] All of these ideas and interpretations of usury were accumulated throughout centuries and most of them clustered in the Collection of *Dionysio-Hadriana* which consisted of conciliar canons and papal decretals. Pope Hadrian delivered it to the emperor Charlemagne, and it was officially accepted as the Code of the Frankish Church in the beginning of the 9th century. Furthermore, the emperor himself made numerous laws against usurers, and his capitularies declared a universal ban on usurious acts.[76] As a result of all of these, both clergy and laymen considered usury as a detestable practice and had a considerably negative attitude toward it. In fact, usury was under constant attack by ecclesiastical and lay powers until the 11th century in the Western Europe.[77] Nevertheless, as Jacques Le Goff argues, since it was a comparably limited economy in which the amount of the currency in circulation was very small, the concept of usury was of secondary importance.[78] By way of mortgage,[79] the Church and the monasteries

[74] Homer and Sylla, *A History of Interest Rates*, 68.
[75] Homer and Sylla, *A History of Interest Rates*, 68; Wood, *Medieval Economic Thought*, 160.
[76] Homer and Sylla, *A History of Interest Rates*, 68; Wood, *Medieval Economic Thought*, 160.
[77] Homer and Sylla, *A History of Interest Rates*, 68–69.
[78] Le Goff, *Your Money*, 23.
[79] "loan having as its collateral a building from which the Money-lender receives the income." Le Goff, *Your Money*, 23.

provided credit to everyone from different levels of the society, i.e. they were the main moneylenders for centuries until the 12th century.[80]

Usury became one of the most important concerns of the Church and secular authorities as a result of the increase of the production and trade as well as the monetization of the economy in Europe in the High and the Late Middle Ages. The amount of currency in the circulation and its speed highly increased, and the credit system grew more and more sophisticated.[81] The practices of advancing interest-bearing loans and usurious operations were executed in a widespread manner in this period. New financial innovations such as the bill of exchange and the letter of credit were made in accordance with the current economic necessities.[82] The control of religious authorities on social and economic life also led people to invent these new methods to bypass prohibitions. Therefore, the Church and intellectuals began to consider the business of moneylending and the status of usurers more elaborately. Usury was the subject of both theologians and various councils. Le Goff attributes these endless discussions on charging interest and usury among the theologians and the intellectuals in the 12th and 13th centuries to the fear of the attraction of usurious operations for landowners since the more people in the agricultural production became usurers and the more severe became the depopulation of countryside, the greater was the risk of famines.[83] In fact, the appeal of becoming usurer having left the current occupation was stated in the Third Lateran Council in 1179 taking a stand against usurers.[84] The same council refusing Christian burial for usurers who had died without repenting and making full restitution also

[80] Homer and Sylla, *A History of Interest Rates*, 86; Le Goff, *Your Money*, 23.
[81] Le Goff, *Your Money*, 36.
[82] Hunt and Murray, *A History of Business, 1200–1550*, 63–67.
[83] Le Goff, *Your Money*, 24–26.
[84] Le Goff, *Your Money*, 25.

rejected these usurers' communion of the altar.[85] The Council of Paris in 1213 declared usury as heresy, and that usurers who did not repent after three warnings were to be excommunicated. The council of Vienne in 1311, where this decision was repeated, stated that refusing usury as a sinful practice was also a heresy.[86]

Usury was almost everything in opposition to God and consequently the Christian values. It was essentially a crime against God, the Church, and the social order which were under threat of collapsing since usury corrupts souls and allows that a small group of people might possess the entire wealth of the society.[87] Therefore, usury was considered as a detestable and fatal sin in its essence. Medieval theologians compared usury with other sins like fornication, stealing, and killing.[88] It is striking to see the thought process of these medieval theologians who despised the act of usury so much that they likened usury to murder. In fact, they argued that usury was the worst among abovementioned sins due to the fact that usury was thought to be a continuous act which spread over long periods of time contrary to for example the act of killing someone which is a process with an ending.[89] As Caesarius of Heisterbach argued in 1220, it was thought that the capital of a usurer maintains to work unceasingly regardless of day or night while the owner was asleep.[90] I think the capability of money to work endlessly was an important motivation for Thomas Aquinas to deem usury as unjust and unequal. Another reason to consider usury as the worst is that other sins might be tolerated under

[85] Wood, *Medieval Economic Thought*, 161–162.
[86] Wood, *Medieval Economic Thought*, 163.
[87] Wood, *Medieval Economic Thought*, 163.
[88] Wood, *Medieval Economic Thought*, 163–164.
[89] Wood, *Medieval Economic Thought*, 163–164.
[90] Le Goff, *Your Money*, 30–31.

certain circumstances and they could be forgiven more easily in contrast with usury which was condemned by moral principles without any exceptions.[91]

There are four concepts that are of vital importance in order to have a better comprehension of the medieval discussions concerning usury along with the attitudes towards and the reasons to condemn it. The first key concept is the free will of the borrower. Many medieval scholars such as William of Auxere, Thomas Aquinas, and Duns Scotus discussed in detail whether borrowers had freewill and acted voluntarily when they applied to lenders for an interest-bearing loan. In fact, these borrowers were aware that usurers would not advance credit to them unless they had hope of reimbursement of the principal and a profit in the transaction. Medieval scholars claimed that needy borrowers would not agree to pay interest voluntarily unless they had an option. Thus, the will of borrowers was not an "absolute" but a "conditional." Under the circumstances where the absolute will did not exist, the practice of charging interest on loans was theft, and usurers were nothing but thieves stealing from the poor.[92] The second concept related with the usury discussions among medieval scholars was an important form of property, whose owner was not the usurer himself even though he sold it as his own commodity, time. It was thought that the usurer sold the time which covers the period from the moment the transaction had been made until the borrower completely paid off the debt. However, "this time belongs to God, not himself."[93] It is time in which trees bear fruits, earth yields, and investments bring profit as well as value of any commodity changes upwards or downwards. What made that the time created

[91] Wood, *Medieval Economic Thought*, 163–164.
[92] Le Goff, *Your Money*, 27, 39, 48; Wood, *Medieval Economic Thought*, 164–165.
[93] Le Goff, *Your Money*, 39.

usurious was "the sinful hope" of usurer for an expectant profit in cash or in kind.[94] Most medieval scholars embarked on the Aristotelian point of view that regarded money as sterile and fungible. Therefore, money could not reproduce in a natural way, and it could be completely expended.[95] The idea of that what caused any increase in the amount of money was labor rather than time was recognized by the scholars after the 11th century.[96] It was a period when labor and industry were considered as the main source of a prosperous life.[97] While everyone had to work under very harsh conditions for their daily bread, the slothful usurer enhanced his wealth through the borrower's labor without putting any effort. Considering all these, it is easy to understand the perception of usury as theft of both time and labor of the borrower against his absolute freewill. The only way for a usurer to be granted absolution and be saved from Hell was contrition, confession, and complete restitution. He had to restore the usurious profit to the original owner who was the borrower and to confess his sins. Usurers living in mortal sin were always terrified of a sudden death without any opportunity to make restitution since unrepentant usurers were disturbed by nightmares and daily visions about their torture in Hell, and they became insane and mute at the point when time on earth was up for them.[98] Yet, it is hard to claim that all usurers were afraid of being sent to Hell where they would be punished, and that it was a common practice among usurers to make restitution.

Medieval scholars were convinced that the act of usury and charging interest were the same in practice. Even though the general recognition was to equate these acts,

[94] Wood, *Medieval Economic Thought*, 177.
[95] Wood, *Medieval Economic Thought*, 75, 194–195.
[96] Wood, *Medieval Economic Thought*, 177–180.
[97] Le Goff, *Your Money*, 42.
[98] Le Goff, *Your Money*, 58–64. For nature of restitution: Wood, *Medieval Economic Thought*, 169–171.

there were certain situations where the equation was not valid. In fact, all usurious operations essentially included receiving interest, yet not all interest-bearing loans can be labeled as usury. In order to distinguish them clearly, it is beneficial to keep in mind that usury necessitates an intention to gain a profit and a prefixed interest rate.[99] These preconditions were open to exploitation and frequently abused by lenders. Any usurious interest could be disguised as a gift and concealed under the false appearance of a fictitious loan.[100] For example, a borrower could voluntarily give money or any other valuable item to his lender to show his gratitude for the loan. Yet, it is difficult to believe that this "voluntary" act was commonly practiced in credit transactions. Most probably, this act of "free will" was due to a sense of obligation since it is most likely that lenders did not advance loans without a hope of profit. Fictitious loans, on the other hand, most certainly aimed to deceive the relevant authorities by concealing interest as a fake sale or recording the debt amount higher than the real sum in the contract.[101] In this way, the amount of interest could be hidden from plain sight. Nonetheless, it was not necessary to resort to such deceitful acts in order to make interest acceptable.

There were certain situations in which taking interest on loans could be seen as just even by the theologians in the Late and High Middle Ages. Certainly not the only, but the most commonly accepted excuses for charging interest on loans were delay in repayment, profit withheld, risk in moneylending, and occasions in which labor existed. Firstly, interest might act as a penalty for delay.[102] If a borrower did not pay his debt on time, the lender could demand interest as retribution to compensate the assumed

[99] Wood, *Medieval Economic Thought*, 159, 182; Le Goff, *Your Money*, 11.
[100] Wood, *Medieval Economic Thought*, 186–187.
[101] Wood, *Medieval Economic Thought*, 187.
[102] Le Goff, *Your Money*, 73.

damage. It is a valid possibility that the borrower might default, and the lender needed a security to guarantee his reimbursement. In fact, the value of the collateral might exceed the capital.[103] Le Goff defined the second excuse, the *lucrum cessans*, as the possibility of a greater legitimate profit by the usurer via the money he had lent.[104] This can be also called as profit withheld, with a small additional emphasis on reimbursement on time, it is more or less the same thing: "a situation where the lender might have gained a profit unless he had lent money or money had been returned on time."[105] Interest payment resulting from profit withheld was deemed licit by some of these scholars, yet it was a complex idea depending on a loss from a presumed profit of lender. That is presumably why it was a highly disputed subject among medieval intellectuals. The risk issue was another factor which had an important role in determining whether interest was a usurious act or not. It was commonly accepted that lenders could not charge interest for simple loans to borrowers who might lose the principal. Borrowers receive the ownership of the sum in such lending operations with every probability, and were only liable to return the principal to the lender.[106] On the other hand, there were certain situations in which lender and borrower established partnerships sharing risk of losing the capital, ownership and expectant profit. Especially in sea loans, the lender acted as an investor, and advanced a loan to his partner who sailed and invested his labor in the business while the one who assumed the risk was the lender. In such sea loans, it was legal for lenders to demand higher interest rates around 40 and 50 per cent.[107] As mentioned before, labor was very precious in the High and Later Middle Ages. Thus,

[103] Wood, *Medieval Economic Thought*, 189.
[104] Le Goff, *Your Money*, 73.
[105] Wood, *Medieval Economic Thought*, 190.
[106] Wood, *Medieval Economic Thought*, 192–193.
[107] Wood, *Medieval Economic Thought*, 193–195.

situations in which it was possible to claim that a usurer invested his honest gain and own labor to accumulate his capital, which he would lend later, could be excused as salary or remuneration for his efforts.[108]

It was acknowledged by many modern historians that the period between the 11th and the 13th centuries was a turning point for Europe. New developments, innovations, and discoveries accompanied a huge change in the economic and social structure of the continent. Appearance of professional moneylenders as a distinct field of occupation and all discussions about usury doctrine were heralds of capitalism. As Le Goff stated, in the traditional social structure, there were three main groups: peasants as producers, knights as defenders, and clergy as governors. Only in the 13th century, merchants had appeared as the fourth group, and they were equated with usurers in the eyes of the society even though not all merchants were usurers, nor all usurers were merchants.[109] This was possibly due to the relevancy of the business of commerce with money affairs such as money changing and lending at times. Moreover, it was unlikely to encounter a real banker in the 13th century.[110] Medieval moneylending or banking derived from activities of specific merchants who also engaged in money changing.[111] Money affairs were the specialty of these merchants who considered exchange operations as an essential part of their business. Interest was commonly hidden in the exchange rate, and it was not considered as usury by most scholars due to the fact that the money changer labored for the operation.[112] These merchants provided to their individual or institutional customer a great variety of services such as safekeeping of

[108] Le Goff, *Your Money*, 73–74.
[109] Le Goff, *Your Money*, 54–57.
[110] Le Goff, *Your Money*, 55.
[111] Hunt and James, *A History of Business*, 64.
[112] Wood, *Medieval Economic Thought*, 199–200.

deposits and recording accounts, and in the course of time they began to use the accounts whose number expanded considerably to conduct various financial operations including advancing credit and paying off debts.[113] It was presumably enough to just transfer the sums by making small changes on the records on paper. Thus, these money changer merchants became famous merchant bankers. In the 14th century, many of them provided interest-bearing loans at rates between 15 and 80 per cent to various European crowns including Austria, Naples, France, and England.[114] These merchant bankers consisted of the main body of public lenders.[115] Since medieval merchant banks accepted deposit in return for a secure and fixed profit, many people invested their money into the accounts in such banks. Although this method in banking was excused in the following centuries in accordance with the necessities of commercial life, it was initially commended as usurious practice.[116] In the 13th century, the merchant bankers such as the Peruzzi in Florence gave 20 per cent for a period of four months to deposit accounts, while 10 per cent annually was the most common rate.[117] The next century witnessed a small decrease in interest rates. In the 14th century, the interest rate on deposit accounts was 10 per cent annually in Brussel in 1369, it was between 5 and 10 in Italian cities.[118] From the 12th century onwards, in particular Italian and Flemish bankers established new branches in various regions of Europe, and they financed business life in those places. They advanced interest-bearing loans both for consumption and investment.

[113] Hunt and James, *A History of Business*, 64.
[114] Homer and Sylla, *A History of Interest Rates*, 97; Hunt and James, *A History of Business*, 67.
[115] Wood, *Medieval Economic Thought*, 202.
[116] Homer and Sylla, *A History of Interest Rates*, 74.
[117] Homer and Sylla, *A History of Interest Rates*, 93.
[118] Homer and Sylla, *A History of Interest Rates*, 98.

It was likely that the money market was dominated by the merchant banks. However, there were other groups of people who professionally provided money to the market in return for profit in the form of interest. The group that was called as manifest usurers was pawnbrokers.[119] These people were owners of shops in public spaces, and they were generally at the target of the prohibitions of usury. They were mostly tolerated as "necessary evils" by the secular authorities against the Church's condemnation and sanctions. Most probably the activities of these manifest usurers served the direct and indirect purposes of states and local governments. If the broker established his pawnshop without legal permission, then the authorities could demand exorbitant license fees to gain profit. This was the situation in 12th-century Low Countries.[120] The manifest usurers who were owners of pawnshops could make donations to ecclesiastical or secular institutions and perform various charitable activities when they decided to repent in order to be saved from Hell. An important piece of evidence concerning such philanthropic activities comes from the wills of the usurers making restitutions. Even though he was much more than a simple pawnbroker, an important example of this situation can be found in the life of Cosimo de Medici, who funded the monastery of San Marco in Florence as his restitution.[121] Furthermore, when a manifest usurer died, it was an opportunity for the state to confiscate his movable and immovable possessions. For example, the English crown employed this practice in the 12th century.[122] In fact, not only secular, but also ecclesiastical authorities did business with these usurers.[123] When it comes to the identity of these pawnbrokers, it is safe to state that the owners of

[119] Wood, *Medieval Economic Thought*, 167–168; Homer and Sylla, *A History of Interest Rates*, 70–71.
[120] Homer and Sylla, *A History of Interest Rates*, 70.
[121] Wood, *Medieval Economic Thought*, 168–170.
[122] Wood, *Medieval Economic Thought*, 168.
[123] Le Goff, *Your Money*, 49–50.

pawnshops were dominantly Jews due to their exemption from the Church's jurisdiction and their religious license to lend money at interest to strangers as declared in Deuteronomy 23. 19–20. Lombards had begun competing with Jews in keeping pawnshops especially after the 10th century. In the following centuries, public pawnshops providing loans at lower interest rates established by Italian city-states and states in Low Countries, and entrepreneurs from these states substituted Jewish usurers, who were expelled from England and France in the 13th and 14th centuries.[124] Nevertheless, Jewish moneylenders enabled investors to keep or improve their business as well as easing the daily life of people who were in need of credit. Thus, they helped to develop the economy in places they were active through providing cash to the market. Italian city states indeed greatly profited from taxes that they levied on Jewish interest, whose ceiling rates they intentionally increased to receive more taxes.[125]

It is difficult to make a generalization about interest rates in medieval Europe. The rates that pawnbrokers charged were quite inconsistent from region to region and from century to century. On the other hand, there are some certainties for certain times. In the 13th century, pawnshops were legally allowed to charge interest at around 10–20 per cent annually, while it was around 45 per cent in England, 170 in Germany, and 300 in Provence. At the beginning of the14th century, the legal limit was around 21 per cent in France, and it was 10 per cent in Lombardy at the end of the century. However, the maximum legal rate climbed up until 173 per cent in France, before it decreased to more acceptable numbers.[126]

[124] Homer and Sylla, *A History of Interest Rates*, 70–71; Wood, *Medieval Economic Thought*, 168.
[125] Botticini, "A Tale of 'Benevolent' Governments," 164–189.
[126] Homer and Sylla, *A History of Interest Rates*, 92, 97–98.

There is no reason to think that people who had small or large amounts of capital under their hands let it to remain barren even if they were not professional moneylenders. When it was possible, hoarding and accumulating more regardless of cash or kind was commonly performed by various institutions and individuals. The papal bankers advanced interest-bearing loans to the clergy, and collected the sum lent as taxes from them. High ranked ecclesiastical office holders such as bishops also engaged in moneylending in their dioceses.[127] Like ecclesiastical authorities, secular rulers from various levels were involved in moneylending at interest. However, they were mostly borrowers rather than lenders due to their immediate need of huge amounts of cash for a variety of expenses. It was a general trend that lenders demanded higher interest on loans to secular rulers since they were more vulnerable to misfortunes that might leave the debt unsatisfied. They might lose their assets and lives more easily due to constant political and military warfare. It was also more risky to lend to someone mightier than you.[128] It was a strong probability for lenders to be expelled and for their wealth to be confiscated by secular rulers if the circumstances allowed. For example, in the 14th century, English and French kings defaulted on their debts.[129] Risk and value of collateral were two key determinants of interest rates in loans to these rulers as well. In the 13th and 14th centuries, interest rates were mostly between 15 and 80 per cent in loans to European crowns.[130] Furthermore, many medieval sermons provide pieces of evidence concerning the usurious activities of not only professional moneylenders, ecclesiastical or secular rulers, and pawnbrokers, but also knights and even peasants. For

[127] Wood, *Medieval Economic Thought*, 171–173.
[128] Homer and Sylla, *A History of Interest Rates*, 92, 97.
[129] Homer and Sylla, *A History of Interest Rates*, 96, Wood, *Medieval Economic Thought*, 184–185.
[130] Homer and Sylla, *A History of Interest Rates*, 92, 97.

example, Caesarius of Heisterbach relates the story of a deceased usurious knight who bequeathed his sinful fortune to his son. The ghost of the knight left snakes and toads, which were the food in Hell, at the door of his son.[131] Caesarius also narrates the death of Gottschalk, a usurious peasant, without finding any opportunity for confession and restitution after his horrible travel to Hell.[132] The kidnapping of a usurious peasant by a ship full of demons was also depicted by Stephen of Bourbon.[133] It is surely beyond doubt that the aim of these sermons was not to tell what they literally described, but to teach people from very different social levels that they should not chase usurious or sinful gain. The emphasis of these sermons on avoiding usurious acts means that many people, not only merchants or professional moneylenders, but also knights and even peasants were involved in the business of moneylending at interest. It is clear that merchants and big bankers were active in the interregional credit market due to the scope and nature of their professions. On the other hand, considering the possibilities and limitations of any medieval peasant or knight, it may be assumed that they were mostly capable of providing cash only for their countryman on a local level.

The Byzantine Empire, as it was mentioned above, differed from Ancient Greece in its attitude towards regulating the money market, while it resembled the Roman state in enacting legislation to control lending operations. Similarly, it shared a common religious approach with Western European ecclesiastical thought, yet it deviated from Europe due to its closeness to the Roman legal tradition. The co-existence of secular and ecclesiastical laws placed the Byzantine Empire on a very special position, and, as it will

[131] Le Goff, *Your Money*, 80.
[132] In the story, Gottschalk was taken to Hell by a demon when he was still alive. After his return, he was so shaken that he died a short time later. Le Goff, *Your Money*, 60–63.
[133] Le Goff, *Your Money*, 64.

be the subject of discussion in the following pages, the empire had a unique attitude toward the practice of moneylending at interest.

