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Round Table:

## BYZANTIUM IN THE CONTEXT OF WORLD TRADE

Convener: **Liliana Simeonova**

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**Liliana Simeonova,**

*Constantinople as a Focal Point of Amalfitan Mediterranean Trade, 11<sup>th</sup>–12<sup>th</sup> Centuries*

**Ghislaine Noyé Bougard**

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**Andrii Domanovskyi,**

*Alms, Loans, and Usury in the Byzantine Worldview: An Essay in Comparison*



Andrii Domanovskyi

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*Alms, Loans, and Usury in the Byzantine Worldview:  
An Essay in Comparison*

The moral evaluation of credit and financial operations can serve as one of the clearest indicators of a society's "economic worldview". Byzantium, where trade went hand in hand with an extensive development of credit and usury, was not an exception. It has become commonplace to assert that usury was perceived negatively in Byzantine society, that charging interest was condemned energetically, that this condemnation derived its power from the spontaneous popular attitude towards such practices, and that it actively employed Christian rhetoric. To support such claims, scholars usually cite hagiographic sources, where trade and finances are often mentioned.

For instance, Byzantinologists often bring up *The Miracles of the Great-Martyr Artemius* (570–660). This text relates the story of the son of a money changer and usurer, whom his parents tried to get to join his father's occupation but who, being a religious boy, was so ashamed of his father's "miserable and shameful livelihood", gained by charging the debtors enormous interest, that he became a cleric.

Gregory of Nyssa also wrote about the rapacity of usurers, who desired people to suffer "deprivations and misfortunes" and come to them for financial aid. In his words, the money-lender "counts his income daily, and is never satisfied with it; deplores the gold that lies in his home, for it remains without any employment and profit." According to John Chrysostom, many trapezites "attach interest to interest and pursue by way of iniquity any lucre".

"The mental trap" of the Byzantine society was created on the one hand by the developing trade, which demanded credit institutions, and on the other hand by the condemnation of usury. It required an adequate solution at the level of ideology and worldview. Probably one way to resolve the contradiction can be detected by comparing the «theoretical» level of the attitudes towards usury, most fully elaborated for the early Byzantine times in the *A Word against Usurers* by Gregory of Nyssa (335–396), with the «practical» level of credit operations.

In *A Word against Usurers* it is said that the borrowing of money is "the same as begging for alms, only having an air of propriety," and therefore one should give to the needy not only without charging them interest, but also without demanding the money back, i.e. not requiring the return of the principal. The preacher considered an interest-free loan to be "the second degree of charity," following the first degree, "gratuitous giving". He claimed that "both are worthy of punishment when one person refuses to favor and the other person borrows more than a tax". It seems interesting to impose this framework from Gregory of Nyssa's sermon on the data from *The Life of St. Spyridon of Trimythous* (died about 348 AD) by Theodorus, Bishop of Paphos (c. 625).

Spyridon gave alms to a naukleros who solicited it under the pretense of a loan (with an air of propriety), that is, he implemented the "first degree of charity." The saint's indifference as to the repayment of the debt is notable – he does not inquire or confirm whether or not the merchant returned the money, or if the merchant did it in full, because Spyridon has given alms, not a loan.

And when the merchant, having deceived Spyridon and not returned what he had taken, asks for money again, the saint does not refuse him and allows the merchant to take what he asks for from the chest. Without a doubt, the saint once again perceives this act as a giving of alms, and is willing to do it if his means prove sufficient.

The merchant interprets the situation differently. Initially he is consistent in returning what he has received from the saint, and later, when his fraud is exposed, he begs for forgiveness and evidently believes it mandatory to repay the debt. He seems to perceive the saint's actions as "the second degree of charity." He is probably certain that his perception of the saint's giving him money as an interest-free loan coincides with Spyridon's view of the events.

