THE ROMAN CONTRIBUTION TO ECONOMIC GROWTH

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The economy of the Roman Empire was based almost entirely on agriculture. The system was extremely primitive, somewhat akin to mediaeval serfdom, and although there was an accumulation of empirical knowledge of plants and fertilizers, there was for a very long period of history no marked advance in tools or techniques, whether of ploughing or exploiting the soil or harvesting or irrigating, and no selective breeding whether of plants or animals. There was no marked advance in productivity. The population was mainly agricultural and the number employed in agriculture far outnumbered that in other occupations. Industry was insignificant and showed little advance, not because, as is argued by various authorities, it progressed little beyond primitive house economy but because of the absence of real competition. Only the simplest tools were used and there were no revolutions in techniques and no take-off such as occurred in northern European countries, notably Britain, in the late eighteenth century.

Nor were banking institutions greatly developed although banks existed and performed important functions in the community, holding money on deposit, making payments on behalf of customers on the basis of written instructions, making transfers of funds as between their own customers or persons known to them. Some beginning was made with foreign exchange and some banks had foreign agents but normally exchanges abroad were made with persons known to the banks. The banks also lent money on security of notes or on real estate. But they never got as far as the negotiable paper instrument. Furthermore, those who possessed capital had little or no idea of putting it to productive employment in industry. Normally they used it for necessary or conspicuous consumption, or if they saved, they invested it in real estate or lent money out at interest. (Romans had no compunction about taking interest despite Horace's strictures). Accounting methods remained primitive. Accounts were never more than lists of receipts and expenditures and were therefore of little use for economic planning. Business organisation was in the form of partnership and limited
liability never got beyond an embryo stage. Unlimited liability was itself a bar to developing enterprise.

How then, it may be asked, did the Romans make a contribution to economic growth? The answer is in trade, or rather not in trade per se but what resulted from trading contacts which increased with the extension of the territory of Rome.

As Rome grew, large tracts of land came into the possession of the state. Much of it was reserved for husbandry. Citizens of Rome helped to exploit the added real estate and some not only settled in the new provinces but also participated in the business life of the new areas as money lenders, merchants, proprietors of shops etc. Not only were contacts with the eastern Mediterranean increased and extended further east to Arabia, India and China, but also were those into the west and north — in Gaul, Spain, Africa, Germany, the area of the Danube, and by the second century A.D. even to the Scandinavian countries. In fact, by the first century B.C. the flow of Roman citizens was mostly towards the west, and the policy of rulers such as Augustus was to create new colonies of Roman citizens. City life was introduced into the tribal system of the Celtic peoples in Gaul and Spain and was revived in the former Carthaginian state of Africa. The stimulation of business life was cumulative as merchants, industrialists and artisans were attracted to the new centres of business life. The successors of Augustus continued the policy of urbanisation, and meantime Rome itself, rich and prosperous, experienced a massive inflow of migrants.

The Roman Empire became the nucleus of a collection of urban communities which, although small by modern standards, were strong, highly civilised and commercially powerful. Such a situation was to the liking of the emperors who believed that they would get support from the city-bourgeoisie. And they were right, of course, because the establishment of peaceful conditions on land and sea through the success of military conquest was made secure by the continuing existence of permanent and vigilant armed forces. The Pax Romana maintained stability. Political peace reigned within the Empire. Communications were safe on land and the powerful Roman navy safeguarded passage by sea. Easier transport was made possible by improved roads and business men pursued
their activities without interference from the state which followed a laissez-faire policy. Peace reigned and friction between political factions gave way to commercial rivalry between business men.

By the second century A.D. the Roman Empire was a world state with Rome as its centre. Commercial intercommunication now took place over a wide area. Trade was very extensive. Although imports of grain, precious stones, cotton, spices, cedar and ivory came from the Near and Far East, the internal trade of the Roman Empire was far more important than that with distant countries such as China and India. There was a substantial interchange of goods within the Empire and between the Empire and its immediate neighbours. From Italy were exported grain and other foodstuffs, wine and olive oil, lumber, cloth, metal ware and pottery. From Spain went steel products and linen, and Gaul also exported linen as well as hides and foodstuffs. From Egypt went cloth and papyrus, and from the tribes east of the Rhine there was considerable export of cloth, soap and cosmetics.5 Some of the territories were very rich, as for example Gaul, and eager to purchase, and the urbanisation policy adding to the number of cities and their population stimulated consumer demand.