CHAPTER 3

BYZANTINE MONEYLENDERS

Medieval Western Europe applied certain preconditions to distinguish interest from usury and to legitimize it. The Byzantine Empire was the only medieval state that permitted advancing loans bearing fixed interest in all cases. Moreover, the state regulated the interest rates throughout the long history of the empire. However, the Byzantine Church was against the practice of advancing interest-bearing loans from the very beginning, and the negative attitude of the Church towards interest maintained its impact on the Byzantine civil law especially from the 6th century onwards in the shape of provisions limiting maximum legal interest rates. Especially in late Byzantium, Byzantine moralists continuously condemned usury that they tackled as an element of avarice, unlike Italians who praised avaricious acts. For example, according to Poggio Bracciolini, "society would lack cities and all the amenities of urban life" without avarice.[134] In spite of this negative attitude, the Roman legal tradition prevailed over the canon law that forbade ecclesiastics from charging interest. In other words, it was legitimate to charge interest on loans for everyone except the members of the clergy. Yet, even ecclesiastical individuals and institutions did not remain loyal to this prohibition in practice, and they engaged in the business of lending money at interest. Thus, every social group who had assets under their hands eagerly sought an opportunity to advance money at interest regardless of being secular or ecclesiastical. Simultaneously, a community of professional money changers and lenders actively conducted their business. They were referred to with a variety of names in the sources

[134] Kazhdan, "The Italian and Late Byzantine City," 6–7.

such as *καταλλάκτης*, *κερματιστής*, *ἀργυροκόπος*, *ἀργυραμοιβός*, and *δανειστής*.[135] In late Byzantine Constantinople, the last one was frequently used both for professional and non-professional lenders. While the professional lenders considered lending at interest as an investment to receive a profit, the other group consisted of people who lent money mostly to their family or friends without expecting any financial gain. It is convenient to name both of these groups as creditors in general terms, and in this thesis the terms "creditor" and "moneylender" are used interchangeably. The context will provide the information necessary to distinguish professional and non-professional ones.

3.1 Justinianic Byzantine law, 6th – 10th centuries

The details concerning the identities of Byzantine creditors and their capitals are not easy to discover unless they left any documents behind. Unfortunately, the credit contracts that presumably would provide us with some information were daily objects that were torn up after the operations were completed, or they had never been written, but they were just verbal agreements. At this point, legal codes are vital sources since they offer, albeit little, evidence about the creditors and their activities. One of those legal codes, the 6th-century Code of Justinian, is especially important due to its references to the identities of these lenders. Since the 6th century, the Byzantine civil law permitted advancing interest-bearing loans for laymen in accordance with the socio-economic status of the lender.[136] However, the Church Fathers and the Byzantine Church always condemned the practice of charging interest. Fathers such as Basil the Great, John Chrysostom, Gregory of Nazianzus, and Gregory of Nyssa opposed

[135] Matschke, "The Late Byzantine," 481.
[136] Laiou, "God and Mammon," 275.

hoarding money, charging interest on loans, and usurious actions following the teachings of the Old and New Testaments as well as the ancient Greek philosophers.[137] The writings of these fathers considerably influenced the development of the economic thought of the Byzantine Church. One of the most important ecclesiastical texts demonstrating the Church's attitude toward interest was the 17th canon of the First Ecumenical Council of Nicaea in 325. Before it states the dismissal of clergymen who charged interest from the ranks of the clergy, the canon accounts:

> Since many of those who are subject to the canon, in quest of greed and dishonest gain, disregard the holy scripture that says, "he that putteth not out his money to interest," and, when they loan money, demand the hundredth of a sum, the holy and great Synod ordained that if anyone, after the proclamation of this rule, is found to receive interest, whether by underhanded transition, or pursuing the matter in any other way, or if he is found demand the whole and one half, or if he should devise anything else at all for the purpose of dishonest gain, he will be deposed from the clergy and will find himself outside the canon.[138]

It is clear that the Church related usury to avarice and shameful gain. Accordingly, anyone in pursuit of interest is considered deceitful since he may resort to other ways such as secret or illegal operations. The canon quite rigidly stated that the members of the clergy who break the rule were to be deposed. However, the canon ignored the laymen who advanced interest-bearing loans, or intentionally remained silent about them. In other words, even though it was forbidden for the clergymen, the Church never prohibited interest for laymen.[139] It is not easy to decide to what extent the Roman tradition and civil law, which authorized the interest on loans since the 5th century BCE, albeit a few short periods, cramped the Synod while taking the decision.

[137] Karayiannis and Dodd, "The Greek Christian Fathers," 181–182.
[138] Laiou, "God and Mammon," 297–298.
[139] Gofas, "The Byzantine Law of Interest," 1096.

Presumably under the Church's influence, the Code of Justinian determined maximum legal rates of interest, and it decided the limits according to the socio-economic status of the lenders. For example, the highest strata of the society, *illustris* and above, were allowed to charge interest up to 4 per cent; merchants, silversmiths and bankers, or *argyropratai*, could get up to 8 per cent; and the rest of the society could receive up to 6 per cent interest. Furthermore, there were some occasions where the risk that the transaction carried, the type of the loan and the status of the borrower determined the legal interest rates. For instance, the maximum interest rate for maritime loans and loans in kind was fixed at 12 per cent, while the maximum chargeable limit for the charitable institutions was 3 per cent annually.[140] These legal rates were more or less stable and valid in theory until the end of the Byzantine Empire.

As it can be understood from these legal rates, all members of Byzantine society put their money to use, in particular interest-bearing loans because in any preindustrial society this was one of the most common ways to multiply the investment options and to reduce the risk. As in every medieval society, land was the main source of wealth in Byzantium. Even bankers preferred to invest their wealth in the acquisition of land to prevent sudden impoverishment that frequently affected people in the banking community. On the other hand, the highest strata of Byzantine society usually turned to financial gain through moneylending at interest.[141] The members of the highest strata were authorized to charge the lowest legal interest rate because Byzantine society had a negative attitude toward interest, and it was thought that the "best" part of the society should have been the least affected from the "menace" of usury.

[140] Laiou, "God and Mammon," 275; Gofas, "The Byzantine Law of Interest," 1096–1098.
[141] Hendy, *Byzantine Monetary Economy c.300-1450,* 247.

When it comes to the group that was allowed to demand 8 per cent interest, it is obvious that merchants and *argyropratai*, whether silversmiths or bankers, were not clearly separated from each other. Thus, it is safe to argue that in terms of credit transactions at interest, these two parties functioned collaboratively, or at the first place, these two professions were conducted by the same person simultaneously. In either way, Constantinople, as a place with dense commercial operations and various administrative affairs, was a center for the banking community.[142] In 6th-century Constantinople, the *argyropratai* were a strong and organized group who had the power to demand various privileges from the emperor depending on their contribution to the public welfare.[143] It is understood from the novel 136, and edicts 9 and 7 of the Code of Justinian that *argyropratai* essentially functioned as private moneylenders in the financial market of the empire, and unlike the common belief, the 6th-century bankers were purely private entrepreneurs rather than a group who needed support from the state.[144] On the other hand, they were also related to public affairs since they had the right to reach the public funds, and they could collect taxes.[145]

These were extremely wealthy people who did not hesitate to step in various political or administrative affairs. For example, one of the most famous bankers of the 6th century, Julianus Argentairus, paid 26,000 *solidi* into the construction and decoration of San Vitale in Ravenna. [146] Yet, according to Michael Hendy, it is still not certain whether this amount derived from the banker's own treasure, or he just functioned as an

[142] Cosentino, "Banking in Early Byzantine Ravenna," 247.
[143] The Enactment of Justinian, the Novels 136.
[144] Cosentino, "Banking in Early Byzantine Ravenna," 247.
[145] Morrisson and Sodini, "The Sixth-Century Economy," 206.
[146] Barnish, "The Wealth of Iulianus Argentarius," 5.

agent of any other wealthy institution or state.[147] On the one hand, decorating one of the most famous buildings in the Empire probably necessitated a deep involvement in political circles, even the possibility of acting as a representative of the state was very much political in nature. Another example was one of the ministers of Justinian, Petros Barsymes, who had been an *argyroprates* before rising to the rank of *sacrarum largitionum*.[148] I assume that he utilized the financial sources and political connections that he had thanks to his profession to advance in the political career. Another way of scaling up in society for these businessmen was spending more money. The competition in the market sometimes urged bankers to spend huge amounts of money to take precautions against their colleagues. For example, the *argyroprates* Marcellus invested 3,600 *nomismata* into the assassination plot of his colleagues Isaac and Vitus.[149]

An important piece of information concerning the activities and the connections of Constantinopolitan bankers in the 6th century comes from a papyrus, P.Cair.Masp. II 67126, of 541 CE.[150] Flavius Anastasius was a Constantinopolitan *argyroprates*, a banker, who also held a minor office that he presumably purchased for 432 *solidi* attending the imperial table.[151] Moreover, he presumably functioned as imperial cashier and tax collector in addition to his private business. Anastasius was the creditor of Apollos the monk and Victor the priest, two visitors from the Egyptian village of Aphrodito. They had travelled to Constantinople probably to discuss a privilege related to their village's tax collection system, but their stay in the city was extended in an unexpected way, and they had spent all or most of their money until then. Therefore,

[147] Hendy, *Byzantine Monetary Economy*, 246.
[148] Cosentino, "Banking in Early Byzantine Ravenna," 247.
[149] Hendy, *Byzantine Monetary Economy*, 245.
[150] Keenan, "A Constantinople Loan, A.D. 541," 176.
[151] Hendy, *Byzantine Monetary Economy*, 246.

they were in need of cash and applied to Anastasius.[152] How they reached the creditor in a foreign city is not easy to know, but presumably, either they met him in a shop located in a district dedicated to *argyropratai* on the Mese, or a common contact enabled them to find the creditor in the imperial city. Then, Apollos and Victor pledged all their present and future movables and immovables to Anastasius for 20 *solidi* at the legal rate of 8 per cent interest on 7 January 541. This was a short term loan that needed to be discharged in Alexandria four months later. It is inquired by James G. Keenan "how they would have acquired in Alexandria the cash they apparently did not have in Constantinople," and he asked a valid question that did Apollos and Victor, or their village have an account in Alexandria which enabled a transaction of the sum to the agent of the Constantinopolitan creditor.[153] It is quite possible that Anastasius, in addition to banking, interested in commercial activities, and according to James G. Keenan, he might owned a warehouse in Alexandria which could be a branch of his bank in Constantinople.[154] In the Byzantine Empire, numerous merchants participated in banking business, and possibly, many bankers were interested in trading, too. Therefore, it is natural that they might have agents in various regions of the empire, yet, it is not safe to generalize that the Constantinopolitan bankers had branches in the cities other than they had dwelt. Finally as end to the story, Apollos and Victor paid their debt to Anastasius.[155]

After the 6th century, one of the most important legal codes was the *Ecloga* issued by the emperor Leo III in the Greek language and on the grounds of Christian

[152] Keenan, "A Constantinople Loan," 176–178.
[153] Keenan, "A Constantinople Loan," 177–178, 180.
[154] Keenan, "A Constantinople Loan," 181.
[155] Keenan, "A Constantinople Loan," 181.

teachings in 726.[156] The practice of charging interest for any kind of loans was not mentioned in the *Ecloga*, yet it had a single reference to the obligation of debtors to their creditors to pay their debts even thought they were attacked by a raid or they suffered a loss in a shipwreck. This was a clear implication of maritime loan contracts.[157] It is quite possible that in such a risky period when the seas were full of pirates and Arabs were threatening the Empire, merchants who covered long distances on land or sea were frequently in danger of raids. Yet, in the 8th century, as in the 6th, various professional or non-professional creditors had an aspiration to increase their capital through lending money to those who demanded it for diverse reasons, most probably at interest. Even though it is not certain, according to Demetrios Gofas, in the beginning of the 9th century, Nikephoros I prohibited advancing interest-bearing maritime loans with a provision that was declared null just after his death.[158] On the other hand, presumably because of the shortage of capital and the hazardous circumstances on commercial networks in the century, the same emperor Nikephoros I lent 12 pounds of gold at an interest rate of 16.66 per cent to the most prominent *naukleroi* (shipping firms) of Constantinople, which was higher than the maximum legal limit that had been determined in the Code of Justinian.[159] Thus, even though the provisions of Justinian enforcing that the interest rates should be determined in accordance with the socio-economic status of the lender were officially binding, probably, it was seldom the case in the following centuries. At the end of the 9th century, the *Eisagoge*, or *Epanagoge*, issued by Basil I, the founder of the Macedonian dynasty, included a provision

[156] https://www.britannica.com/topic/Ecloga
[157] Gofas, "The Byzantine Law of Interest," 1099.
[158] Gofas, "The Byzantine Law of Interest," 1099–1100.
[159] Laiou, "Exchange and Trade," 711.

prohibiting everyone to receive interest, yet orphans and minors were excluded from the ban.[160]

3.2 The 10th century

For the 10th century, the most important sources to identify the Byzantine creditors and their activities were legal codes such as the *Basilika* and the *Procheiros Nomos* issued by Leo VI the Wise as well as the *Book of the Eparch*, which was compiled under the same emperor's authority in the beginning of the 10th century. According to his Novel 83, the economic difficulties of the century, as well as "the weakness of human nature," compelled the emperor to invalidate the ban on interest, and to approve the necessity and the lawfulness of interest. Thus, the legal interest rate was set up to 4 per cent per annum.[161] It was a period when the control of the state over economy contradicted with free market mechanism, and the state made serious concessions to private individuals.[162] Therefore, it is safe to assume that creditors such as bankers and merchants might demand the nullification of the ban over interest, and the emperor fulfilled their request. However, in 907, interest was defined as "unworthy of a Christian state," and it was prohibited once again for everyone by the *Procheiros Nomos*, issued by the very same emperor. This ban over interest, too, did not remain long, and the emperor Romanos I recognized "lawful interest" by a novel about the right of *protimesis*.[163] Romanos I had also paid off all the debts of Constantinopolitans, and burned debt acknowledgments in a

[160] Gofas, "The Byzantine Law of Interest," 1100.
[161] Gofas, "The Byzantine Law of Interest," 1100.
[162] Laiou and Morrisson, *The Byzantine Economy*, , 89: The Emperor Leo VI, the same one who redacted the regulatory Book of the Prefect, also issued a Novel permitting the sale of small pieces of higest-quality purple silk to private individuals, thus lifting the prohibition."
[163] Gofas, "The Byzantine Law of Interest," 1101.

great celebration. In fact, it was a tradition that the emperors clear the debts of debtors by purchasing δημάδια, promissory notes.[164]

It was not only the interest rates that concerned the Byzantine authorities, but they also aimed to defend the rights of the creditors to protect them against defaulters, and to prevent the loss of their capitals in fraud credit operations. Since the Code of Justinian, numerous Byzantine law books included many provisions concerning the rules of loans and moneylending, and some of the most important of these codes, such as the *Basilika* and the *Procheiros Nomos*, were composed either at the end of the 9th century or in the 10th century. They are important sources not only because they influenced subsequent legal compilations, but also the legal rights of creditors that were mentioned in them may provide us with some evidence on the status of the Byzantine creditors in the Byzantine law. Moreover, these law books incorporated valuable information on the specifics of the business of moneylending. First of all, the debtor had to restore the same quantity and quality to the creditor, and unless the debtor did not pay off the loan, the creditor legally had the right to bring the case to the court.[165] As I am going to analyze in the following pages, there are lots of cases that had been brought before the patriarchal court by the creditors against defaulters in 14th-century Constantinople. Furthermore, if the debtor attempted to liquidate the pledged properties to defraud the creditor, the sale could be cancelled by the request of the creditor.[166] The debtor also could not blame any shipwreck, enemy invasion, or any other cause to justify the arrears, and if there were some other evidences to prove the loan, the loss of the contract would not free the debtor

[164] Dagron, "The Urban Economy," 438.
[165] Maridaki-Karatza, "Legal Aspects," 1108.
[166] Maniatis, "The Centrality of the Contract," 689–690.

from the liability to the creditor.[167] Another interesting point was the fact that the creditor who had the larger claim was to be satisfied before the other creditors. The extent of this claim is difficult to know exactly, yet I can speculate that it might be affected by the scope of harm experienced by the creditor or his good intentions. Furthermore, creditors could demand nothing but the legal interest rate if the interest rate on the loan was not indicated, or in situations where it is not obvious whether the principal or just interest had been paid.[168] Consequently, it is clear that the Byzantine law concerned with the institution of credit transactions and the practice of charging interest, and that even though "there were no properly organized credit or financial agencies that provided systematic, rather than circumstantial, financing for commercial or productive activities,"[169] these creditors were mostly professional entrepreneurs who had a strong legal position in Byzantine society.

Another important piece of information concerning the identities and the activities of creditors comes from the *Book of the Eparch*, which was compiled to administer the provision, the industry, and the market of Constantinople and to regulate Constantinopolitan guilds, in the beginning of the 10th century. Even though any particular professional group, mandatory guild, or private association had not seized the moneylending market legally or practically in Constantinople, two certain guilds of the *Book of the Eparch* primarily dominated the sector of banking and the related financial services: the *argyropratai* (*arguropratai, argurokopoi, xrusomooi*) and the *trapezitai* (*trapezitai, katallaktai, kollubistai*).

[167] Maniatis, "The Centrality of the Contract," 691.
[168] Maniatis, "The Centrality of the Contract," 691.
[169] Maridaki-Karatza, "Legal Aspects," 1105.

In the 10th century, the *Book of the Eparch* defined the guild of *argyropratai* as a group predominantly concerned with the manufacture and business of the gold and silver objects, pearls and precious stones.[170] Thus, they were essentially goldsmiths and silversmiths in the 10th century. On the market days, the *argyropratai* kept ready the sums of gold *nomismata* and silver *miliaresia*[171] on their counters in order to engage in the trade of the objects not only as vendors but also as vendee.[172] In other words, in addition to manufacturing, they were also engaged in merchandising of these precious items. Furthermore, they evaluated the values of the precious objects when they were requested for business or as a result of contradictory situations.[173] They were competent practitioners of their business so much that they could be employed as inspectors in disagreements. They had to conduct all of their activities under very strict prohibitions and the supervision of the eparch. For example, it is forbidden for goldsmiths and smelters[174] to purchase more than a pound/litre (324 g) of gold or silver at one time.[175] Moreover, it is not allowed them to conduct their business at home but only in the workshops on the Mese.[176] There were very harsh punishments against who committed fraud with bullions.[177] Furthermore, as a nature of the valuable items, they were under the threat of theft and exportation. Therefore, the rules for establishing a new workshop were organized essentially to preserve the profession.[178] In addition, the eparch extended his control over the handling of these items. He had to be informed about the situations

[170] EB, 2.1.
[171] Gold and silver coins.
[172] EB, 2.3; Kazhdan, *The Oxford Dictionary*, 165.
[173] EB, 2.2, 12.; Dagron, "The Urban Economy," 435.
[174] Dagron said it is difficult to identify them as two different guilds or synonyms.
[175] EB, 2.8,9.
[176] EB, 2.11.
[177] EB, 2.5.
[178] EB, 2.10.

when women or foreigners delivered objects for sale in order to prevent any attempt to export them.[179] He was also to be notified about the origin and the destination of the suspected objects and jewels, and to be informed the transactions of sacred objects.[180] In brief, according to the *Book of the Eparch*, the guild of the *argyropratai* both engaged in manufacturing, appraisal, and trade of valuable items under the strict control of the eparch in the 10th century, yet the *Book of the Eparch* did not specifically ascribe moneylending activities to this guild.

In a similar way, the *Book of the Eparch* regulated the entire operations of the *trapezitai* as a guild in the 10th century. The *trapezitai* were primarily money changers or can be considered as bankers in the late Roman and Byzantine Empires. They were also named as *καταλλάκτης*, *χρυσοκαταλλάκτης*, *κερματιστής*, *κολλυβιστής*, *ζυγοστάτης* in addition to *τραπεζίτης*.[181] According to the *Book of the Eparch*, honesty and loyalty to the central authority was a prerequisite for membership in the guild of the *trapezitai*. The one who was going to join the profession was to be primarily trustworthy, and experienced men should testify his honesty. He also had to avoid engaging in any fraud actions such as clipping down or counterfeiting gold *nomismata* and silver *miliaresia*. Moreover, the money changers had to inform the eparch about the trade of illicit coins, and about the *sakkoularioi*, who were illegal money changers operating in the open spaces and streets.[182] The money changers had to assess the currency correctly, especially the silver coins which were worth 24 *folleis*, if they were flawless and had to

[179] EB, 2.4,6.; Dagron, "The Urban Economy," 436.
[180] EB, 2.7., Dagron, "The Urban Economy," 436.
[181] Dagron, "The Urban Economy," 433.
[182] EB, 3.1.2.5.

have the portrait of the emperor.[183] Furthermore, the money changers were allowed to have at most two assistants, and it was strictly forbidden for them to send these assistants to public spaces and streets to conduct any exchange business which might bear profit for them.[184] Thus, the state had an intention to restrict their presumably on-going way of gaining profit through these transactions. Even though the money changers in the *Book of the Eparch* did not engage in any moneylending activities, there is some evidence that they functioned far beyond this description and assumed more varied jobs in the money market.