Thus *The Life of St Spyridon of Trimythous* demonstrates how the model of a byzantine believer's relation to alms, loans, and usury, worked out by Gregory of Nyssa on a general theoretical level, could and was supposed to function in practice, allowing even a saint to act as a money-lender.

As we can see, even a saint could, according to the hagiographic literature, act as a money-lender, if he did not charge any interest. We also find this motive in the *Life of St. John the Merciful*, Patriarch of Alexandria (610–619), written by Leontios of Neapolis (620s–640s). John repeatedly lent to merchants in Alexandria both money (including considerable sums of five to ten liters of gold) and goods and did not complain when a borrower was not able to repay the debt even after a successful return to Alexandria.

Even more interesting is another aspect notably emphasized in *The Life of St. Spyridon*, namely the idea of the just repayment of the money borrowed. Obviously, the *Life* stresses, it is proper not only to lend money without interest, but also to repay debts in a timely fashion and in full. Probably this is how the principle of business relations laid down in the New Testament ("do to others what you would want them do to you," Matthew 7:12) was supposed to be applied in practice.

However, demands postulated by preachers could not be consistently realized in practice, and simple considerations of piety, not connected to receiving profit, could not force potential lenders to part with their assets: "We will not lend, or lend but on the condition that the borrower pay such and such amount of interest," relates Gregory of Nyssa the typical attitude of early-Byzantine lenders. Note that, according to Nicholas Kabasilas, late-Byzantine usurers acted similarly: "They (the usurers – *A. D.*), because it is prohibited to charge interest, decide not to lend, themselves abolish creditors in cities and censure the law for it". And even more clearly: "No one will lend money if there is no hope of receiving interest".

The inviability of the preached treatment of usury was unequivocally demonstrated by Basil I's (867–886) attempt to prohibit charging interest on loans (Prochiron. XVI. 14). Only to minors and orphans were excluded from the prohibition. Based on the Christian attitude toward the charging of interest, the emperor's measures were hailed by the broad populace. But they did not last long, and already Leo VI (886-912) relinquished them in his novellas. While considering Basil's law wonderful, he had to admit that without charging interest the very existence of credit is threatened (Les Nouvelles de Leon VI le Sage LXXXIII). "This instruction (of Basil I's about the prohibition of interest – *A. D.*), as a result of the poverty of the people, led not to the better, as the lawgiver had thought, but to the worse. Previously, hoping for interest, many would lend money willingly; but when the law appeared according to which it was prohibited to derive profit from lending, some became inhuman, cruel, and unfeeling towards those in need of a loan... As a result... the law that

was in itself benevolent has not brought benefit but has caused harm... The nature of man has not reached the heights at which this law obtains, and therefore we abolish this wonderful law.” Thus the church’s appeals about the prohibition of interest, “reduction of debts and complete forgiveness of debt obligations (chreon apocopai, othlematon synchoreseis),” as *The Life of George of Amastris* puts it, remained futile.

In other words, practice showed that the high ideal reflected in the law of Basil I was incompatible with the realities of everyday life, had a negative impact on business dealings, and impeded the progress of trade. These circumstances forced Leo VI to return to the old legislation of Justinian, which acknowledged the practice of charging interest but regulated its upper limits depending on the social status of the creditor (Basil. XXIII. 3. 73, 74, 76; compare: Cod. Just. IV. 26; IV. 32; Nov. Just. 32, 1 etc.). Just like in the sixth century, professional usurers were allowed to charge 8 percent annual interest, members of the nobility – 4 percent, and everyone else – 6 percent. In special cases with the high risk of the loss of capital (primarily loans for maritime trade), charging 12 percent was allowed (Basil. XXIII. 3. 72, 74, 76; compare: Cod. Just. IV. 26; IV. 32; Nov. Just. 32, 1). The highest allowed interest could not be exceeded even by the mutual agreement of the parties. If, in violation of the law, excess interest was actually charged, the money paid unlawfully were to count toward the repayment of the principal.