There is no doubt that for a long period of time, trade was of great importance and continually growing. But however important, expanding commerce was not the major contribution of Rome to economic growth. It is asserted by several authorities,6 and there is much substance in the assertion, that Rome’s great contribution was discipline — the institution of law and order which gave the necessary protection to business enterprise. In fact, as Knight puts it, “Roman law is a first-rate factor in all subsequent economic history” (page 83).

As the Romans extended their geographical boundaries and as they came into contact with many different peoples, they were compelled to assume jurisdiction not only over foreign settlers in Rome but over foreigners in other places where Romans traded. It was impossible in such circumstances to apply Roman Law or the stranger’s own law and over the years a practical solution was found by the gradual assimilation of customs of trade and of suitable rules and forms collected from all quarters at home and abroad.7 The new law was called Jus gentium — the common law.
or usage of the world (as distinct from *Jus civile*, the peculiar and formal law of a particular state). For example, the transfer of property required different forms in different countries. Yet there was a constant feature in them all, viz. delivery. This would be the essence of the transaction, the universal element to which particular countries added various observations.

The prae tors through their edicts made known the rules and remedies for given situations, and eventually the edicts were consolidated and codified and they have, despite the collapse of the Pax Romana, passed into modern law. When the great commercial cities of Italy emerged, the framing of mercantile law was an urgent necessity and Roman law was revived. The influence of Roman Law was marked in other rising commercial centres (e.g. the Netherlands) and although, to quote Mackintosh, in Britain, “the Romeward leaning is much less pronounced than in most European countries” (page 12) even there, with regard to the laws of sale, contract, property, succession etc., principles of Roman Law are still respected.

Lord Blackburn in Dalton v. Angus (3B & S. 826) commented as follows on an important legal doctrine: “The Romans sketched the outlines of the doctrine of prescription; it was left for each nation to fill in the details according to its particular needs. But when a case arises which involves not details but fundamental principles, I naturally turn to the Roman law in which these principles were defined with classic simplicity.”9 Another learned judge, Tindal C.J., expressed himself as follows: “The Roman Law forms no rule binding in itself on the subjects of these realms; but in deciding a case upon principle, where no direct authority can be cited from our books, it affords no small evidence of the soundness of the conclusion at which we have arrived, if it prove to be supported by that law — the fruit of the researches of the most learned men, the collective wisdom of ages and the ground work of the municipal law of most of the countries of Europe.”10

When the Roman Empire disappeared in Europe, a great part of the continent was left with the remains of a vitally influential legal system. It may be true that in some places where the Romans ruled, other systems of law existed, and above all the system of Greco-Hellenistic law created by Greek cities and Hellenistic
monarchs. But it would appear that Roman law took over such parts of these systems as it needed. For example, the Romans accepted the so-called Rhodian Sea law and applied it in the regulation of maritime commerce. Such assimilation was essential in spheres where Roman Law itself had not advanced, but it is typical of the common-sense attitude of the law-makers that such action was taken.

As framers of law and, in particular, of mercantile law, those great constitutionalists, the Romans, created a system which had far-reaching effects for the duration not only of the Roman Empire but for the promotion of business activity and the help and comfort of the business world long after that Empire ceased to exist in Europe.

NOTES

4. cf. Rostovtzeff, *op.cit*.
5. cf. M.M. Knight, *Economic History of Europe*, 1926, Chapter II.
6. M.Knight, *op.cit* and also Sir John Hicks, *A Theory of Economic History*, 1969. Actually Sir John in Chapter V "Money, Law and Credit," states that money and law are the two great economic legacies of the ancient world, which is correct, but the discussion of money warrants a separate article.
8. The praetor's office was established in 367 B.C. to take over that part of the consuls'duties connected with civic jurisdiction. About 242 B.C. a second praetor was appointed to adjudicate in cases where foreigners were concerned. c.f. Mackintosh, *op.cit*.