According to Dagron, a variety of Byzantine legal and literary sources described the *trapezitai* as people "working at their tables with a coin scale and accounting registers, and performing their money-changing and assaying activities."[185] The money changers probably conducted their operations especially in the Forum of Constantine, where Kilidj Arslan II could not cross without being disturbed by hammering noises of money changers in 1162.[186] The guild of the *trapezitai*, which was highly visible and very prominent in the urban life, was not very popular in Byzantine society.[187] Despite the fact that they did not have a high social status when compared to the Byzantine aristocracy, they were capable of purchasing positions of public services which enabled them to bear "social status, legal privileges, and annual salary."[188] Moreover, they were generally related with wealthy families,[189] or, as Dagron claims, they were portrayed as

[183] EB, 3.3.
[184] EB, 3.4.6.
[185] Hendy, *Byzantine Monetary Economy*, 243.
[186] Hendy, *Byzantine Monetary Economy*, 248, Dagron, "The Urban Economy," 433.
[187] Hendy, *Byzantine Monetary Economy*, 243.
[188] Hendy, *Byzantine Monetary Economy*, 242.
[189] Kazhdan, *The Oxford Dictionary*, 250.

people who attracted the envy of rulers with their wealth.[190] On the contrary, Hendy argues that, even though they accumulated significant wealth, neither the *argyropratai* nor the *trapezitai* seemed to have very astronomical possessions. Although there were some exceptional cases, even the wealth of these exceptions was exceeded by aristocratic houses.[191] Additionally, in the 6th century, it was possible to encounter "Jews, Samaritans and heretics" among these money changers. Since they conducted their operations with currencies and through the circulation of money, they can also be considered as public figures. In an urban economy in which there were different types of currencies, and where there were great differences among the gold *nomisma*, the silver *miliaresion*, and the copper *follis*, the importance of the money changers' position in daily life was obvious and undeniable.[192] Moreover, the *trapezitai* were often a source of fear that they would cause shortages in coins by taking part in "currency speculation based on denominational equivalencies."[193] Therefore, they were under the strict supervision of the authorities. There are more evidences and definitions regarding the operations of the *argyropratai* and the *trapezitai* beyond what were written in the *Book of the Eparch*. These sources provide further information concerning their participation in the business of moneylending.

Dagron states that the *argyropratai* were depicted as "specialists in credit activities, well organized as a guild, considered to hold a public function, with accounting books that can attests to their good faith" in the Byzantine legal and literary

[190] Dagron, "The Urban Economy," 433; Hendy, *Byzantine Monetary Economy*, 248.
[191] Hendy, *Byzantine Monetary Economy*, 244–245.
[192] Dagron, "The Urban Economy," 433.
[193] Dagron, "The Urban Economy," 433.

texts.[194] They had a considerable economic power and consequently an influence over the state as a result of the amount of their assets at their hands.[195] They, presumably, gained an important part of their possessions through their financial operations. Moreover, the *argyropratai* occupied a high status among the professions, yet not high enough to be considered as the top group in the capital.[196] Comparing the *argyropratai* with the others, they were hierarchically and socially above the *trapezitai*, artisans, and merchants,[197] "but close to them by virtue of their trade and confused with them by the subtle play of synonyms."[198] However, their activities more and more came to resemble the operations of the *trapezitai* throughout the centuries, and finally the term *argyropratai* nearly expired at the end of the 10th century.[199] On the other hand, the terms *trapezitai* and *katallaktai* continued to be used in the 14th and 15th centuries in the Byzantine sources.

The terms *argyropratai* and *trapezitai* were employed interchangeably by legal and literary texts before, during, and after the 10th century. According to Dagron, since the 7th century, the two professions were complementary, and all wealthy and powerful money speculators were labeled as *trapezitai*.[200] However, only the *Book of the Eparch* focused on and confirmed the division between these two guilds.[201] Despite the fact that the *Book of the Eparch* described them essentially as two separate guilds whose activities and responsibilities were totally different, there was, in fact, not an obvious

[194] Dagron, "The Urban Economy," 437.
[195] Kazhdan, *Oxford Dictionary*, 165.
[196] Hendy, *Byzantine Monetary Economy*, 244.
[197] Hendy, *Byzantine Monetary Economy*, 244: Their place in the *Book of the Eparch* shows the hierarchy between them.
[198] Dagron, "The Urban Economy," 437-438; Laiou and Morrisson, T*he Byzantine Economy*, 72.
[199] Kazhdan, *Oxford Dictionary*, 165.
[200] Dagron, "The Urban Economy," 434–435.
[201] Maniatis, "The Guild-Organized Banking," 381–382; Hexabiblos, 3.4.8.

difference between these two guilds in terms of their operations in the banking business.[202] The reason for the description of the *argyropratai* only as goldsmiths, and not as moneylenders, in the *Book of the Eparch* is due to the initial purpose of composing the book. The eparch was responsible for the essential activities related to the maintenance of the state control, finance, commerce, and industry in the capital and its vicinity. The jurisdiction of the eparch included the operations concerning not only the production and trade of the valuable objects and materials, but also products and services for daily life.[203] Thus, it will be inaccurate to draw a conclusion by only investigating the *Book of the Eparch* that the *argyropratai* were only related to goldsmith business,[204] and that the activities of the *trapezitai* were only restricted to money-changing business.

It is possible to deduce from several other legal and literary sources such as imperial legislations and canonical texts that both the *argyropratai* and the *trapezitai* principally conducted moneylending operations, and they were the leading creditors until the 13th century.[205] Thus, I assume that these two guilds essentially moved beyond the activities defined by the *Book of the Eparch* and began "receiving mandated deposits, opening business and individual accounts, granting business and consumption loans, and possibly financed riskier maritime ventures"[206] and certain legal texts provided references to their involvement in credit transactions. Since the time of the emperor Justinian I, the banker community had the right to take deposits and to lend

[202] Hendy, *Byzantine Monetary Economy*, 242.
[203] Kazhdan, *Oxford Dictionary*, 705; Laiou and Morrisson, *The Byzantine Economy*, 72.
[204] Dagron, "The Urban Economy," 436.
[205] Dagron, "The Urban Economy," 437; Laiou "Exchange and Trade, 732-735; Gofas Gofas, "The Byzantine Law of Interest;" Kazhdan, *Oxford Dictionary*, 165; Laiou and Morrisson, *The Byzantine Economy*, 72.
[206] Maniatis, "The Guild-Organized Banking," 383–384; BE, 9.5; 10.4.

these capitals by charging interest up to 8 per cent per annum. In addition, many wealthy people of the city such as civil and military officers, and aristocrat who preferred to remain anonymous as well as some others from the lower strata of society such as artisans and merchants presumably entrusted their money to the *trapezitai* to gain profit with interest up to 4 or 6 per cent.[207] An important piece of information about the extent of the business conducted by these guilds comes from the 9th-century law book *Basilika*, which defined the *argyropratai* as moneylenders as in the 6th century,[208] while the *Book of the Eparch* also shows that their evaluation of valuable objects, especially the pledged ones, essentially related to loans on collateral.[209] The law book also provides some information about interest rates of the period by setting a maximum limit that "bankers, manufacturers, and merchants could charge when making loans"[210] and this limitation of the legally chargeable maximum interest rate continued to be included in the legal texts until the end of the Byzantine Empire. While the creditors were practicing banking services, the Byzantine civil law allowed them to secure the sums that they lent with a pledge. Moreover, they frequently secured payment against defaulters by guarantee of a third party.[211] Another important group of sources that provide information about the extent of the business conducted by the *argyropratai* and the *trapezitai* include chronicles and hagiographical texts of the time. According to Dagron, many of these texts and chronicles narrated the *argyropratai* as very wealthy people whose activities included lending money at interest.[212] In brief, these legal and literary sources indicate that since the 6th century both the *argyropratai* and the *trapezitai* were interested in

[207] Maniatis, "The Guild-Organized Banking," 385.
[208] Kazhdan, *Oxford Dictionary*, 165; Laiou and Morrisson, *The Byzantine Economy*, 72.
[209] Dagron, "The Urban Economy," 437.
[210] Maniatis, "The Guild-Organized Banking," 384.
[211] Maniatis, "The Guild-Organized Banking," 384–385; Hexabiblos, 3.6.1.
[212] Dagron, "The Urban Economy," 436.

lending money at interest as a parallel activity, and they were primarily considered as moneylenders until the disappearance of the guild system in the sources after the 12th century.

3.3 The period between the 11th and 13th centuries

For the period between 11th and 13th centuries, some information concerning the maximum legal interest rates comes from the *Peira*, a legal book that was consisted of various works of a senior judge at the Byzantine imperial court Eustathios Rhomaios. Even though it was argued by some Byzantinists that the *Peira* represented both the end and the beginning of a new era in the Byzantine legal thinking,[213] it was also the continuation of the long Byzantine legal tradition to some extent. The legal interest rates that were mentioned in the *Peira* were only the repetition of the Code of Justinian, with two exceptions. Firstly, the *Peira* omitted the maritime loans at 12 per cent interest, and secondly, it stated that "excessive interest," which was 25 per cent per annum, was to be deducted from the principal.[214] According to Angeliki Laiou, there was a pressure on available capital which could be observed in the devaluation of the coinage, and which could be compared to the rise in interest rates throughout the 11th and 12th centuries.[215] When it came to the 12th century, the average interest rate was 8.33 per cent, and the real maximum interest rate reached 16.66 per cent in Constantinople which was determined in accordance with the availability of money as well as the risk and the duration of the loan rather than the socio-economic background of the lender.[216] Laiou argued that there

[213] Magdalino, "Justice and Finance," 102, 105.
[214] Laiou, "God and Mammon," 279, n. 48.
[215] Laiou, "Exchange and Trade," 757.
[216] Laiou, "God and Mammon," 279–281.

was a need of investment in trade, and the increase in the interest rates encouraged the great landowners to canalize their capital into commerce as interest-bearing loans.[217]

Unfortunately, for the period before the 14th century, we encountered a scarcity of exemplary cases involving interest rates on the market, the identities of creditors, and their financial operations, yet there is still some information about the general economic structure of the time. The period from the 11th to the early 13th century coincided with an economic growth in which especially merchants and producers increased their wealth,[218] commercial operations intensified,[219] and Constantinople maintained its role as a central trading post in the Mediterranean.[220] In these circumstances, loans for investment that brought profit, as well as consumer credit, were common phenomena that forced the Byzantine canonists to tackle several financial issues. In the 12th century, three of the most important canonists, Theodore Balsamon, John Zonaras, and Alexios Aristenos, made discussions on interest. They recognized the validity of the civil law permitting interest-bearing loans for laymen, but not for clergymen. In other words, the canonists of the 12th century condemned interest only when it was demanded by ecclesiastics.[221] The only exception was that the clergymen might receive interest if that was accumulated in the process of receiving donated properties.[222] These canonists also examined the meanings of several terms such as *tokos, ekatosth*, and *hmiolia*, and Balsamon underlined the issue of calculating interest rates on the basis of the pound of gold.[223] Moreover, they tackled the problem of proper and improper gain, and in particular

[217] Laiou, "Exchange and Trade," 757–758.
[218] Laiou and Morrisson, *The Byzantine Economy*, 164–165.
[219] Laiou, "Exchange and Trade," 736–756.
[220] Hendy, "Byzantium," 39–40.
[221] Laiou, "The Church, Economic Thought," 454.
[222] Laiou, "God and Mammon," 267–269.
[223] Laiou, "God and Mammon," 276–279.

Zonaras differentiated ventures including interest (*daneion*) from sharing expected profit (*koinonia*) in a financial initiative.[224] According to these canonists, in particular Zonaras and Balsamon, risk-sharing in a financial venture was a key element to distinguish an honest gain from a deceitful one. In loans bearing interest, the risk was always undertaken by only debtors, yet creditors "postured as partners" without sharing the risk.[225]

When the arguments of the 12th-century Byzantine canonists are considered, it is clear that they did not think about some theoretical issues, but they reacted to current practices and problems of their time. It was a highly monetized economy where the Church and monasteries invested their capital in the business of lending money at interest.[226] For example, according to the letter of the Patriarch Alexios Studites to the bishop of Thessalonike in January 1027, the monastery of the Holy Apostles borrowed a sum of money on the condition that the monastery would pay the principal entirely, and the Church would be illuminated with the money that would come as the interest on the loan. Angeliki Laiou speculated that the Church advanced the interest-bearing loan.[227] Another example comes from the 12th century when some clerics intended to take part in the money-changing business, and the Patriarch Mark of Alexandria asked the synod of Constantinople whether the clergy were allowed to become money changers and to lend money at interest.[228] Thus, it is safe to assume that in Byzantine society moneylending was considered as an essential function of the money changers, and ecclesiastics were eager to take part in the profession. Moreover, many clerics established "fictitious

[224] Laiou, "God and Mammon," 272.
[225] Laiou, "God and Mammon," 272–273.
[226] Laiou, "God and Mammon," 277, 280, n.51, 290–291.
[227] Laiou, "God and Mammon," 278, n. 47; Darrouzès, *Les Regestes*, no. 832.
[228] Dagron, "The Urban Economy," 434–435.

partnerships" in which they disguised interest as their share in the profit without sharing the risk.[229] Even though the Church and monasteries engaged in credit transactions, Michael Hendy argues that the wealth of the clerics essentially derived from land, and advancing interest-bearing loans was just a subsequent venture for them, like for the upper classes.[230]

During the period between the 11th and 13th centuries, the banking community consisted of a very prosperous and powerful body which was able to get involved in politics, to purchase official titles, and to defend their members against other social groups. A convincing proof concerning the solidarity and the might of these creditors comes from Niketas Choniates. A certain money changer (*kollibistis)*, Kalomodios, was a very wealthy man who engaged in commercial activities and moneylending operations. He was presumably a creditor of several *archontes* who considered Kalomodios as worthy of robbing; therefore, they set a trap for stealing his fortune, yet he was saved by an intervention of his guildsmen in the late 12th century.[231] For example, the emperor Michael IV had been a money changer (*kollybistes*) in the 11th century, and another money changer could invest sufficient money to hold the title of *sebastos*.[232]

3.4 The Palaiologan period

For the identities and the operations of the creditors in the Palaiologan period, in addition to the legal codifications compiled in the 14th century, we have also some important treatises concerning usury. Furthermore, the most important source from the

[229] Laiou, "Exchange and Trade," 757.
[230] Hendy, *Byzantine Monetary Economy*, 247.
[231] Maniatis, "The Guild-Organized Banking," 385; Dagron, "The Urban Economy," 438; Hendy, *Byzantine Monetary Economy*, 245.
[232] Hendy, *Byzantine Monetary Economy*, 243

period which gives information on the activities and credentials of Palaiologan creditors is the jurisdictional decisions of the patriarchal court in Constantinople. These decisions included various cases involving the practice of advancing loans. Thus, they provide us with more concrete information than the theoretical discussions in legal texts or the suspicious accounts in the treatises of individual writers. Moreover, as it was argued by Sidney Homer and Richard Sylla, except for the legal limits in the codes, we barely have information concerning interest rates in practice for the entire history of the Byzantine Empire.[233] In this respect, the patriarchal decisions, albeit exceptionally, provide some knowledge on interest rates in practical terms.

The *Hexabiblos* of Constantine Harmenopoulos, issued in 1345, and the *Syntagma* of Matthew Blastares, issued in 1335, were the main legal books of the Palaiologan period. They clearly repeated the provisions of the Code of Justinian and the *Basilika* regarding lending and borrowing operations, and they recited the maximum legal interest rates determined in the 6th century.[234] The *Hexabiblos* certainly forbade the compound interest,[235] and it declared that "interest stops when the interest doubled the capital."[236] Moreover, there is a *scholion* to the *Hexabiblos*, written around 1353, and it attempted to explain some contradictory provisions.[237] In the 14th century, the attitude of Byzantine society toward lending money at interest was mostly negative and these two legal books underlined this negative stance. This stance could be also seen in the fact that Harmenopoulos mentioned a law that forbade interest and wrongly attributed it to Leo VI, yet it was a provision by Basil the Great. Angeliki Laiou assumed that the

[233] Homer and Sylla, *A History of Interest Rates*, 55.
[234] Gofas, "The Byzantine Law of Interest," 1104, Hexabiblos, book 3, titles 7, and book 7.
[235] Hexabiblos, book 3, titles 7, article 4.
[236] Hexabiblos, book 3, titles 7, article 5; These are only two provisions about interest that Blastares mentions. Laiou, "Economic Concerns," 221.
[237] Laiou, "Economic Concerns," 219.

purpose of this reference was to strengthen "the negative points toward lending at interest."[238] In a similar way, the *Syntagma* of Matthew Blastares, whose purpose was "to bring together and harmonize civil and ecclesiastical law," reinforced this negative approach to moneylending at interest by including two provisions restricting interest, and by approving the priority of canon law, which condemned interest, over civil law.[239]

As financial difficulties of the 14th century widened the gap between the rich and the poor, the resulting crystallization of social hierarchies eventually made inequalities more apparent. As a 14th century Byzantine intellectual, Alexios Makrembolites discoursed on the existing social disorder, injustice, and the exploitation of the poor by the rich and determined these issues as causes of the on-going economic and social problems in the society. He denounced the greed of the rich who enjoyed various luxurious habits thanks to their inexhaustible resources, possessions in their hands such as golden goblets and extravagant foods, and wealth that had been abundantly stored in their coffers as fine gold coins.[240] This description might typify the ruling elite of the society; however, it is important to note that the "rich" of Makrembolites in fact epitomized the higher section of the middle class, whose wealth derived from the robbery of the people (ἁρπάγματα),[241] rather than representing the highest aristocracy.[242] The question of whether there were bankers and moneylenders, professional or non-professional, among this group is valid, and the answer is presumably positive. Even though Makrembolites did not provide further and detailed information concerning the

[238] Laiou, "Economic Concerns," 220.
[239] Laiou, "Economic Concerns," 220–222; Blastares also discussed sea loans and argued that if the risk is assumed by the lender, then he can demand interest more than the legal limit. According to Laiou, this is about the realities of the period.
[240] Ševčenko, "Alexios Makrembolites," 216–226.
[241] Ševčenko, "Alexios Makrembolites," 197.
[242] Ševčenko, "Alexios Makrembolites," 200.

identities of these greedy and wealthy people, it is clear from his condemnation of avarice and reproach of usurers, whom he considered as "the exploiters of the poor,"[243] that moneylenders and bankers were also included in his categorization.

An important piece of information concerning the Palaiologan moneylenders comes from the treatise entitled *Against Usurers* (*Κατὰ τοκιζόντων*) by Nicholas Kabasilas (1322–1391), who was a jurist and a clergyman. According to this treatise, there was a burning discussion on the legality of taking interest in the 14th century within Byzantine society.[244] In his treatise, moneylenders as one of the disputing parties raise arguments on behalf of their importance in Byzantine society and their good will for the poor, and they try to defend their position in six arguments against Kabasilas. They firstly attempted to redefine the nature of their profession, and to depict themselves as compassionate toward the people in need. They argued that they mercifully protected many people from the shortage of available cash by lending them,[245] and that they avoided demanding interest from the poor, but they justly charged interest to the rich.[246] Their defensive stance presumably resulted from the fact that they attached great importance to their social image, which was mostly negative. Then, they turned to legal arguments to defend themselves against Kabasilas. The assertion that the civil law permitted advancing interest-bearing loans and making profit through interest justified their actions.[247] Moreover, when Kabasilas mentioned the ban on interest in the 9th century, moneylenders claimed that the former legislators, who deserved more respect

[243] Ševčenko, "Alexios Makrembolites," 198.
[244] Matschke and Tinnefeld, *Die Gesellschaft*, 350; PG150, 728A.
[245] Matschke and Tinnefeld, *Die Gessellschaft*, 350; PG150, 733A–736.
[246] Matschke and Tinnefeld, *Die Gessellschaft*, 351; PG150, 740A-C.
[247] Matschke and Tinnefeld, *Die Gessellschaft*, 351; PG150, 740C–741B.

than the new ones, allowed the practice of charging interest on loans.[248] On the other hand, as I mentioned before, the ban on the 9th century was a very short-lived prohibition. Yet, the moneylenders of Kabasilas were well versed in the civil law, particularly in issues concerning lending and borrowing money. Another defensive strategy for the moneylender was based on the concept of the freewill of borrowers. Moneylenders argued that they did not force anyone to borrow money, but both lenders and borrowers came to an agreement on loan contracts and payment of interest.[249] I think, the most important evidence on the identities of these moneylenders comes from the part in Kabasilas' treatise where moneylenders tried to construct their claims on social and occupational grounds rather than asserting legal arguments. They defined lending money at interest as just a normal profession like others, and they argued that they would fall out of work and be ruined if the profession would be prohibited since moneylending at interest was the single job that most of them knew how to do.[250] This argument is particularly significant to indicate the existence of a professional banking community in the 14th-century Byzantine Empire. The moneylenders of Kabasilas were neither like the *argyropratai* or *trapezitai* of the previous centuries nor similar to merchants or the higher aristocracy. I assume that the source of their capital was neither the products in their shops and their merchandise in vessels, nor fertile lands. These people exclusively engaged in credit transactions and made profit from the practice of advancing interest-bearing loans. Unfortunately, they did not provide further evidence concerning this banking system, their connections or their operations. It is important to bear in mind that Kabasilas produced this treatise in order to explain his negative

[248] Matschke, *Die Gessellschaft*, 353; PG150, 741B–744B.
[249] Matschke, *Die Gessellschaft*, 353; PG150, 748A–749B.
[250] Matschke, *Die Gessellschaft*, 353; PG150, 745C–748A.

attitude against usurers and interest. Thus, even though the moneylenders' arguments in the text may be representative of their actual opinions and behaviors, their refrainment to defend themselves more vigorously was most probably fictionalized to serve Kabasilas' agenda.