Clearly, such interest rates were quite sufficient for the normal conduct of credit operations and for decent levels of profit. Eastern Islamic cities of the eleventh century arrived naturally at commensurate levels of interest rates – they rarely went over 6–10 percent annual.

Thus Leo VI considered usury a “necessary evil”, avoiding which would be desirable but, unfortunately, impossible. The realities of life inexorably compelled the abandonment of abstract ideals. We can observe a similar pattern in the medieval Islamic East, where on the one hand usury was condemned, but on the other hand the impossibility of conducting trade without credit was acknowledged.

This is why the general attitude towards usury in Byzantium was, it seems, ambivalent rather than purely negative. This ambivalence was reflected, among other things, in hagiographic works, where usurers were sometimes shown in even the most positive light. So it was in the prologue about Theodore the merchant and the Jewish usurer Abram. In this text, Abram agreed to give Theodore a loan three times without demanding the repayment of the previously lent sums and accepting only an image of Jesus Christ as a surety of sorts. In the end, when the debtor after a successful trading voyage was able to repay the loan handsomely, giving back four thousand liters instead of just one thousand that he had borrowed, the Jew was so struck by the power of the Christian God that he changed his faith and put all his money into building a chapel where he then served as a minister. Clearly, even the negatively perceived occupation of usurer was still not, using the expression of R. Lopez, “an object of indiscriminate hatred.”

We may suppose that “indiscriminate hatred” and total condemnation was avoided by those usurers who did not dare to break the law and charge higher interest than prescribed. The activities of such moneylenders were allowed by the state itself, when the latter determined the interest rates the charging of which did not incur a breach of the Christian canon. To some extent, the law that regulated the charging of interest performed a kind of compensatory function – it allowed moneylenders the easier to agree to engage in an activity generally frowned upon in the society

pervaded by Christian traditions. As Nicholas Kabasilas noted, moneylenders did not shun their income precisely because their pursuits were not condemned by the law (and were even encouraged, or at least acknowledged as necessary, we can add).

Certainly this is only a conjecture, but we should note that such an attitude existed in the Ottoman Empire. There, credit operations at fixed interest (20 percent) were not considered usury and not perceived as a breach of the Qur'anic prohibitions. Only those credit transactions that entailed the charging of interest in excess of 20 percent were considered *riba* (usury as such). It is quite possible that something like this could be the case in the early medieval Byzantium as well, where secular and religious customs and practices were closely intertwined. This was the way in which religion, in the words of Fernand Braudel, while constantly saying no to “the innovations of market, money, speculation, and usury,” in the end said yes and accepted the “aggiornamento – adaptation to modernity”.

It is interesting also to juxtapose the idea of limited interest with the idea of a “just price” (*iustum pretium*, to *dicaion timema*) and regulated profit margins for the members of some of Constantinople's corporations. The “just price” idea also found its way into the hagiographic literature, and the hagiographer of Anthony the Great (fourth century) put the following words in the saint's mouth: “In this present life the price of a thing bought is equal to what it is worth, and the seller receives no more than that. But the promise of eternal life is acquired for too little a price: it is given to us for a life momentary”. In Byzantium, as in Western Europe, the activities of a merchant were considered justified if the principle of just compensation was not violated. It is quite possible that the same applied to usury.

Clearly, the described attitude towards usury was not only the most expedient, but also the only possible one in a Christian society that experienced not only religious purism and fanaticism, but also the sense of gain and profit. It infiltrated so deeply into the worldview of the Byzantines that even alms for the poor were equated with a loan extended to none other than God himself: “For it is said, ‘He who gives to a poor man, lends to God. And Holy God will recompense... and bestow the kingdom of heaven’” (see: *Еще история Человека Божьего, которая была записана в городе Риме, его божественном образе жизни и о том, как он покинул мир / Пер. А. В. Пайковой // Пайкова А. В. Легенды и сказания в памятниках сирийской агиографии. – Л., 1990. – С. 104*).