In the same period when Kabasilas wrote his treatises, the Byzantine Empire lost enormous amounts of its territories both in Asia Minor and Europe, in particular after the mid-14th century. Thus, the economic power of the ruling elite, which derived from great landed properties, was conceded to the foreign invaders, especially the Serbs and the Ottomans. In other words, the Byzantine ruling elite was destitute of its most important economic base from which their economic and to some extent political power originated. Therefore, the members of the Byzantine elite, both higher and lower ranks, tended to search alternative ways to protect their wealth as well as their political and social power. As a result, they began to involve heavily in commercial and banking operations.[251] For the elite, the most common route to riches and power was trade and, despite the fact that it was forbidden for *archontes* to engage in the business of trade, they occupied a significant role in the commercial life of the Byzantine Empire in the late period.[252] Furthermore, many well-known aristocratic families such as the Goudelai, the Iagaris, and the Notarades also gravitated toward commercial operations and established profitable reciprocal relations with the Italian merchants both in the Eastern Mediterranean and Italy.[253] Among these families, there were some people who carried

[251] Laiou, "The Palaiologoi," 830.
[252] Matschke, "Commerce, Trade, Markets, and Money," 775–776; Laiou, "Exchange and Trade," 745.
[253] Necipoğlu, "Constantinopolitan Merchants," 251–263; Laiou, "The Greek Merchant," 105.

official titles and epithets as well. For instance, three members of the family of Iagaris had titles of *archon* and *oikeios* of the emperor.[254]

In addition to the well-known commercial operations of the Palaiologan upper class thanks to studies of modern Byzantine historians,[255] the Byzantine elite that lost its lands also engaged in various financial activities, in particular lending money at interest, after the mid-14th century. In the 14th and 15th centuries, the patriarchal court of Constantinople dealt with many cases concerning the commercial and financial activities of the elite, and, therefore, it is possible to track the elite creditors and their activities in the records. It can be seen from the cases that they made investments in the industrial production sector, concerned with the property market in the city, as well as lending money at interest. These records of the patriarchal court are unique documents that provided valuable information on the financial operations in Constantinople in the 14th and early 15th centuries, which was very rare to come by in other, especially literary sources. Several *archontes* and *oikeioi* as well as some members of the great families were frequently mentioned in these records for their financial businesses, including property market and credit transactions beside their commercial operations.[256]

Thomas Kalokyres was one of the most familiar moneylenders in Constantinople during the blockade of the Ottoman Sultan Bayezid I. In the jurisdictional decisions of the patriarchal court in 14th-century Constantinople, his name was mentioned with the title of *politikos archon* or *archon tes politeias*, which can be translated as civil archon or civic official. However, what the term exactly referred to is hard to claim. It was

[254] Necipoğlu, "Constantinopolitan Merchants," 255.
[255] Angeliki Laiou, Nevra Necipoğlu, and Klaus-Peter Matschke are primarily among these historians who studied commercial relations in the Palaiologan period.
[256] See the Appendix below for a comprehensive list of the creditors mentioned in the patriarchal court records of the 14th and early 15th centuries together with relevant information rgarding their credit transactions.

commonly used to designate "the representatives of the simple citizens, the *demos* (*τὸ ἔκκριτον τῆς πολιτείας*)" or to distinguish these officials from "the members of the senate (*ἄρχοντες τῆς συγκλήτου*)." Another strong possibility is that the term could denote "the non-ecclesiastic *archontes* as opposed to the church *archontes* (*ἐκκλησιαστικοί ἄρχοντες*)."[257] In one of the cases, which will be the subject of analysis below, the patriarchal court's emphasis on the term *politikos* indicates the court's intention to underline the fact that Kalokyres was not an ecclesiastical *archon,* thus using this term of civil *archon* within the limits of its third meaning given above. Moreover, Kalokyres' preference of the imperial court for his case over the patriarchal court, which was cited in the same record, strengthens my assumption that he was probably a civil *archon* instead of an ecclesiastical one. Nevertheless, it is still not explicit enough to certainly know he was not a representative of the state or a member of the senate by only looking this one example.[258] The patriarchal records, on the other hand, provided the information that he engaged in property market, industrial production, and financial businesses in the Byzantine capital at the very end of the 14th century and the beginning of the 15th century.

As it is understood from the first case, *kyr* Thomas Kalokyres lent 300 *hyperpyra* to a certain Panopoulos who pledged his house as security against the sum. According to their contract (1396–1397),[259] Panopoulos should reimburse the capital with the additional interest of 45 *hyperpyra* within a year in order to free himself from the debt and to recover his house. Kalokyres demanded the confirmation of the contract by the imperial judges (*sekretikoi kritai)* rather than the patriarchal synod, and the judges

[257] Malatras, *Social Structure and Relations*, 318–319.
[258] Kiousopoulou, *Emperor or Manager*, 92.
[259] For the date: Darrouzès, *Les Regestes*, no. 3033, 296.

approved the contract. This decision alone holds important clues about his identity. Kalokyres, as a civil *archon*, presumably wanted to employ his secular connections because he was aware that the church had a negative attitude toward moneylending at interest, and that the patriarchal court gave its decision mostly in favor of the needy in order to protect them according to custom. The fixed period expired, and Panopoulos appealed to the patriarch for a confrontation with his creditor, Kalokyres. However, Kalokyres argued that the case was an imperial one since the decision was given by the *sekreton* to whom the patriarch abandoned the case after having been warned by the imperial command. Afterwards, the imperial judges, having been appointed to the case, decided that Kalokyres was the rightful owner of the pledged house, and that Panopoulos had to pay 10 *hyperpyra* to the imperial bestiary. Considering that Kalokyres did not object to the decision, presumably, the value of the house, which Panopoulos pledged for 300 *hyperpyra* and accepted to pay 45 *hyperpyra* interest, either was equal to or exceeded the total sum of 345 *hyperpyra*. The lack of further information makes it impossible to estimate the exact value of the house. On the other hand, it is important to emphasize that Kalokyres charged at least 15 per cent interest, which exceeded the maximum interest rate that he could legally receive.

I would expect that the case concluded with the decision of the imperial judges, but the patriarch gave it a last throw of the dice. He indicated that Panopoulos would have paid the interest of 45 *hyperpyra* even if he recovered his house as stated in the contract; however, in the synod, it was decided that Kalokyres should not have taken the interest according to the Gospel and the custom. Therefore, he offered Kalokyres three solutions: He would return the house to Panopoulos and take his 300 *hyperpyra* back, or the value of the house would be re-estimated and the surplus would be given to

Panopoulos. And the last option was that he would give to Panopoulos a third of what Panopoulos had paid to purchase the house in the first place, 50 *hyperpyra*, in addition to 300 *hyperpyra.* Kalokyres would be excommunicated by the patriarch if he refused all three solutions because the real intention of the patriarch was to abolish the interest. Although he resisted initially, in the end he accepted to restitute the house to Panopoulos against 300 *hyperpyra* and 9 *hyperpyra* for a roof renovation.[260] The patriarch's intervention in the case and consequent decision against the judgment of the imperial court underlines the decaying power of the secular authority at the end of the 14th century. Moreover, this case also shows that the patriarchal court heard many cases beyond its jurisdiction, including some social and financial issues that were happening in Constantinople around the time in question. In short, even though Kalokyres advanced an interest-bearing loan to a certain borrower which the civil law allowed, he could not receive it due to the intervention of the Byzantine Church.

The interest of Kalokyres in the property market, whether for accumulating property or for making profit by inconsistent prices,[261] seemed to continue at the turning point of the 15th century. He showed up once again in May 1401, in another case concerning the sale of a house which was part of the dowry of the wife of Manuel Bouzenos. The patriarch put the house for eight days of auction, but when no one made an offer, and a certain Argyropoulos withdrew its deposit, in the end, Kalokyres purchased it for a sum of 270 *hyperpyra*.[262] The operations of Kalokyres apparently extended beyond what I related thus far. According to another jurisdiction of the patriarchal court, in May 1399, he made an accusation against a certain Constantine

[260] MM, vol. II, no. 568, no. 381; Darrouzès, *Les Regestes*, nos. 3033, 3064, 3125.
[261] Necipoğlu, *Byzantium between the Ottomans and the Latins*, 152–155, 164–165.
[262] MM, vol. II, no. 646; Darrouzès, *Les Regestes*, no. 3208, 430–431.

Perdikares, with whom he was a partner of a hardware workshop in Constantinople. When the economic difficulties in the city under the Ottoman blockade caused their business to fall down, in order to keep the store open, Kalokyres lent 250 *hyperpyra* to Perdikares twice. [263] Since Kalokyres, as a partner in the business, had money contrary to the other partner, I speculate that Kalokyres was just a pseudo-partner in practice, but he was more likely the financier of the business, who had various assets under his hand. To place Thomas Kalokyres among the ranks of the Byzantine aristocracy would not be a fair fitting because of the lack of any relation with an aristocratic family, yet he was most likely an upper or upper middle class Byzantine.

Several of the familiars of the emperor engaged in the business of moneylending, and provided credit to the citizens of Constantinople, yet they experienced common difficulties at the time in collecting the loans. For example, two *oikeios*[264] of the emperor, *kyr* Nicholas Makrodoukas and *kyr* Loukas Linardos brought a suit against Stylianos Chalkeopoulos whom they advanced a loan of 300 *hyperpyra*. When Chalkeopoulos could not pay anything within the fixed period, his creditors demanded a confrontation in synod which took place on 20 December 1400. The creditors agreed on the condition that they possessed the ownership of Chalkeopoulos' properties, valued at 294 *hyperpyra*, almost equal to the debt. At the end, by the patriarchal decision, the creditors temporarily acquired the ownership of the properties in which Chalkeopoulos could not do anything without their knowledge, but continue working. The creditors had the right to sell or to pledge these buildings, but if Chalkeopoulos would repay 300 *hyperpyra* within six months, he could save them. If not, the creditors became owners of

[263] MM, vol. II, no. 536, no.562.
[264] Kazhdan, *The Oxford Dictionary*, 1515.

the buildings permanently.[265] Considering that the creditors agreed on the suggestion that the debtor could continue to work in the shop, I assume, they were interested in the compensation of the debt more than acquiring the permanent ownership of the properties, yet, they took them as assurance. In this particular example, there was no mentioning about an interest on the loan which is very interesting considering the nature of the credit operations, yet it was the case. However, there is also the possibility of a hidden interest which was not mentioned in the court neither by the creditors nor the debtor. There is no way of knowing the extent of the relationship between the creditors and the debtor and the content of their initial contract, thus the existence of a hidden interest cannot be verified as well. Another piece of information concerning the operations of *kyr* Nicholas Makrodoukas comes from another court case. In November 1399, Nicholas Makrodoukas, as the son-in-law of the deceased Leo Modas, who was the founder of the Church of the Saint Theodores, lent 20 *hyperpyra* for the restoration of the church to Astras, who was also an heir to Leo, but neglected his obligation to maintain the church. Thus, the patriarch transferred the rights of Astras to Makrodoukas, who became the owner of the rights of the founder in their entirety.[266] Even though this lending operation of Makrodoukas most probably did not bear an expectation of making profit through interest, i.e. it was not a professional financial venture; he gained the full rights of maintaining the church. This decision demonstrates that moneylenders from the higher strata of Byzantine society such as Makrodoukas were wealthy enough to assume the responsibility of maintaining a church in a period of economic decadence.

[265] MM, Vol. II, no. 528.
[266] MM, Vol. II, no. 533; Darrouzès, *Les Regestes*, no. 3082.

Some of the Constantinopolitan creditors applied to certain extreme measures to take back the money they lent. Those elite moneylenders even attempted to compensate their capital by harassing the wives of the deceased debtors which was not very surprising considering the harsh economic conditions of the period. For example, in 1324, Disypatos, the *oikeios* of Andronikos II, advanced a loan of 325 *hyperpyra* to Theodore Marmaras who pledged his properties as security for his debt. Disypatos was among Theodore's creditors who demanded usurious interest from his wife Maria after he died without discharging his debts. According to the patriarchal decision, these creditors had to be satisfied by the remainders of the inherited properties of Marmaras after the dowry was compensated, and they were forbidden to receive the interest on these loans.[267]Unfortunately, since the document was not recorded the exact rate, there is no way of knowing the amount of interest demanded from Theodore or his wife Maria. Another moneylender operating in Constantinople at the turning point of the 15th century was Jacop Sgouropoulos. Although his name was not mentioned in any other case about moneylending, it is known that he was one of those who were the members of the leading group of moneylenders and exploited the economic difficulties of the city in their own favors.[268] He was a defendant against a widow in a court case dated February 1400. Sgouropoulos argued that the money of Maria's husband, a different Maria, was spent for the purchasing of a garden, which was among Maria's properties at that time, yet was actually the only remaining property of the husband. Therefore, he claimed her husband's debt to be paid from the wife's property.[269] All these relentless demands of the creditors underline the effects of economic difficulties of the period on the actions of

[267] MM, vol. I, no. 57/2; Darrouzès, *Les Regestes,* no. 2111.
[268] Necipoğlu, "Economic Conditions," 166-167.
[269] MM, vol. II, no. 547.

those lenders who were compelled to have an eye on the dowries of women whose husbands were deep in debt.

As I already mentioned, during the Palaiologan period, many great aristocratic families took part in commercial operations and maintained their prosperity pretty well in an era when the empire was experiencing land loss. Moreover, the members of such families diversified their methods of investment which included banking. It is important to note that these people mostly held official titles despite of their absence in the records and their identities are not unknown to the historians. These people, who shared "identical social backgrounds", were the members of leading families who conducted various economic activities such as trading food and grain, engaging in property market as well as moneylending.[270] An example comes from a case dated April 1400 when a certain Sophianos appeared in the patriarchal court. It was about the inheritance of deceased Koumouses, whose wife and two sons disputed over the inherited properties valued at seven thousand and three hundred *hyperpyra*. The owner of these properties Koumouses borrowed 100 *hyperpyra* from Sophianos, who would be compensated with a share of the inheritance after the dowry of the wife secured.[271]Another piece of evidence concerning the involvement of famous aristocratic merchant families in business of lending money comes from a patriarchal document dated June 15, 1400. George Goudeles, the father of well-known businessman John Goudeles, lent 20 *hyperpyra* to Aramonites, when his wife voluntarily renounced her legal rights on her dowry on behalf of Goudeles.[272] This demand of George Goudeles not only demonstrates that he clearly engaged in credit transactions and lent money, but also

[270] Necipoğlu, "Economic Conditions," 157-167.
[271] MM, vol. II, no.566; Darrouzès, *Les Regestes*, no. 3123, 369.
[272] MM, vol. II, no.581.

shows that he needed a guarantee even for this relatively small sum, possibly, because he was influenced by the common atmosphere of insecurity that resulted from financial difficulties in the capital.

Another piece of evidence concerning the involvement of the *oikeioi* in the business of moneylending comes from a court case dated January 1402. John Krites, the *oikeios* of John VII, advanced a loan of 66 *hyperpyra* to the brother of John Magistros against some pledges. Since the brother was out of the city and could not return because of the Ottoman blockade, Magistros claimed that those pledges actually belonged to him, and he would like to pay the borrowed sum and release them from Krites. Then, Krites went to the patriarch to confer and have a decision. The patriarch informed him that the pledged properties should return to the one who initially gave them. Yet, if Krites would release the pledges to Magistros, he ran the risk of paying the surplus of 14 *hyperpyra* to the brother since the value of the pledged properties was estimated at 80 *hyperpyra*. If the brother would oppose the decision of releasing those properties to Magistros, and could prove that they belong to him, Krites would have to pay the surplus to him. Yet, the patriarch informed Krites that if that happens, he can claim 14 *hyperpyra* from Magistros, and Krites agreed to these terms.[273] As an *oikeios*, the connection of Krites with the imperial palace was so intense that he was the guarantor of the monk Proximos against his wife, in another court case dated January 1401, in which the emperor John VII was personally interested.[274]

Among the members of the upper class who took part in credit transactions in Palaiologan Constantinople, there was an elderly woman who participated in business

[273] Darrouzès, *Les Regestes*, no. 3251.
[274] Darrouzès, *Les Regestes*, no. 3183; MM, vol. II, no. 622, pp. 458–460.

not necessarily as a professional moneylender, but as a non-professional creditor. According to the court case dated October 1400, Theodora Archontissa filed a complaint against her son-in-law Demetrios Skoutariotes by demanding complete reimbursement. She proved to the synod that he owed 500 *hyperpyra* to her, and she claimed that he was in debt of another 230 *hyperpyra* which was registered in the inventory of the stepmother of Theodora. There was also a balance of 122 *hyperpyra* on pledges she had given him to pay a debt. Even though Skoutariotes objected to some of these numbers, he could not prove his claims in the court. Therefore, the patriarch decided that Skoutariotes was in debt of 805 *hyperpyra* to his stepmother Theodora. He should pay the sum of 605 hyperpyra to Theodora, and the rest to her sister-in-law, Maria Melidonia.[275] Most probably, the motivation of Archontissa when she was lending money to her son-in-law was not to make profit from the loans, but to help a member from her household as a personal favor. These kinds of personal credit relations were frequently mentioned in the patriarchal records and most likely many more were solved without the decision of the patriarch. Even though the nature of this case clearly indicates that Theodora Archontissa was not a professional moneylender, her case was worth mentioning since she definitely took part in certain credit transactions. Moreover, this specific document helps us to expand our knowledge about the Byzantine creditors in Palaiologan Constantinople and to ease their identification.

Despite the fact that the ruling elite, or the highest strata of Byzantine society, canalized a part of their capital to financial ventures since they had sufficient resources to diversify their investments, the business of lending money did not pertain only to them. The *mesoi*, or the middle class urban inhabitants, which included merchants,

[275] MM, vol. II, no. 606; Darrouzès, *Les Regestes,* no. 3166.

artisans, and bankers, were a socially distinct and powerful group with a considerable awareness of their "common economic interest."[276] They began to develop an identity different from and mostly hostile towards the upper class.[277] Among those, bankers were an especially important and influential community. For instance, in the mid-14th-century, the effort of emperor John VI Kantakouzenos for raising and collecting taxes was restrained by the bankers.[278] Another example concerning their power in financial affairs is the banker Constantine Kritopoulos, who acquired the right of minting coins.[279] Yet, this was a very exceptional case to draw a conclusion that the Byzantine finance was dominated by the banking community in the Palaiologan period.

Even though it is clear that bankers were among the ranks of the middle class, it is not easy to uncover the spectrum in which small and great moneylenders were functioning or to exactly estimate the scale of their business. There are scattered pieces of evidence concerning various credit operations of the middle class moneylenders. For example, in 1341, John VI Kantakouzenos received 100,000 *hyperpyra* with additional movable goods valued at 40,000 *hyperpyra* from Patrikiotes, who had accumulated significant wealth as a tax collector. [280] The amount subjected to transaction is enormous especially when it is compared to other cases analyzed above in which the highest amount did not exceed approximately 800 *hyperpyra.* This case, on the other hand, was not a usual one since the money was given to the emperor during a turbulent time. All in all, it was one of the bigger cases and illustrates how far the spectrum went. Moreover, even though the businesses of moneylending and money changing were traditionally

[276] Laiou, "The Palaiologoi," 821–822; Kiousopoulou, *Emperor or Manager*, 28.
[277] Kiousopoulou, *Emperor or Manager*, 30.
[278] Malatras, *Social Structure and Relations*, 91–92; Kantakouzenos, III, 40–42.
[279] Kiousopoulou, *Emperor or Manager*, 106; Nicol, *The Last Centuries of Byzantium*, 220.
[280] Morrisson, "Byzantine Money," 909–910.

urban based occupations, there were also some moneylenders and money changers who conducted their businesses outside of the city walls. For example, in 1366, John Frangopoulos and John Basilikos advanced numerous loans valued at 2,000 *hyperpyra* to grain traders in Kellia, at the mouth of the Danube.[281] Despite the lack of concrete sources, I assume that Byzantine moneylenders and their supply of loans to the money market were essential elements of the provisioning system of Byzantine cities that was conducted by various merchants in need of available cash most of the times.

In fact, the jurisdictional decisions of the patriarchal court in 14th-century Constantinople clearly show that there were many merchants, pawnbrokers, and moneylenders who shared similar and humble social backgrounds, and offered credit to the people in times of scarcity of available cash in the city. Unfortunately, the patriarchal documents are very silent or mostly superficial in terms of providing information concerning the identities of the parties and their connections. The relationship between creditors and debtors is only mentioned if they were relatives, acquaintances, or business partners. The court documents are also not very revealing about the interest rates demanded by the creditors, yet it is still possible to speculate about their intentions. In other words, some of these creditors were professional moneylenders who professed lending money as a job, and they were probably in pursuit of profit in credit transactions. The banking system in the Palaiologan period, on the other hand, was far from being primitive, and the moneylenders of the period advanced great credits to various individuals, even to the state. However, Cécile Morrisson argues that it is not possible to

[281] Kiousopoulou, *Emperor or Manager*, 29.

talk about "bank money" since these creditors were not capable of considerably influencing the money market.[282]

Lending and borrowing at interest was a common practice in commercial operations where merchants took part in different types of contracts and they occasionally advanced credits to their colleagues for various reasons. Thus, they went beyond the defined mercantile operations. An example from 1402 illustrates that these merchants also acted as creditors. Merchants Demetrios Angelos and Alexios Kapelitzes lent 80 *hyperpyra* to another merchant named Petriotes and took some of his properties as security.[283] Another example comes from August 1400 when the son of a certain Makropoulos lent 90 *hyperpyra* to John Sophianos after George Bouteliares guaranteed his debt. [284] Even though the name of the son is unknown, it is quite possible that he was a merchant since Sophianos was a member of one of the most important merchant families in the Byzantine Empire. There is also a merchant named John Makropoulos in Herakleia in 1363,[285] who might be the abovementioned son of Makropoulos who conducted business in Constantinople. However, these indications are not enough on their own to presume his occupation as a merchant. Even though most of these loans were advanced by merchants who were in the pursuit of profit, in some occasions, they might advance loans expecting no financial gain. For example, *kyr* Pachoumas and Nicholas of Papadia were essentially doing wine trade together. Pachoumas was to be given 200 measures of wine as an advance payment by Nicholas in accordance with their agreement made on the island of Prinkipos. However, Nicholas was captured by the

[282] Morrisson, "Byzantine Money," 909–910.
[283] Darrouzès, *Les Regestes*, no. 3252.
[284] MM, vol. II, no. 593; Darrouzès, *Les Regestes*, no. 3153.
[285] Erich Trapp, *Prosopographisches*, no: 94033.

Turks, and, therefore, Pachoumas willingly lent the price of half of the wine for his liberation in 1400. The patriarch decided that because of his service to the family and his good intention, Pachoumas, who renounced the immediate payment he was to receive, had the right to be reimbursed before any other creditors.[286]

An interesting piece of evidence regarding the operations and the circumstances of the pawnbrokers in the city comes from a case dated August 1400. John, son of Poures, brought a complaint against the executors of Anatolikos, to whom Poures had given a Frankish belt valued at 50 *hyperpyra* as security with an alloy ring for a debt of 24 *hyperpyra*. When John wanted to recover the belt by paying the debt after the death of Anatolikos, it appeared that the belt had been lost. Therefore, Glykys, the husband of the granddaughter of Anatolikos, was summoned to the court for explanation, and he claimed that he did not possess the pledged items; it was his stepfather Rouchas who had to make the restitution. Then, Rouchas acknowledged that he had sold the belt when he needed money to marry his daughter as Anatolikos had wished. Consequently, the patriarch decided that Rouchas had to return the belt as well as the ring if John proved he had it, and John had to pay the debt of 24 *hyperpyra* in return for the items. Rouchas received the legal deadline of four months for the restitution due to indigence. If he could not fulfill the decision, then the cost of the pledged items was to be compensated with his own property. If they were already mortgaged by previous debts, these debts would have the priority, and John was to be satisfied by the surplus.[287] Another example comes from 1401 when Michael Haplorabdes lent 120 *hyperpyra* to the civil archon Andreas Argyropoulos and Michael Lachoumaras, who were making trade in Vidin.

[286] MM, vol. II, no. 604.
[287] MM, vol. II, no, 591; Darrouzès, *Les Regestes,* no. 3151.

This loan was given against a bronze piece that belonged to Lachoumaras.[288] It is not easy to argue that Haplorabdes was a pawnbroker based on just this case alone, but he might have been a merchant who took valuable movables as security against the loans he advanced.

Among the numerous anonymous creditors in the patriarchal registers, particularly seven of them seem as professional moneylenders similar to those whom Kabasilas mentioned in his treatise against usurers. First one is Kephalas, who lent 300 *hyperpyra* to Theodore Marmaras in 1324 and held the dowry of his wife Maria as pledge. A certain Andreas Antiochites, on the other hand, held some houses and a vineyard in Pegai, which were valued at 200 hyperpyra, as a pledge against Theodore's debts. These two, in addition to the aforementioned Disypatos, attempted to receive usurious interest from Maria, the wife of the deceased Theodore. However, the patriarch did not allow them to receive interest on the loans, but to be satisfied by the remainder of the inherited properties of Theodore after the dowry was compensated.[289] Another moneylender who advanced an interest-bearing loan was Katakolon. He lent 50 *hyperpyra* at interest to Branas Gounares, whose mother pledged her house against his debt.[290] Another example comes from 1401 when Markos Synadenos lent 35 *hyperpyra* to a certain Meledones after the *didaskalos* of the Holy Apostles vouched for him.[291] It is not clear whether Synadenos demanded interest or not, but since he requested a guarantor to advance a loan, he was presumably a moneylender who attempted to secure

[288] MM, vol. II, no. 630; Darrouzès, *Les Regestes*, no. 3192.
[289] MM, vol. I, no. 57/2; Darrouzès, *Les Regestes*, no. 2111.
[290] MM, vol. II, no. 620; Darrouzès, *Les Regestes*, no. 3185.; PLP 11420.
[291] MM, vol. II, no. 619; Darrouzès, *Les Regestes*, no. 3181; Darrouzès states that the unidentified *didaskalos* "was probably related to Meledones, because he vouched for him." Moreover, in the list of the clergy of 1357 appears a priest Simon Melidones: *Les Regestes*, no. 2708. There is also a civilian archon John Melidones cited in *Les Regestes*, no. 3259.

his capital. Michael Magistros Pothos was another moneylender operating in Constantinople at the end of the 14th century. An important piece of information concerning the operations of Michael Magistros Pothos comes from a court case dated December 1401. Pothos was executer of the account of the father of Michael Mikrokephalos, who demanded from Pothos to deliver his deceased father's account and to help him to recover a necklace that was held by John Dermokaites, who was also a guardian of the account.[292] Since he was appointed to administer an account professionally, Pothos was presumably a very talented and competent person in the field of finance. Moreover, he must have been a wealthy financier who engaged in the business of lending money. According to a case dated 1399, the same Pothos advanced 75 *hyperpyra* to a certain Michael Palaiologos, son of an imperial archon, against a portion of his vineyard, yet the debtor could not repay the loan in the given time. At the end, this pledged property was sold at 94 *hyperpyra*, Palaiologos took the amount exceeding his debt, and Pothos legitimately acquired the ownership of the vineyard.[293] The last example includes George Alethinos Chyrsoberges, who was presumably a creditor in 14th-century Constantinople.[294] A certain Theodora had borrowed 55 *hyperpyra* from Chyrsoberges for the needs of her son, and her husband, Astrapyres, was imprisoned in Galata as security against his wife's debt. Then, in order to ransom

[292] MM, vol. II, no. 683; Darrouzès, *Les Regestes*, no. 3246.
[293] MM, vol. II, no. 569; Darrouzès, *Les Regestes*, nos. 3069, 3126.
[294] George Alethinos was, according to PLP, the same George in MM, vol. II, nos. 631, 635, and 395. He was of pagan origin and was a freed man. In 1400, his mistress left him half of a house with some furniture, and a share in the vineyard of Karphas with 6,000 vines in his liberation. Moreover, George was a partner in the operation of a bakery, and he lent 30 *hyperpyra* to his partner Ianoulos for this business, in 1401. Then, a certain Pepagomenos, father of Ianulos, inherited his deceased son's properties. Thus, Pepagomenos was to pay 50 hypepryra to George: 30 for the debt, 15 for the liquidation of the bakery, and 5 for the hardships that he suffered in the prison for a while because of Ianopous. George Alethinos Chrysoberges had been in the synod in June 1387. The case was about the certainty of the ordination of a monk. George was among the witnesses of the ordination.

him, she again borrowed 30 *hyperpyra* from Chyrsoberges by pledging her personal properties, in particular a tavern in Vlanga, with a promise to discharge the debt within six months, and renounced her dowry rights after having been informed about them.[295] All these examples indicate that these creditors were professional moneylenders who knew very well how to preserve and to increase their capital.

Another important piece of information concerning moneylenders and credit transactions in 14th-century Constantinople comes from a court case involving two half-brothers and a Jewish moneylender. It is an unusual case since the patriarchal documents rarely offered information about the practice of charging interest on loans. In this case, when his half-brother Manuel Katzas was in need of cash, John Katzas borrowed 45 *hyperpyra* from a certain Jew to lend the money to his half-brother. This Jewish creditor lent this amount to John for a month by charging interest. After five months had passed, Manuel was still in debt of 27 *hyperpyra* of which interest was 3 *hyperpyra* for five months.[296] The interest rate on this loan was 11.11 per cent, which was essentially not very high according to the general atmosphere of instability and scarcity of available cash.[297] The creditor in this case was considered Manuel as a notorious customer to be advanced credit and preferred to deliver the sum to John, who was presumably much more creditworthy. At the end, Manuel's mother, who had agreed that her house would be sold if the debt of her son could not be repaid within the fixed time, passed away, and the patriarch decided that John was to be satisfied through the sale of the house, which was abandoned and ruined at the time. Therefore, John received his 30 *hyperpyra*

[295] MM, vol. II, no. 558; Darrouzès, *Les Regestes*, no. 3114.
[296] MM, vol. II, no. 530; Darrouzès, *Les Regestes*, nos. 3072, 3080.
[297] If it was the interest of the principal, the interest rate would be 6.66 per cent, which was very low for the period. In fact, it was the interest that accrued because of the arrear.

including the interest out of the sale.[298] Unfortunately, like many others, it is not possible to identify who this Jewish creditor was, whether he was a member of a banking community consisting of completely Jewish people or a community which was ethnically diverse. He was most probably part of a large Jewish community which was very prominent in Palaiologan Constantinople and which had strong connections to both Genoese and Venetian states. Many of those Jewish people preferred to obtain foreign citizenship from these states in order to avoid taxation and receive judicial exemptions.[299] Thus, in this specific case, our Jewish creditor was most likely a Byzantine citizen due to the fact that his case was brought up in the patriarchal court.

As it can be seen in the case of the Katzas brothers, people applied to their families or friends for borrowing money. The loans between acquaintances generally did not bear interest since the lender did not have an intention to make profit. Moreover, lenders in such cases usually did not require securities against the debts or guarantors for debtors. Thus, even though interest might be covered in the principal that had to be repaid in some cases, according to the patriarchal registers the practice of lending and borrowing between two parties who had a relationship more than professional contracts did not bear interest or require any security. In such situations, these non-professional moneylenders offered available cash to the market, like the professional ones, but without expecting any financial gain. An example comes from a patriarchal document dated 1316 or 1317 when Spantounina, the wife of Phokas Spantounes, had loaned 100 *hyperpyra* to her mother on her own dowry. The mother died and had forgotten to state the sum in her will. Phokas provided a letter mentioning the sum to the court, but it did

[298] MM, vol. II, no. 530; Darrouzès, *Les Regestes*, nos. 3072, 3080.
[299] Jacoby, "The Jews of Constantinople," 228-232.

not state that the sum was to be reimbursed. The patriarch decided that if Phokas could prove the debt, then all inheritors had to pay 100 *hyperpyra* commonly.[300] In another example, a certain Nicholas had to borrow from his master George Ankonas and his godfather Demetrios Myropetes, but he could not repay the debt. [301] All these personal credit networks illustrate a lively financial scene where money commonly exchanged hands between family members, business partners, and acquaintances.

The patriarchal registers also provide us with an interesting case involving a monk evidently functioning as a creditor for the imperial treasury. In 1348, the monk Kompas donated 300 *hyperpyra* for the restoration of St. Sophia and appointed his son-in-law Antiochites to give the sum when the restoration would begin. The imperial treasury borrowed the sum until the reconstruction was to be put in process because of the current difficulties. The patriarch considered this loan very useful and praised the merit of Kompas since the sum contributed to the public affairs. Moreover, the patriarch declared that Kompas had the right to receive the money back when he wished.[302] Of course, Kompas was not a professional moneylender pursuing any financial gain through interest, yet a new connection between him and the imperial treasury was created through this credit transaction. Thus, I assume that, as in the credit transactions between family members, the practice of lending and borrowing constituted novel connections among the people and the institutions.

The state control on the money market and credit transactions slowly decreased after the 10th century, and by the 14th century it almost disappeared. In other words, the state control over the financial operations of moneylenders continued only in theory

[300] MM, vol. I, 36/3; Darrouzès, *Les Regestes*, no. 2076.
[301] MM, vol. II, no. 614; Darrouzès, *Les Regestes*, no. 3174.
[302] MM, vol. I, no. 125; Darrouzès, *Les Regestes*, no. 2299.

through the legal books. Therefore, it can be argued that a type of an early capitalist free market emerged in the period up to the 14th century. These circumstances made the lines separating professional creditors from non-professional creditors begin to be blurred and presumably more and more people entered into the credit network. In contrast with this increase in the non-professional credit relations, the general attitude of the Byzantine intellectuals became harsher toward interest-bearing loans and vigorous discussions about the moral, social, and religious consequences of advancing interest became very popular, especially in the 14th century.

CHAPTER 4

PALAIOLOGAN DEBTORS, CHURCH HELP TO DEBTORS, AND THE PROTECTION OF DOWRY

Byzantine society experienced the 14th century, especially the second part of it, as a period of economic decadence because of devastating civil wars and numerous invasions. Moreover, devaluation, decrease in revenues, the Italian influx into Byzantine commercial life, and the disintegration of the *pronoia* system are considered among the reasons of the economic hardships by some contemporary Byzantinists.[303] Any attempt to analyze the elements and agents behind these problems exceeds the scope of this study. Yet, it is safe to claim that it was a period of "endemic poverty" that mostly struck the poor, the destitute, the ineligible such as old or weak persons, and the prisoners of war.[304] As financial difficulties of the century widened the gap between the rich and the poor, the resulting crystallization of social hierarchies eventually made inequalities more apparent. The 14th-century Byzantine intellectual Alexios Makrembolites, as mentioned in the previous chapter, commented on the prevalent social and economic problems in Byzantine society and underlined certain issues like injustice, exploitation of the poor, and social disorder as the causes of those problems. He heavily criticized the greed of the rich who enjoyed various luxurious habits and possessions such as golden goblets and extravagant foods. He also commented disapprovingly on the fact that the poor barely satisfied their daily necessities while the rich had inexhaustible resources for their

[303] Constantelos, *Poverty, Society and Philanthropy*, 31–32.
[304] Constantelos, *Poverty, Society and Philanthropy*, 3, 13.

luxurious expenses, and they had fine gold coins abundantly stored in their coffers.[305] Under these circumstances, particularly at the end of the 14th century, people from various social levels as well as ecclesiastical and secular institutions were included into the credit system as debtors. As the 14th-century jurisdictional decisions of the patriarchal court in Constantinople illustrate, these debtors were predominantly members of the middle or upper classes, and most of them took loans just to satisfy their daily necessities. On the other hand, various valiant and entrepreneurial Byzantine artisans, despite the financial difficulties of their time, ventured to receive pre-capitalist productive loans either for establishing new businesses or for keeping their shops functioning.

In the late Byzantine Empire, the customary Church help to debtors and the protection of dowry in credit affairs were two important phenomena that are frequently encountered in the patriarchal records. When borrowers had difficulty in repaying their debts, especially debts including interest, the Byzantine Church provided customary help by offering easier payment terms or defending the debtor's liberation and securing his subsistence with his family. Moreover, Byzantine law gave priority to the protection of the properties that were registered among the dowry against the arrears and the harassment of creditors.

4.1 The identities of Palaiologan debtors and loan types: Consumption or production?

The Byzantine legal and administrative texts from the 6th century onwards were concerned with regulating interest rates as well as defining the liabilities and obligations of creditors and debtors in credit transactions. The legislators enacted various laws and

[305] Ševčenko, "Alexios Makrembolites," 216–226.

provisions to canalize the cash into the sectors of production and commerce.[306] Their main motivations were to prevent the bankruptcy and the imprisonment of the debtor, and to secure the maintenance of the debtor's family. For example, destitute debtors could not be imprisoned for their arrears.[307] Similarly, if the children of the debtors had been taken as security and compelled to service by the creditor, the latter was deprived of all of the claims on the loan. In such cases, the creditor had to pay the same amount to the children or the debtor.[308] The harshness and certainty of this order reveals the importance given by the legislators to preventing the imprisonment of the debtors and their family members. However, it seems that these provisions did not appease the fear of imprisonment of the debtors in 14th-century Constantinople. One of the cases that was brought before the patriarchal court demonstrated that a certain Nicholas fled to the Great Church and brought a case against his creditors since he was afraid of being thrown into prison due to his debts. In addition to its efforts to prevent imprisonment, the law also declared any contract in which the creditor stated in advance that unless the debtor could pay the debt, he would gain the ownership of the pledge null and void.[309] However, the lender was allowed to liquidate or purchase the collateral if the debt was not paid off on time. Moreover, if the selling price exceeded the principal, the lender needed to return the excess amount to the borrower.[310] The Byzantine legislators had also enacted provisions that prohibited the compound interest, in other words the interest could not exceed the principal, and if the debtor paid this excess quantity, it would be

[306] Maridaki-Karatza, "Legal Aspects," 1007.
[307] Basilika, 24.3.16.
[308] Hexabiblos, 3.5.65,66.
[309] Hexabiblos, 3.5.12.
[310] Maniatis, "The Centrality of the Contract," 690; Hexabiblos, 3.5.11, 13.

deducted from this principal amount.[311] It is not easy to follow whether 14th-century Constantinopolitans paid compound interest since it could be tacitly added in the contracts through different methods. Thus, it is nearly impossible to trace the signs of compound interest in these documents. Additionally, Byzantine law prohibited the creditors to recoup from ineligible people such as minors.[312] It also legislated that the debtor had the right to make a complaint about the loan contract and about anything related with repayment within two years from the contract's completion. After the termination of two years, the debtor could only speak for his defense.[313]

Apart from such regulations, unfortunately, these legal texts do not provide palpable and comprehensive information concerning the identities and activities of debtors contrary to creditors. Yet, one last provision on behalf of the debtors that I would like to mention here may offer a small piece of clue concerning their social and especially economic background. The provision in question states that a prosperous debtor could receive an extension up to four months to discharge the debt, yet poor debtors (*ὁ χρεώστης τῶν ἀπόρων*) did not have the same right.[314] One possible explanation of the need to enact this provision is to prevent a loss that might have resulted from an urgent sale of property. Yet, George Maniatis argues that the motivation not to grace this right to the poor debtor is presumably that any extension of due date would cause new conflicts and unnecessary delays in trials as well as there would be no change or any advance in the situation.[315] Maniatis' comment, although it envisions a stable Byzantine society in which all the poor are considered to be unable to

[311] Hexabiblos, 3.7.4,5.
[312] Maniatis, "The Centrality of the Contract," 691; Hexabiblos, 1.15.7.
[313] Karatza, "Legal Aspects," 1109; Hexabiblos, 2.2.4; Hexabiblos, 3.5.82.
[314] Hexabiblos, 1.4.69.
[315] Maniatis, "The Centrality of the Contract," 691.

repay their debts, is valid to a certain extent when it comes to the money transactions. However, there is no reason to think that the possibility of a conflict originating from the extension of reimbursement could not happen in contracts made by wealthier debtors. As in the "Dialogue between the Rich and Poor" by Alexios Makrembolites, I assume these debtors with or without resources did not necessarily belong to the extremely rich or destitute segments of Byzantine society. The prosperous debtors in the provision were most likely upper and middle class Byzantines who had movable or immovable possessions under their hands to secure against or to quickly liquidate for paying off their debts. On the other hand, when it comes to the poor debtors, there are two options. Either the term referred to people who owned relatively less than others or the provision was created on a theoretical basis rather than referring to actual people who had nothing. In any case, according to this provision, indebtedness can be traced across different income groups in 14th-century Byzantine society.

Even though the Byzantine aristocracy who had progressively lost their lands to foreigners, which were their primary source of wealth, actively engaged in commercial and banking activities to maintain their social and economic well-being as I mentioned in the previous chapter, a variety of once wealthy and title-holder upper class members of Byzantine society became victims of the severe economic conditions of the 14th century and were obliged either to liquidate or to pledge their movable or immovable assets for taking loans in order to satisfy their daily necessities or occasionally just to compensate their immediate cash need for their commercial operations. For example, in 1399, Michael Palaiologos, *archontopoulos*, son of an imperial archon, pledged a portion of his vineyard for a loan of 75 *hyperpyra*. When Michael could not repay his debt, the vineyard was sold at 94 *hyperpyra*, and he received the exceeding amount. Yet,

it was not the only property which Michael had in his possession. Almost three years after this case had been brought before the patriarchal synod, another case kept busy the court in November 1401. Michael Palaiologos was in great poverty, and he intended to alienate a vineyard in the Saint Romanos district in order to overcome the hunger and the destruction which could result from his debts.[316] Presumably, his circumstances worsened in the following years as the Ottoman siege of Constantinople grew longer; thus, he had to liquidate his properties. Here, it is important to note that it is not easy to evidently claim that these two Michaels were the same person since while the former case referred to him as a son of an imperial archon, the latter omitted to mention his connection to anyone carrying any official title. However, I assume that they were the same person due to the overbearing similarities.[317] Another piece of information concerning the indebtedness of the Byzantine upper class comes from a patriarchal court case dated May 1401. Manuel Bouzenos, an *oikeios*, was drifted toward poverty by an extreme famine and lost all of his movable wealth to usurers (*ἀπολέσαι καὶ τόκων παρανάλωμα*).[318] Since the document refers to his creditors as usurers, probably, Bouzenos borrowed money at interest by pledging his properties that he would not be able to save in the end. Unfortunately, it is not possible to estimate the total value of his wealth. Clearly, the lengthy Ottoman siege that had been intensified throughout the years resulted in the impoverishment of even the highest strata of Constantinopolitans and compelled them to take loans to survive.

[316] MM, vol. II, no. 678; Darrouzès, *Les Regestes,* no. 3240.
[317] Even though it is not easy to clearly claim that they were not different people, according to both cases, in addition to their names, their wives were minors and they had vineyards that they intended to liquidate to overcome economic difficulties. Moreover, Nevra Necipoğlu mentions him as "an impoverished aristocrat" and "*oikeios:"* Necipoğlu, "The Social Topography," 139.
[318] MM, vol. II, no. 646; Darrouzès, *Les Regestes,* no. 3208.

In spite of the fact that the Byzantine upper class had to contract loans for consumption or personal needs in times of economic difficulties such as the Ottoman siege of Constantinople at the end of the 14th century, some members of the great families who engaged in credit transactions sometimes fell in need of cash for other reasons. Rather than being in need of cash to satisfy their daily necessities, most presumably, they invested the sums borrowed into funding their either productive or commercial businesses. In other words, "pre-capitalist" productive loans were commonly practiced among the ranks of the upper class merchant families that gradually appeared in the 14th-century commercial operations such as the families of Goudeles, Sophianos, and Argyropoulos.[319] In August 1400, a certain Sophianos borrowed 90 *hyperpyra* from the son of Makropoulos, and George Bouteliares served as a guarantor for the debt of Sophianos.[320] I assume that this sum of 90 *hyperpyra* was borrowed by Sophianos for a business venture since it is very likely that he was the same John Sophianos, mentioned in another document, who was preparing for a business trip to Russia in May 1400.[321] It is a well-known fact that in the late Byzantine period, higher-ranking state officers, members of the aristocratic families, and the familiars of the emperors took part in commercial operations that presumably necessitated a system for credit transactions. Under such circumstances, pledging various movables for loans to satisfy immediate cash need was practiced frequently. For example, Andreas Argyropoulos, an *oikeios* and *archon tes politeias,* was a member of the family of Argyropouloi that gradually became prominent in the 14th century, and he was operating a commercial business in the Danube area. His professional operations also enabled him

[319] Malatras, *Social Structure and Relations,* 65, 126–127.
[320] MM, vol. II, no. 593; Darrouzès, *Les Regestes,* no. 3153.
[321] Darrouzès, *Les Regestes,* no. 3153.

to establish partnerships with certain merchants from both Constantinople and other localities.[322] Andreas Argyropoulos and John Mamales were partners trading fur from Wallachia valued at 587 *hyperpyra*.[323] During one of Argyropoulos' business trips in Vidin with Michael Lachoumaras, they pledged a bronze piece[324] of Lachoumaras valued at 120 *hyperpyra* to a certain Haplorabdes, who would keep it until their return, for the debt of Argyropoulos.[325] These examples demonstrate that a variety of businessmen from the higher strata of Byzantine society took productive loans to keep their professions functioning. This does not necessarily mean they lacked capital in the form of cash or in kind, rather they satisfied their immediate cash needs within a system of credit that existed in the monetized Byzantine economy from the very beginning.

Even though the upper classes to some extent appeared as debtors in cases over credit transactions that ended up in the patriarchal court, the court was essentially kept occupied by the cases concerning the indebtedness of the members of the Byzantine middle class, the *mesoi*. Palaiologan moneylenders mostly did not hesitate to advance interest-bearing loans to the *mesoi* since they might offer their professional skills to creditors against their arrears to pay off their debts or presumably had movable or immovable wealth to pledge for the loans. For example, a certain Poures had given a Frankish belt valued at 50 *hyperpyra* as security with an alloy ring for a debt of 24

[322] Malatras, *Social Structure and Relations*, 310
[323] MM, vol. II, no. 564.
[324] For more information about the nature of this bronze piece: Matschke, "Nachträge und Vorschläge zur wirtschaftsgeschichtlichen Auswertung des Patriarchatsregisters von Konstantinopel," 71–77.
[325] MM, vol. II, no. 630; Darrouzès, *Les Regestes*, no. 3192. This was recorded by a written contract. However, after a while, the heirs of Haplorabdes claimed the emperor purchased this bronze from Lachoumaras, and they demanded that Makarios, the agent of the deceased Michael Haplorabdes, should come to the synod for an explanation. For his justification, he presented a receipt from the archons of the vestiarion saying that the imperial vestiarion had a sum in pieces of silver, yet it was not specifically confirmed that it was the bronze piece pledged for the debt of Argyropoulos. Consequently, Makarios vouched for Haplorabdes, and agreed that when Lachoumaras returned and the debt of Argyropoulos was clearly established, he would pay maximum 120 *hyperpyra*. In March or April of 1401, the patriarch approved this sum under the conditions proposed.

hyperpyra to Anatolikos, a pawn broker.[326] This preference of the moneylenders for who was capable of offering security over one who had nothing to pledge had been condemned by the 14th-century Byzantine intellectuals. Gregory Palamas made a distinction between the indigent and the poor. The former could not find credit since they had no money or valuable possessions; the latter, on the other hand, could reach credit since they had assets under their hands to pledge against loans.[327] This situation confutes the arguments put forward by Nicholas Kabasilas' moneylenders who defended their profession by claiming that they provide cash to the people in need. It is clear that the only people who were capable of receiving a loan from them were the middle class. Additionally, Thomas Magistros speaks of the rich who increased their wealth by appropriating the properties of the poor.[328] I assume the poor to whom they referred were actually middle class Byzantines who were able to borrow money from moneylenders by offering their possessions as security. When it comes to the sums and the value of their possessions such as vineyards, shops or houses mentioned in the cases, it is not possible to draw a certain dividing line between the wealthy middle class and the impoverished upper class in 14th-century Byzantine society. Yet, the lack of any reference to their official titles or their relation to any famous aristocratic family in the patriarchal documents is the key point to distinguish the middle from the upper class.

Among the middle class Byzantines, there were artisans who had shops and apprentices, and merchants, albeit in a small scale, conducting a lucrative business. In a similar way with the other segments of Byzantine society, the middle class people engaged in the credit system of Constantinople in order to have access to productive or

[326] MM, vol. II, no, 591; Darrouzès, *Les Regestes,* no. 3151.
[327] Laiou, "Economic Concerns," 212.
[328] Laiou, "Economic Concerns," 212–212.

consumption loans. Unfortunately, their lending operations were rarely mentioned in the patriarchal documents, and the ones that had come to the court are from the time of the Ottoman siege at the end of the 14th century. For instance, Constantine Perdikares had a coppersmith's workshop in the capital. He created a partnership with Thomas Kalokyres who invested 500 *hyperpyra* in two installments for their business. Perdikares offered his labour to the business, yet he could not continue to work because of a sudden illness or accident. Perdikares successfully repaid the first sum of 250 *hyperpyra* and 20 *hyperpyra* as interest, yet he was not able to pay off his debt to Kalokyres totally.[329] Perdikares, most presumably, used the loan to invest into his coppersmiths business for which he purchased raw materials or furniture and workbench to produce copper products. Perdikares' initiative represents "pre-capitalist" productive loans very well, yet, unfortunately, it is a very exceptional case in the patriarchal jurisdictions. Another piece of information concerning the indebtedness of artisans comes from a case dated 1400. Stylianos Chalkeopoulos had a tavern valued at 225 *hyperpyra* and some other shops valued at 69 *hyperpyra*. However, he owed 300 *hyperpyra* to the *oikeios* Nicholas Makrodoukas and to *kyr* Loukas Linardos. Moreover, he owed another 100 *hyperpyra* to his niece for her dowry. Under the condition that he would pay his debt within six months, his properties were pledged to his creditors by the patriarchal decision.[330] It is not clear whether the loan of Chalkeopoulos was a productive loan or whether economic difficulties compelled him to borrow to satisfy his daily necessities, yet, as the former case demonstrated, Perdikares definitely invested the sum borrowed into his coppersmith shop.

[329] MM, vol. II, no. 536, no.562.
[330] MM, Vol. II, no. 528; Moreover, Christos Malatras mentions a Manuel Doukas Chalkeopoulos who was active in Pera in 1389, p. 322.

The case of a certain Koumouses,[331] who was a cloth merchant with a great fortune of 7,030 *hyperpyra* in Constantinople at the very end of the 14th century, provides further evidence for the interactions of the Byzantine middle class merchants with other merchant families for credit transactions. After his death, some merchandise valued at 700 *hyperpyra* was stolen from his shop which was possibly his main source of wealth. He also had a vineyard worth 900 *hyperpyra*. With such a fortune, the family of Koumouses presumably was in possession of a considerable wealth in comparison with some other aristocratic households of the century. Thus, it is suitable to locate them into the upper segments of the middle class.[332] Following his death, his widow and children applied to the patriarch Antony to take care of the inventory and to supervise the process of legally dividing the goods. All debts deducted, the total was distributed between the heirs by the patriarchal decision. It was revealed that Koumouses had borrowed 100 *hyperpyra* from a certain Sophianos, who would be compensated with a share of the inheritance after the dowry of the wife was secured.[333] The document did not provide any explicit reference concerning the nature of the loan, yet it is less possible for someone who had such a substantial wealth that the daily necessities forced him to borrow money, even in such economically turbulent times. It is not surprising, on the other hand, to see that great merchant families who belonged to the same web of credit had financial connections with each other.

Toward the end of the Ottoman siege, the circumstances in Constantinople were severely deteriorated. On the one hand, the real estate market was faced with a financial

[331] Malatras says that "He may well be identical to or a relative of Theodoros Koumouses who appears as a member of the senate in 1390 in a treaty with Venice," p. 320.
[332] Malatras, *Social Structure and Relations*, 320, 329.
[333] MM, vol. II, no.566; Darrouzès, *Les Regestes*, no. 3123, 369. It is clear that the family conducted some trade activities as well. The son of the deceased Koumouses, Alexios, went on a business trip, yet he made a loss of 300 *hyperpyra*.

crisis and the value of houses in Constantinople plummeted. On the other hand, the food prices, as well as the value of fields and vineyards within the city walls, significantly increased because of the impossibility of agricultural production outside.[334] It is not difficult to imagine that Byzantines who could afford it intended to purchase land inside the city walls. Under these circumstances, the patriarchal court allowed unusual practices such as spending the dowries by the husbands for purchasing land. The economic concern of the patriarchate to put all available resources in productive use is clear in such decisions.[335] A piece of evidence about borrowing money for such an investment comes from a court case dated 15 June 1400. A certain Batatzina, the wife of Aramonites, applied to the patriarch in synod demanding that her husband was to be allowed to borrow 20 *hyperpyra* from George Goudeles in order to purchase a plot of land, z*eugarion*,[336] and she promised to repay the debt within three months. Having been informed about her legal rights, she voluntarily renounced them on behalf of Goudeles, who had now the rights on her dowry, and all kinds of possessions of the husband.[337] Since the sum borrowed was relatively small, the couple might borrow it to complete the amount that they had already accumulated to buy the land. Moreover, even though it is not clear whether the land was inside the city walls, most likely it was since the circumstances during the siege were not suitable to make such an investment outside. Even though various merchants who were capable of keeping their business of supplying food to the city made great fortunes,[338] most of the time, the citizens were not able to enter the city or to leave it as they wished. These circumstances might result in different

[334] Necipoğlu, "Economic Conditions," 157–167.
[335] Necipoğlu, "Economic Conditions," 165–166.
[336] Kazhdan, *The Oxford Dictionary of Byzantium*, 2225.
[337] MM, vol. II, no.581.
[338] Necipoğlu, "Economic Conditions," 157–167.

problems in credit transactions, in particular collecting or paying the debts. One of these people was the brother of John Magistros, who owed 66 *hyperpyra* to John Krites. However, in January 1402, this brother was not in the city, and he was unable to return because of the on-going Ottoman blockage. Then, Magistros intended to release the pledged properties by paying the debt on the ground that these properties actually belonged to him.[339] The brother of Magistros might be a merchant conducting his trading beyond the city walls, and the sum he borrowed might be a productive loan. In both of the cases, the debtors were most probably upper middle class Byzantines, but unfortunately, this is not more than a speculation.

Since the trustworthiness had always been a significant qualification in credit transactions,[340] the affinity among people had been mostly a considerable determinant in practicing moneylending activities. Abundant middle class Byzantines found themselves indebted to their family members or friends as a result of the web of credit within Byzantine society which enabled the establishment of novel relationships between people who were already acquainted. When one became in need of money for any reason, it was very natural to ask the close relatives or the acquaintances for help. These connections among people possibly operated on the basis of verbal contracts instead of written ones; therefore, it was not always easy to follow their activities, especially in the patriarchal records. However, as the documents of the patriarchal court revealed, these contracts did not work well on some occasions, and both parties found themselves as plaintiffs and defendants in the trials. The jurisdictional decisions of the patriarchal court exhibited various examples of such relationships and offered an opportunity to identify

[339] Darrouzès, *Les Regestes*, no. 3251.
[340] Fontaine, *The Moral Economy*, 268–269.

the Palaiologan debtors. Yet, unfortunately, the cases mostly did not explicitly make mention of the motivation behind the borrowings: whether it was a productive loan or a loan for consumption. For example, Demetrios Skoutariotes borrowed 730 *hyperpyra* from his mother-in-law and there was also a balance of 122 *hyperpyra* on pledges she had given him to pay another debt. Yet, since the pledges were sold at a loss, after Theodora approved a discount of 47 *hyperpyra*, Skoutariotes was still left with a debt of 75 *hyperpyra* to compensate the pledges in addition to the 730 *hyperpyra*. In total, Demetrios owed 805 *hyperpyra* to his mother-in-law. He should pay the sum of 605 *hyperpyra* to Theodora, and the rest to her sister-in-law, Maria Melidonia.[341] This document, dated October 1400, did not clarify why Maria had a share in the reimbursement. Nor was it easy to guess where Demetrios spent the sum as in many other cases. Yet, since the pledged properties had been sold at a loss, I assume, Skoutariotes was in a financially weak situation, and he took the loan for consumption. Moreover, the wealth of Theodora makes it possible to consider her, and her son-in-law, as members of at least upper middle class. Another example concerning the practice of credit transactions between family members comes from a court case dated 1316 or 1317. The mother-in-law of Phokas Spantounes inherited various properties to her children, yet Spantounes objected the division of the inheritance by arguing that his mother-in-law owed 100 *hyperpyra* to his wife, but the mother had forgotten to state the sum in her will. Phokas provided a letter mentioning the sum, but it did not state that the sum was to be reimbursed. Therefore, the patriarch decided that if Phokas could prove

[341] MM, vol. II, no. 606; Darrouzès, *Les Regestes,* no. 3166.

the debt, then all inheritors had to pay 100 *hyperpyra* commonly.[342] Unfortunately, it is not possible to follow where this sum had been invested or spent.

Another example is related with the case of the half-brothers, John and Manuel Katzas. When Manuel was in need of cash to preserve his maternal house which was threatened by his debts, John borrowed 40 *hyperpyra* from a Jewish creditor to give the money to Manuel, who was in a great indigence. As I already mentioned in the first chapter, Manuel had some trouble to repay the debt. He was in debt of 27 *hyperpyra* with additional interest of 3 *hyperpyra*. Therefore, Manuel was constrained to liquidate his mother's house to compensate his debt to John. After John got his 30 *hyperpyra* including the interest out of the sale, the rest was to be portioned among the inheritors of Manuel's mother.[343] The sum borrowed is not solely enough to consider Katzas brothers as middle class Byzantines in a time when the siege caused an extreme rise in prices of daily necessities.[344] Nor they had obvious relations with any of the middle class families. However, they were most probably middle class Byzantines since Manuel's mother had at least a house, and more importantly, John was able to take a loan, i.e. he had access to the credit system in 14th-century Constantinople, which exclude the destitute and lower classes as various moralists condemned at the time.

In addition to the upper and middle classes, some institutions of Byzantine society had to apply to creditors for taking loans during the 14th century. These institutions either had been already in poverty or they gradually grew poor throughout the century. One of the most striking examples demonstrating that even the most

[342] MM, vol. I, 36/3; Darrouzès, *Les Regestes*, no. 2076.
[343] MM, vol. II, no. 530; Darrouzès, *Les Regestes*, nos. 3072, 3080.
[344] Necipoğlu, *Byzantium between the Ottomans and the Latins*, 152–154; Malatras, *Social Structure and Relations*, 294.

important Byzantine institutions sank into poverty is the circumstances in which the Byzantine church found itself. Various ecclesiastical institutions had to turn to creditors advancing loans, most probably at interest. Previously, it had been the Church, the clergy and monasteries that were responsible for the protection of the poor and the destitute throughout the history of the Byzantine Empire. They provided the needy people with hospital services and sheltering as well as they distributed almsgiving and food at the gates of their institutions on particular days as their economic powers enabled them. However, these philanthropic activities were more restricted in the Palaiologan period since the economic hardships of the time negatively affected even the wealthiest foundations.[345] In other words, the general atmosphere of destitution in the 14th century took hold of the Byzantine Church and the clergy as well.[346] The urban monasteries, in particular, were in more desperate circumstances than the rural ones since they lacked necessary economic power to bargain for their independence.[347] The monasteries of Constantinople experienced great economic and physical difficulties especially during the Ottoman siege between 1394 and 1402.[348] The Great Church of Constantinople, Saint Sophia, was one of the poorest foundations, and it was in great need of assistance.[349] Therefore, in September 1324, many ecclesiastical sees from the various territories of the empire decided to make a contribution to the Great Church that once had abundant resources.[350] Moreover, in 1348, a monk, Kompas, donated 300 *hyperpyra* for the restoration of St. Sophia and appointed his son-in-law Antiochites to

[345] Göndiken, "Philanthropy in Constantinopolitan Monasteries," 56-67.
[346] Constantelos, *Poverty, Society and Philanthropy*, 15–23.
[347] Necipoğlu, "Byzantine Monasteries," 35.
[348] Necipoğlu, "Byzantine Monasteries,"124–125.
[349] Constantelos, *Poverty, Society and Philanthropy*, 17, 20.
[350] MM, vol. I, no. 60. Darrouzès, *Les Regestes*, no. 2019.

give the sum when the restoration would begin.[351] These two cases demonstrate the depletion of the Church as an institution in the 14th century, yet a specific patriarchal document will signalize the impoverishment of not the institution but the person who was at the top of the Church. The testimony of the patriarch Isidore I of Constantinople (1347-1350) approved the claim that even the patriarch himself fell into the hands of various creditors whom he recited, and left his medallion to his creditors until his debt was discharged either by the public treasury or on the retakes of Pasparas' domain.[352]

It was a period that numerous monasteries were in ruins and needed cash to start new construction and restoration processes. Therefore, either "the good will of creditors",[353] or the faith and generosity of monasteries reduced the economic burden of the patriarchate. For example, according to a patriarchal document dated June 1401, the spiritual father Makarios, the administrator of the monastery of Basil the Great, appeared as a second founder of the monastery since the convent was in great need of restoration, and he started a restoration project including the church, the roofs of the buildings, and the vestibule of the monastery at great expenses. He also renewed all cells with the contribution of Christian people. On a detailed estimation, it appeared that these expenses were accounted at 204 *hyperpyra*. Moreover, according to a report dated 13 April 1401, the monastery borrowed 209 *hyperpyra* for cleaning, various repairs, planting of a vineyard, and some other expenses. The patriarch declared that the monks who spent from themselves would receive the reward promised to the faithful servants in Christianity, and he decided that the sum of 209 *hyperpyra* that the monastery borrowed

[351] MM, vol. I, no. 125; Darrouzès, *Les Regestes*, no. 2299.
[352] MM, vol. I, no. 130; Darrouzès, *Les Regestes,* no. 2309
[353] Constantelos, *Poverty, Society and Philanthropy*, 17.

would be reimbursed to the spiritual father from the income of the following year.[354] As this example clearly shows the patriarchate could undertake only half of the expenses that the monastery made by taking a loan from one or more unknown creditors. It also exhibits that even the monasteries, which at least in theory had enough resources for their own maintenance, had to borrow money and became debtors.

It was not only ecclesiastical institutions that became debtors, but also the imperial treasury was occasionally in great need of cash. During the first half of the 14th century, the Byzantine state was capable of extracting revenues, and it had a functioning system that even under the heavy pressure of various components of the society managed to collect taxes and to sustain the government bodies properly in spite of military, social and economic problems.[355] On the other hand, the economic and military struggle of the Byzantine state begun to harden as a result of civil wars and enemy invasions after the mid-14th century. It, therefore, intensified the confiscations of private properties, in particular monastic estates, to satisfy its own urgent necessities.[356] The economic misery of the empire was also described in various hagiographical texts.[357] Even though it is well-known that the imperial treasury occasionally borrowed money from creditors who were sources of ready cash throughout the long history of the Byzantine Empire,[358] the present needs forced the imperial treasury to seize the sums that were donated for charity, and rechanneled it and redefined its creditor's position in credit transactions. One of the most striking examples of the Byzantine imperial treasury's need of cash was the loan taken from the Venetians in the middle of the 14th

[354] MM, vol. II, no. 653; Darrouzès, *Les Regestes*, no. 3214.
[355] Smyrlis, "Financial crisis," 71–82.
[356] Smyrlis, "The State, the Land and Private Property," 76–79.
[357] Kaplan and Kountoura-Galaki, "Economy and Society," 403–404.
[358] Hendy, *Studies in the Byzantine*, 238.

century. The empress Anna of Savoy had pledged the gems from the Byzantine imperial crown as collaterals for a loan of 30,000 ducats in April 1343 when the civil war of 1341–1347 was still terrorizing the Empire. Even though the empress promised to repay the debt in three installments and an additional 5 per cent interest, the debt had not been discharged nor had the gems been recovered.[359] All of this adversity of the imperial treasury can also be exemplified by a jurisdictional decision of the patriarchal court from 1348. In the above section, I mentioned a monk named Kompas, who donated 300 *hyperpyra* for the restoration of Saint Sophia. Yet, the imperial treasury borrowed the sum until the reconstruction was to be put in process because of the current difficulties. The patriarch considered this loan very useful and praised the merit of Kompas since the sum had been used in public affairs. Moreover, the patriarch declared that Kompas had the right to receive the money back when he wished.[360] Thus, it is striking that while the imperial treasury was characterized as a debtor in this example, a simple monk gained an identity as the creditor for the imperial treasury.

4.2 Customary church help

At the beginning of the 14th century, having observed the destitution of the people, two patriarchs of the time, John XII and Athanasios I, protested the worsened circumstances. Especially the latter dedicated himself to the protection of the poor against corruption, injustice, and economic hardships of the time.[361] He undertook a mission of confiscation of the monastic properties in order to distribute them to the poor. Moreover, he attempted to regulate the distribution of food and clothing as well as he tried to control

[359] Paul Hetherington, "The Jewels from the Crown," 157-168.
[360] MM, vol. I, no. 125; Darrouzès, *Les Regestes*, no. 2299.
[361] Hussey, *The Orthodox Church*, 251.

the market prices. He also took steps for the return of the stolen possessions.[362] The letters of Athanasios I consisted of numerous examples of his care for the poor, yet one sentence written to the emperor particularly summarizes his attitude toward the people in need: "Let us rescue both poor man and beggar from stronger hands than theirs."[363]

It is difficult to draw a conclusion that all of the patriarchs of the 14th century were committed to the protection of the poor against the more powerful as much as Athanasios I was at the beginning of the century. Yet, when it came to the jurisdictional decisions of the patriarchal court concerning credit transactions and the protection of the dowry against creditors, the patriarchal acts provide a glimpse that the Church put a consecrated effort to defend the poor debtors and to assure their liberty. As already mentioned above, the Byzantine law was against the imprisonment of the debtors or their children for their arrears. In this respect, the patriarchal synod enforced the law strictly. Moreover, the patriarchal documents implied that it was a custom for the Church to help the poor debtors against their creditors. For instance, Panopoulos, the debtor of Kalokyres, received the help of the Church that was reserved for the poor to discharge the interest at his request.[364] I think one of the most significant motivations of these jurisdictional decisions on behalf of the poor debtors was either to protect the dowry or to enable husbands to maintain their families. An important piece of evidence comes from a different court case from December 1399 involving a couple and some insistent creditors. Having returned from captivity, John Gabras was pursued by his creditors who demanded their payment violently. Their pressure over John and his family presumably

[362] Talbot, *The Correspondence of Athanasius I*, xxiv.
[363] Talbot, *The Correspondence of Athanasius I*, 17.
[364] Another example case from the previous chapter for the customary help of the Church: MM, vol. II, no. 568, no. 381; Darrouzès, *Les Regestes*, nos. 3033, 3064, 3125.

was so increased that his wife Maria Hagiopetretissa asked the Church for customary legal assistance. By this way, she would protect her dowry against all of the creditors, and if her husband would maintain his freedom, he would have the opportunity to cover the entire dowry as well as he would earn a livelihood for his family. This indicates that at this point the husband did not reimburse the dowry entirely. Having recognized her request as just and in accordance with the law, the patriarch decided that John should protect his liberty for the maintenance of his family, and that he should compensate the dowry of 702 *hyperpyra* as prescribed in their marriage agreement before all other creditors.[365] Another document clearly illuminated the prominence of the liberation of a debtor and the maintenance of the family for the Church. Nicholas was in fear of imprisonment by his master George Ankonas and godfather Demetrios Myropetes because he was indebted to them. Thus, he asked for the help that the Church gives to indigent debtors. Then, having been called to the court, the creditors approved that the accounts between them were to be examined in Galata by two selected experts, one by Nicholas, the other by them, because the contract was in Latin. If the debtor had any possessions in his hand, the creditors would be reimbursed by them. If not, the creditors agreed not to imprison him instead of which he had to work and repay his debts deducing first of all what was necessary for the maintenance of his family. Thus, Nicholas the debtor would be saved from any more violence or trouble from his creditors. The patriarch confirmed this solution and declared that if Ankonas and Myropetes did not abide by the decision exactly, they were to be excommunicated.[366] In this case, the synod's decision to prevent Nicholas's arrest is significant on its own; yet

[365] MM, vol. II, no. 523; Darrouzès, *Les Regestes*, no. 3084.
[366] MM, vol. II, no. 614; Darrouzès, *Les Regestes*, no. 3174.

what is more striking is the emphasis put on the importance of the maintenance of his family. As in the case before, the Church attributed great value to familial integrity and prioritized it over creditors' demands.

Documents from the patriarchal register offer us further information that even when the Church did not directly provide the customary help to the needy, it either provided the debtors with easy terms of payments for their arrears or motivated the creditors to behave generously toward their debtors. It praised those who acted in accordance with Christian generosity and philanthropy as well as granting priority to them over other creditors. For example, a case which is very usual at first glance actually offers evidence for the easier terms for the payment that the patriarchal court provided on behalf of the debtor. On January, in the 9th indiction, it was proved in front of the patriarch that Meledones owed Markos Synadenos 35 *hyperpyra*, and just a few days ago, he repaid 10 *hyperpyra* to Synadenos. It was also agreed upon that he would give another 10 *hyperpyra* at the moment, and that he would pay 2 *hyperpyra* per month during a period of five months calculated from the day, the 6th of January, until the debt was to be entirely discharged. The *didaskalos* of the Holy Apostles vouched for Meledones.[367] As this example indicates, the Church was concerned with easier repayment of the debts by making an installment plan. Moreover, another piece of information regarding this concern of the Church as well as its negative attitude toward interest comes from a case dated February 1401. In the 9th indiction, the mother of Branas Gounares pledged her property in return for her son's debt accounted at 50

[367] MM, vol. II, no. 619; Darrouzès, *Les Regestes,* no. 3181. Darrouzès states that this anonymous *didaskalos* "was probably related to Meledones, because he vouched for him." Moreover, in the list of the clergy of 1357 appears a priest Simon Melidones: *Les Regestes,* no. 2708. There is also a civilian archon John Melidones cited in *Les Regestes,* no. 3259.

hyperpyra to Katakalon. The patriarch declared that he would inform the metropolitan of Herakleia about this subject. According to the investigation of the metropolitan, if Branas had already paid interest to Katakalon, the amount would be deducted from the capital, and the rest would be paid in three installments from the mother's possessions within a year. If the debt was still full, it had to be repaid again in three installments within a year, and the creditor Katakalon might demand to be satisfied with the mother's property, as she promised.[368] Another piece of evidence emerges from a court case involving a commercial contract between *kyr* Pachoumas and Nicholas of Papadia, who were essentially doing wine trade. Pachoumas was to be given two hundred measures of wine as an advance payment by Nicholas in accordance with their agreement. However, Nicholas was captured by the Turks, and therefore, Pachoumas was willing to lend the price of the half of the wine for the liberation of Nicholas. I assume that Nicholas was ransomed and he paid a portion of his debt; however, Pachoumas was still to be paid 45 *hyperpyra* in 1400. The patriarch decided that because of his service to the family and his good intention, Pachoumas, who renounced the immediate payment he was to receive when his partner was captured, had the right to be reimbursed before any other creditor at the harvest of the next indiction 10 from the possessions of the family.[369] This case constitutes a great example to the importance given by the Church to generosity in the face of avarice and greed.

[368] MM, vol. II, no. 620; Darrouzès, *Les Regestes*, no. 3185.
[369] MM, vol. II, no. 604.

4.3 Dowry primacy

A significant number of the cases concerning credit transactions that had been brought before the patriarchal court in 14th-century Constantinople were directly related to dowry issues. Either the husbands were in the pursuit of liquidating the dowry properties for various reasons or the creditors attempted to harass the wives to compensate for the debts of their husbands with their dowry. These kinds of cases also provide us with pieces of evidences concerning both the identities and the operations of the debtors and their families. Yet, before moving on to analyzing these cases, it is necessary to have a better grasp on the notion of dowry. In most societies, at the time of marriage, the families of the bride and the groom make a payment into the new household so that its nucleus property is formed. While bride price is the amount paid by the family of the groom, the dowry is the amount given by the family of the bride.[370] The parents mainly bequeath to the sons their portions in the inheritance, yet daughters obtain their shares through the way of dowry at the very moment they left the household as a result of their marriage. Since the daughters do not contribute to the wealth of their own parents in such circumstance, they may receive less than the sons, or they may even be disinherited.[371] After all, dowry causes "the diffusion of the property of the family, the clan or lineage."[372] Moreover, some scholars argue that in economically complex societies in which the role of women in production is relatively trivial, and in virilocal societies where monogamous marriages are common and divorce is limited, the custom

[370] Laiou, "Marriage Prohibitions ," 659; Anderson, "The Economics of Dowry," 152; Botticini and Siow, "Why Dowries?" 1385.
[371] Anderson, "The Economics of Dowry," 167; Botticini, "Why Dowries?" 1388–1399.
[372] Laiou, "Marriage Prohibitions," 130.

of dowry dominated the practice of bride price.[373] All these features can also be found within Byzantine society, where the custom of dowry was preserved as an important element of the marriages.

It is not possible to grasp the exact nature and content of the dowries in late Byzantine Constantinople since the documents are very limited and concerned only with the properties that became the subject in the cases of the patriarchal registers.[374] Presumably, the content of the dowries was different in the urban and rural areas, and in great cities such as Constantinople, the dowries included mostly cash, jewelry, clothing, bedding, and various housewares as movable goods. In addition, the documents mention the existence of lands, vineyards, workshops, and houses in dowries as immovable properties. Thus, the value of dowries ranged from around 100 to 3,000 *hyperpyra*,[375] and "100 pounds of gold was considered a large dowry."[376] History witnessed rising and falling periods in the average dowry payments such as the increase in Florence and Ragusa between the 13th and the mid-15th century.[377] There is no reason to think that the situation was different in late Byzantine Constantinople. Moreover, in marriage, the dowry was controlled by the husband; however the permanent ownership officially belonged to the wife. Therefore, the assets in the dowry were legally considered among the inheritance of the wife.[378] Furthermore, Byzantine society practiced the system of bilateral succession, where all children of the family, regardless of their sex, had equal rights on the inheritance. This system provoked a discussion among modern Byzantine historians about the relation of the dowry with the inheritance of the family properties.

[373] Anderson, "The Economics of Dowry," 155–158; Botticini, "Why Dowries?" 1386.
[374] Macrides, "Dowry and Inheritance," 93; Laiou, "Marriage Prohibitions," 138.
[375] Laiou, "Marriage Prohibitions," 132, 136–138; Macrides, "Dowry and Inheritance," 90.
[376] Kazhdan, *The Oxford Dictionary*, 659.
[377] Anderson, "The Economics of Dowry," 160–161.
[378] Kazhdan, *The Oxford Dictionary*, 659.

In brief, some argued that dowry was the final arrangement at the time of the marriage, and the girls did not receive anything from the inheritance of the parents after their death. On the other hand, some claim that the dowry was only a temporary arrangement, and thus, after the death of the parents, the dowry was returned to the family inventory to be redistributed among all the children on the basis of equal inheritance rights.[379]

The jurisdictional decisions of the patriarchal synod in 14th-century Constantinople demonstrate that the creditors of the husbands frequently aspired to the dowries of the wives in various circumstances such as death, bankruptcy, and default of the husbands. In some cases, the creditors even demanded usurious interest rates for the loans. Yet, the Byzantine law strictly protected the rights of women on the dowered properties and confirmed their primacy against the claims of creditors. Except for extreme circumstances, the properties included in the dowry could not be alienated, confiscated, or donated.[380] For example, a certain Maria, wife of George Magidiotes, appealed to the patriarchal synod since her deceased husband had been in debt of 1,079 *hyperpyra*, and his creditors threatened to seize a house and a vineyard that had been purchased with her dowry. She had nothing else to bequeath to her daughter except for these properties. Thus, the patriarch decided that Maria had the right to possess the house and the vineyard since the law gave priority to the dowry. Therefore, the creditors only had the right over the properties of Magidiotes.[381] In another example, Maria Kalothetina, daughter of Tzyros, complained to the synod about her first husband, Theodore Marmaras, who squandered almost her entire dowry, which had been 18

[379] Laiou, "Family Structure," 65; Macrides, "Dowry and Inheritance," 96–97; Laiou, "Marriage Prohibitions," 140.
[380] Laiou, "Marriage Prohibitions," 144; Kazhdan, *The Oxford Dictionary*, 659.
[381] MM, vol. I, no. 57/5; Darrouzès, *Les Regestes*, no. 2115.

pounds of gold, and pledged the dowry to Kephalas for a loan of 300 *hyperpyra*. He also pledged his own property to Disypatos for another 325 *hyperpyra*. However, he only repaid 100 *hyperpyra* before his death. A certain Andreas Antiochites held only some houses and a vineyard in Pegai valued at 200 *hyperpyra* as pledge. Under these circumstances, Maria assumed these debts, yet she objected to the usurious interest that the creditors demanded. Consequently, the patriarch decided that the dowry had priority according to the law; therefore, her dowry had to be compensated before her husband's debts. Then, the creditors would be satisfied by the remainder of the inherited properties of Marmaras, and they would no longer demand the capital that they lent or the interest on it.[382]

In most cases, the ecclesiastical officers participated in various transactions between the creditors and the debtors to supervise the operations and to safeguard the dowry. For example, according to a case dated March 1399, Michael Palaiologos, son of an imperial archon, had pledged a portion of his vineyard for borrowing 75 *hyperpyra* from Michael Magistros Pothos. They agreed that if he could not repay the debt until September of the following year, Magistros would become the full owner of the vineyard. They asked the patriarchate that their contract was to be controlled by the patriarch since the vineyard that was pledged had been tacitly placed in the dowry of the wife of Palaiologos, and the couple were minors. It was decided in synod that the debtor Michael Palaiologos was over the age of twenty; therefore, he was exempt from any age limitation, and he could act in his own name. On the other hand, in order to protect the rights of the wife and to compensate the dowry, the patriarch appointed two

[382] MM, vol. I, no. 57/2; Darrouzès, *Les Regestes,* no. 2111.

ecclesiastical archons[383] for transferring of another property of the husband to the wife. By April 1400, even though it had been over a year since Michael Palaiologos took out a loan from Magistros Pothos, he could not discharge his debt. Therefore, it became necessary to sell the property that was pledged to reimburse the debt. Both parties, the creditor and the debtor, requested from the patriarch to supervise the liquidation. Then, the patriarch appointed three ecclesiastical archons to secure the dowry of the wife. These officers realized that some goods of the dowry had been lost already; therefore, they cut off a vineyard from the heritage of Palaiologos that could compensate the overall loss in the dowry. Moreover, they ceded the rest of the properties that they found to Palaiologos to use as he desired. Then, he sold the vineyard which he pledged for the credit to Magistros, which was estimated 94 *hyperpyra*. Palaiologos took the amount exceeding his debt, and Magistros legitimately acquired the ownership of the vineyard. Furthermore, the wife of Michael Palaiologos held the possession of the remaining of the vineyard as her dowry which the ecclesiastical archons handed over.[384] In another case, Michael Palaiologos intended to sell a vineyard in the Saint Romanos district since he was in poverty and in debt; however, the purchasers hesitated to conduct the transaction because the wife of Michael was a minor. Thus, in November 1401, Michael asked for the permission of the patriarch to sell the vineyard to overcome hunger and destruction which could result from his debts. The patriarch decided that Michael had to deliver property equivalent of the dowry to his wife from his own possessions, and he had to assure the maintenance of his wife and children. Only after that, he could freely dispose of his remaining fortune. The superior archons informed the wife, and

[383] The great *chartophylax* John Holobolos, the metropolitan of Gotrias, and the great *skeuophylax* Michael Hasinari.
[384] MM, vol. II, no. 569; Darrouzès, *Les Regestes,* nos. 3069, 3126.

investigated the possessions of the family. As compensation, the wife received some jewelry with a value of 290 *hyperpyra*, as well as a field and a vineyard valued at 280 *hyperpyra*. Consequently, the dowry of the wife had been secured, and Michael became able to freely dispose of his vineyard. The purchasers had been guaranteed not to be disturbed in the future about this transaction.[385] As it can be seen from these examples, the priority given to the dowry concerned not only the synod or the debtors, but also was a source of worry for the creditors. They were well aware of the privileged position of the dowry properties in credit transactions and wanted to secure their claims by checking the status of pledged properties, i.e. knowing for sure that they were not a part of the debtor's dowry.

Another interesting case concerning the credit transaction and the protection of the dowry was brought before the patriarchal court in July 1401. While the daughter of Theodora Palaiologina and Trichas, the son of Theodora Trychadaina, were marrying, the dowry of the new couple was left to the control of Palaiologina with a written contract on the condition that she would take care of the young couple for a year. When a son-in-law of Tryachadaina, John Goudeles, intended to go on a business trip, Palaiologina and Trychadaina had agreed on to pledge the dowry jewelry, and they gave 300 *hyperpyra* to Goudeles to make profit on. After Goudeles returned from the trip, Palaiologina claimed the profit since she was providing for the couple and managing their possessions. Contrary to her claims, Trychadaina and Goudeles claimed that the profit belonged to either the couple or themselves since the pledges included the objects donated to the dowry by Trychadaina. Thus, two superior archons of the church dropped the charges of Theodora against Trychadaina, and handed the dowry over her since she

[385] MM, vol. II, no. 678; Darrouzès, *Les Regestes,* no. 3240.

received the couple from Palaiologina. Moreover, it was decided that the profit would be shared in accordance with the amounts pledged by either parties. Yet, Theodora received her pledges and her profit in return of giving back the 400 *hyperpyra* of dowry that she had in her care.[386] After four months, in November 1401, Trychadaina gave up living with the couple, then Palaiologina claimed in synod that she had suffered 80 *hyperpyra* from the previous transaction, and that the young couple needed their own resources to live since they settled alone. The patriarch decided that Palaiologina must receive the remainder part of the profit, 125 *hyperpyra*, and redeem the committed dowry which would be given to the couple for their subsistence. Moreover, if she could provide any proof about her loss of 80 *hyperpyra*, this amount would be shared between her and Trychadaina.[387]

Not all the cases above are as interesting as this next one. This case consisted of diverse subjects from pledging dowry and inner-family indebtedness to murder and plundering an estate. According to the case dated February 1330, a *domestikos* called George Strategos, whose daughter was married to George Padyates, appealed to the synod. The father of George, Theodore Padyates, had pledged the dowry and squandered 36 pounds (*litron*) of *hyperpyra.* Since he was not able to repay the sum, he gave to the *domestikos* George Strategos a property called Saint Irene, around Bera, valued 700 *hyperpyra*. However, before he could compensate the rest of his debt he died, and the remaining amount was estimated 1,792 *hyperpyra*. The property was seized, yet the rights of the *domestikos* were guaranteed by a *prostagma*. Later, Theodore's son-in-law, John Laskaris, objected to the rights of the *domestikos* over the property twice on the

[386] MM, vol. II, no. 656; Darrouzès, *Les Regestes*, no. 3217.
[387] MM, vol. II, no. 676; Darrouzès, *Les Regestes*, no. 3238.

claim that the debt belonged to his brother-in-law, not his father-in-law, yet he was not able to prove his claims. Thus, he attacked the property, killed a servant there, and plundered the crops. Even though he applied to the imperial judges for justice, the case was sent to the synod since it was an ecclesiastical one. Consequently, the patriarch confirmed the rights of the *domestikos* over the property. Moreover, John Laskaris was condemned to repair the damage and was subjected to ecclesiastical penalties for murder.[388]

Another piece of information concerning the consumption of dowry properties by husbands for their interest comes from a case dated May 1316. *Sebastes* Eustathios Kinnamos filed a complaint against his son-in-law Nostongos, who left his wife two years ago without any reason. Nostongos also squandered most of the dowry, pledged a vine and several buildings for a debt of 200 *hyperpyra*, and purchased a developed land around his own house. Nostongos did not appear in synod even though he was summoned three times for confrontation. Thus, the patriarch, with the members of the synod, recognized the right of Kinnamos to sell the properties that had been purchased by his son-in-law with dowry money, and to compensate the alienated capital. [389] As it can be seen through this case, even though a certain amount of time had passed over the expense, the dowry was returned to the wife or her family.

Even though the patriarchal registers show that the patriarchal decisions were dominantly in support of the women's dowries,[390] those documents included some exceptional cases in which the creditors gained rights over the dowry. In such cases, the testimony of the wife stating the renouncement of her rights over the dowry was an

[388] MM, vol. I, no. 70/1; Darrouzès, *Les Regestes,* no.2155.
[389] MM, vol. I, no. 30/4; Darrouzès, *Les Regestes,* no. 2067.
[390] Macrides, "Dowry and Inheritance," 94.

absolute must. Moreover, it was a necessity to warn the woman about her rights before the completion of the contract. Therefore, in addition to the duties such as to analyze the inventories of deceased people and to estimate the value of the properties before the sale, ecclesiastical officials were responsible for informing women about their rights on their dowries if the women intended to pledge them or to renounce their rights over them for the sake of taking loans from creditors.[391] For example, George Alethinos Chrysoberges filed a complaint against Theodora, wife of Astrapyres. She had borrowed 55 *hyperpyra* from George for her son, and then her husband was imprisoned in Galata as security. In order to pay his ransom, she again borrowed 30 *hyperpyra* from Alethinos by pledging her personal properties, in particular a tavern in Vlanga, with a promise to discharge the debt within six months, and renounced her dowry rights after having been informed about them. After seven months had passed, the creditor demanded judgment. Theodora's testimony acknowledged the contract that confirmed the acts between the two parties, yet she asked for a delay until May to repay the sum of 85 *hyperpyra*. Consequently, the patriarch found the demand just, and since the law granted her a longer time limit after the case was brought to trial, the creditor had to wait for four more months, starting from March 17, to liquidate the tavern in case of default. If the price of the tavern was not sufficient to compensate the debt, then the debt would be satisfied by the sale of Theodora's other properties.[392] Thus, it can be concluded that the dowry rights could be waivered under the condition that the owner of the dowry properties was well informed beforehand.

[391] Macrides, "Dowry and Inheritance," 90.
[392] MM, vol. II, no. 558; Darrouzès, *Les Regestes,* no. 3114.

In a period of economic decadence, the categorization of being a debtor had shifted and become more flexible. In 14th-century Constantinople, even the most prominent members of Byzantine society borrowed money to cover for their daily needs. The Church, the patriarch, and even the emperor were not immune to the economic hardships. Thus, novel credit networks were established and the web of credit was expanded. However, the Church maintained its efforts to help the poor and people in need in a variety of ways that ranged from offering its customary aid to strictly supervising the dowry rights of women. The harsh circumstances of the 14th century caused an increase in the Church's influence over Byzantine society within which Christian values and beliefs became more prominent. Consequently, the attitudes against interest-bearing loans got more and more negative throughout the century.

CHAPTER 5

CONCLUSION

The nature of credit transactions in the Byzantine Empire had its roots in certain legal, moral, and social traditions that the Empire inherited from several sources. One of those sources can be found in Ancient Greece, while most of it came from its connection to the Roman legal tradition. The impact of Christianity, on the other hand, was very much visible within Byzantine society and the legal system, especially from the 6th century onwards. All these sources of influence led to the creation of a unique financial structure and intellectual attitude toward moneylending practices through which a wide array of personal and institutional connections was made. The actors of this business had a multiplicity of motivations, and their actions were defined by both the conditions and the legal and economic structures of the period. They came from different walks of life with diverse identities, occupations, income levels, and even geographical bases. In a period of economic decadence, static categories of being a debtor or a creditor were more and more blurred, and especially in the 14th century the flexibility of these categories became more pronounced.

Byzantine society incorporated the economic and legal characteristics of the business of lending money at interest in Ancient Greece and Rome, according to which anyone who had capital regardless of his social status was officially permitted to advance interest-bearing loans. Greek city-states did not try to control usurious operations nor enforce limits on maximum legal interest rates. On the contrary, the Roman state constantly legislated to control maximum legal limits of interest rates and to regulate the rules in credit transactions between lenders and borrowers. Usurious

actions, on the other hand, which essentially involved the acts of charging interest, were certainly prohibited and systematically condemned by the medieval Church and Christian theologians. The basis for this condemnation and forbiddance of usury in the Middle Ages was mainly the Biblical texts. The intention or hope to make profit from lending money in the beginning of a loan contract was a key concept to determine whether a loan was usurious or not. Thus, the development of the idea of usury in Western Medieval Europe was influenced by the attitude of the Church toward interest and usury. Especially after the 11th century, as a result of the increase in both production and trade along with the monetization of the economy, usury became a widespread subject in medieval discussions in which the time, labor, restitution, and the free will of the borrower were important related concepts. Taking interest on loans was seen as just and tolerated by the secular and religious authorities under certain circumstances including labor, risk, and the possibility of a loss. In the High and Late Middle Ages, the social and economic structures of Europe experienced a significant change as a result of new developments, innovations, and discoveries. A new merchant class was born, and gradually expanded their business to include banking operations. These merchants were actually the first real bankers, and most of the time they were equated with usurers in their societies. In addition to these merchant bankers, pawnbrokers known as manifest usurers engaged in moneylending professionally. Even though they had predominantly a Jewish origin at the beginning, in the course of time other ethnicities joined the ranks of this occupation. In the 13th and 14th centuries, interest rates that pawnbrokers charged on loans showed great variation between 10 and 300 per cent annually in Europe. Moreover, there were active papal bankers and members of clergy who lent money at interest. Secular rulers also engaged in moneylending even though they were mostly

borrowers. The medieval lender community did not exclusively consist of those professions which were mainly financial in nature, but also included knights and even peasants.

The Byzantine state followed the Roman tradition in loan contracts and permitted charging a fixed interest at the beginning of the credit transaction. The state legislated to regulate maximum legal interest rates and determined certain rules in credit transactions. On the other hand, the Byzantine Church held a negative attitude toward interest, yet forbade demanding interest only to the members of the clergy. Byzantine intellectuals, theologians, and moralists continued to tackle religious and social issues, and they condemned usury on moral bases rather than making economic evaluations. Even though charging interest was not looked upon with favor, Byzantines were well aware of the financial realities of any monetized economy and acted in accordance with the requirements of their time, surpassing religious limitations on earthly systems. An interesting and exceptional characteristic of the Byzantine legal system was its decision to determine the interest rate on a loan in accordance with the identity of the lender rather than the borrower or the type of the loan. People from the higher ranks of Byzantine society were allowed to demand interest at lower rates than merchants and bankers. An important piece of information concerning the identities and operations of the Byzantine banking community, consisting especially of *argyropratai* and *trapezitai*, comes from the *Book of the Eparch* compiled in the 10th century. The members of these two guilds conducted their businesses in the fields of money changing, smiting, and moneylending. In the period between the 11th and 13th centuries, the banking community was so powerful that they exercised their power not only in economic but also in social and political spheres. At this time, the Byzantine Empire had a highly monetized

economy in which many intellectuals tackled the topic of moneylending, yet they did not create any evident economic theory for their daily problems unlike their counterparts in Western Europe. In the Palaiologan period, as a result of territorial losses in Asia and Europe especially to the Turks, the Latins, and the Slavs, the Byzantine aristocracy who were deprived of their economic power began to engage in commercial operations. The same aristocracy also expanded their activities toward other financial fields including the property and the money market. Furthermore, there were many active merchants, pawnbrokers, and professional moneylenders coming from similar humble social backgrounds who provided cash to the money market. There were also certain situations in which monasteries and individual monks acted as moneylenders, or friends or family members lent money to each other. Therefore, even though some moneylenders were in pursuit of making profit through advancing interest-bearing loans or selling the pledged properties whose values exceeded the principal, some people lent money only as a charitable action or for the sake of their personal connections.

One final question is left to be answered: can it be argued that the Byzantine banking system in the Palaiologan period lagged behind the medieval Western European one? It is clear to me that the definitive answer to this question is a no. The Byzantines already had a highly developed credit system which the westerners were only able to reach in the High and Late Middle Ages. It is true that the control of the Byzantine state over the market gradually loosened, yet the Byzantine banking community remained functioning by adapting to the contemporary necessities and circumstances. Thus, I am inclined to consider the Palaiologan credit system not necessarily a backward one in comparison with the West, but a flexible and practical structure, which was capable of functioning even under the most turbulent times throughout centuries.

Many intellectuals criticized that the lowest levels of the society, the destitute and the poor, were not able to reach the money market since they had nothing to pledge to take a loan. Byzantine debtors of the 14th century mostly belonged to the middle or upper classes or secular and religious institutions. Most of them applied to lenders just to satisfy their basic daily necessities. Moreover, there were some artisans who borrowed money to keep their businesses functioning in the atmosphere of financial difficulties. Thus, both consumption loans and pre-capitalist productive loans existed simultaneously in 14th-century Constantinople. The Byzantine Church, which had a strong negative attitude toward charging interest, on the other hand, embraced the custom of helping needy debtors. The church either offered easier payment terms or ensured the liberation of the debtor and the maintenance of his family against the demands of creditors who viciously attempted to compensate their capital. These creditors were inclined to harass the wives of their deceased borrowers to satisfy the debt through the dowry properties if the debt was not paid off on time. The Church usually preferred to protect the dowry properties of the wives from such attacks in reference to the Byzantine civil law.

The lengthy existence of the Byzantine state made it a contemporary to numerous other political entities throughout the centuries. Many scholars have been interested in comparing the Byzantine Empire with Western European states in terms of their political, religious, and especially cultural connections. In addition to these studies, some historians have also made an effort to examine the economic and commercial relations between the Byzantine state and its Western European counterparts. In this thesis, I made various comparisons between the Byzantine and other medieval European states, yet I ignored the medieval Islamic world with which the Byzantines had strong and lively connections. This lack of focus on other geographies can be compensated in

the future. I also think that there is still a need to analyze the development of economic thought in Byzantium by comparing it with other contemporary trends. Moreover, further analysis of the Byzantine financial structure will help us expand our perspective and understand better the context in which those economic ideas emerged. It should also be added that the social and economic components of the Byzantine Empire did not all cease to exist after the fall of Constantinople to the Ottomans in 1453. Many of them were relocated or continued to serve under new rulers. Consequently, neither its banking community nor their financial habits vanished but, on the contrary, survived in the following centuries. It remains, therefore, a desideratum for the future to follow their paths and trace the influence of Byzantine economic and financial thought and practices in the Ottoman Empire.

APPENDIX

	Creditor's Names	Titles/Occupation	Borrower's Names	Borrower's Titles/Occupation	Loan	Loan Type or Purpose	Colleteral/Pledge/ Security	Interest	Source
1	*kyr* Thomas Kalokyres	*politikos archon archon tes politeias*	Panopoulos		300 hyperpyra		house	45 hyperpyra	MM, vol. II, no. 568, no. 381; Darrouzès, Les Regestes, nos. 3033, 3064, 3125.
			Constantine Perdikares	a hardware workshop owner	500 hyperpyra	investment	lender was a partner in the business	20 hyperpyra on loan of 250 hyperpyra	MM, vol. II, no. 536, no.562.
2	*kyr* Nicholas Makrodoukas	*oikeios*	Stylianos Chalkeopoulos		300 hyperpyra		a tavern valued at 225 hyperpyra, other shops valued at 69 hyperpyra		MM, vol.II, no. 528.
			Astras		20 hyperpyra	for the restoration of the			MM, vol.II, no. 533;

						Church of the Saint Theodores			Darrouzès, Les Regestes, no. 3082.
3	*kyr* Loukas Linardos	*oikeios*	Stylianos Chalkeopoulos		300 hyperpyra		properties valued at 294 hyperpyra, probably a workshop		MM, vol.II, no. 528.
4	Disypatos	the *oikeios* of Andronikos II	Theodore Marmaras		325 hyperpyra		Theodore's own properties	usurious interest	MM, vol.I, no. 57/2; Darrouzès, Les Regestes, no. 2111.
5	Kephalas		Theodore Marmaras		300 hyperpyra		the dowry of Theodore's wife	usurious interest	MM, vol.I, no. 57/2; Darrouzès, Les Regestes, no. 2111.
6	Andreas Antiochites		Theodore Marmaras				some houses and a vineyard in Pegai valued at 200 hyperpyra		MM, vol.I, no. 57/2; Darrouzès, Les Regestes, no. 2111.
7	Jacop Sgouropoulos		husband of a certain Maria			purchase a garden			MM II, no. 547.

8	Theodora Archontissa		Demetrios Skoutariotes, son-in-law of the creditor		805 hyperpyra				MM, vol.II, no. 606; Darrouzès, Les Regestes, no. 3166.
9		the son of a certain Makropoulos	John Sophianos		90 hyperpyra	business trip/trade	George Bouteliares guaranteed the debt		MM, vol.II, no. 593; Darrouzès, Les Regestes, no. 3153.
10	*kyr* Pachoumas	merchant	Nicholas of Papadia, partner		price of 100 measures of wine; at some point remaining debt was 45 hyperpyra	ransom Nicholas			MM, vol. II, no. 604.
11	Anatolikos	pawnbroker	Poures		24 hyperpyra		a Frankish belt valued at 50 hyperpyra and an alloy ring		MM, vol.II, no, 591; Darrouzès, Les

									Regestes, no. 3151.
12	Katakolon		Branas Gounares		50 hyperpyra		mother's house	uncertain	MM, vol.II, no. 620; Darrouzès, Les Regestes, no. 3185.; PLP 11420.
13	Markos Synadenos		a certain Meledones		35 hyperpyra		The *didaskalos* of the Holy Apostles vouched for Meledones		MM, vol.II, no. 619; Darrouzès, Les Regestes, no. 3181
14	Michael Magistros Pothos		Michael Palaiologos	*archontopoulos*, son of an imperial archon	75 hyperpyra		a portion of debtor's vineyard, sold at 94 hyperpyra		MM, vol.II, no. 569; Darrouzès, Les Regestes, nos. 3069, 3126.
15	George Alethinos Chyrsoberges	of pagan origin; a freed man	a certain Theodora		55 hyperpyra	to satisfy son's needs	her husband, Astrapyres, was imprisoned		

							in Galata as security		
			a certain Theodora		30 hyperpyra	to ransom her husband, Astrapyres	her personal properties, in particular a tavern in Vlanga; renouncement of her dowry rights		MM, vol.II, no. 558; Darrouzès, Les Regestes, no. 3114.
			Ianoulos, his partner in bakery		30 hyperpyra	for bakery business			MM, vol.II, no. 631, 635, and 395
16	Unnamed	Jewsih moneylender	John Katzas		45 hyperpyra	to lend the money to his half-brother, Manuel Katzas		3 hyperpyra on loan of 27 hyperpyra for five months delay	MM, vol.II, no. 530; Darrouzès, Les Regestes, nos. 3072, 3080.
17	Spantounina	the wife of Phokas Spantounes	her own mother		100 hyperpyra				MM, vol.I, 36/3; Darrouzès, Les Regestes, no. 2076.
18	George Ankonas	debtor's master	a certain Nicholas						MM, vol.II, no.

									614; Darrouzès, Les Regestes, no. 3174.
19	Demetrios Myropetes	debtor's godfather	a certain Nicholas						MM, vol.II, no. 614; Darrouzès, Les Regestes, no. 3174.
20	Kompas	a monk	indirectly, the imperial treasury		300 hyperpyra	the current difficulties			MM, vol.I, no. 125; Darrouzès, Les Regestes, no. 2299.
21	Various usurers		Manuel Bouzenos	an *oikeios*		poverty by an extreme famine			MM, vol.II, no. 646; Darrouzès, Les Regestes, no. 3208.
22	a certain Haplorabdes	probably a pawnbroker	Andreas Argyropoulos	an *oikeios* and *archon* tes *politeias*	120 hyperpyra	business trip in Vidin	a bronze piece		MM, vol.II, no. 630; Darrouzès, Les

									Regestes, no. 3192
23	a certain Sophianos		a certain Koumouses	a cloth merchant	100 hyperpyra		wife's dowry		MM, vol. II, no.566; Darrouzès, Les Regestes, no. 3123, 3169.
24	George Goudeles		Aramonites		20 hyperpyra	to purchase a plot of land, *zeugarion*	renouncement of dowry rights by the wife		MM, vol. II, no.581.
25	Unnamed		Isidore I of Constantinople (1347-1350)	The Patriarch					MM, vol. I, no. 130; Darrouzès, Les Regestes, no. 2309
26	Unnamed creditors		the spiritual father Makarios	the administrator of the monastery of Basil the Great	209 hyperpyra	for the restoration of the complex			MM, vol.II, no. 653; Darrouzès, Les Regestes, no.3214.
27	Some creditors		John Gabras	returned from captivity					MM, vol.II, no. 523;

									Darrouzès, Les Regestes, no. 3084.
28	Some creditors		George Magidiotes		1,079 hyperpyra	wife's dowry properties: a house and a vineyard			MM, vol.I, no. 57/5; Darrouzès, Les Regestes, no. 2115.
39	Uncertain		Nostongos	purchased developed land around his own house.	200 hyperpyra	pledged a vine and several buildings			MM, vol. I, no. 30/4; Darrouzès, Les Regestes, no. 2067.
30	John Krites		a brother of John Magistros	probably a merchant	66 hyperpyra		pledged properties		Darrouzès, Les Regestes, no. 3251.
31	Patrikiotes	a tax collector	John Kantakouzenos	the emperor	100,000 hyperpyra with additional movable goods valued at				Morrisson, "Byzantine Money: Its Production and Circulation," 909 – 910.

					40,000 hyperpyra				
32	John Frangopoulos		unnamed	a grain trader in Kellia	2,000 hyperpyra				Kiousopoulou, Emperor or Manager, 29.
33	John Basilikos		unnamed	a grain trader in Kellia	2,000 hyperpyra				Kiousopoulou, Emperor or Manager, 29.
34	Demetrios Angelos	merchant	Petriotes	merchant	80 hyperpyra		some properties		Darrouzès, Les Regestes, no. 3252.
35	Alexios Kapelitzes	merchant	Petriotes	merchant	80 hyperpyra		some properties		Darrouzès, Les Regestes, no. 3252.

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