

The Anthropology of Commerce: An Archaeology of Purpose & Liability

The history of commerce is not a straight line of progress from barter to compassionate capitalism. It is a recurring, millennia-long dialogue about two fundamental questions:

**Why does the enterprise exist?
What's its purpose?**

How do we share risk? Who is responsible for what?

We often assume that modern economic debates are new, but history shows that ancient societies grappled with the same tensions between value, obligation, and state intervention—such as the Chinese *Guanzi* texts contemplating state economic management millennia before John Maynard Keynes.

This timeline traces the evolution of commerce, examining how human beings engineered increasingly complex systems of trust, abstracted legal identities, and redefined the very meaning of "profit."

1. The Myth of Barter and the Origins of Credit (c. 3000 BCE and earlier)

Location: Early Mesopotamia, global indigenous communities

Pure barter is incredibly inefficient, requiring a strict "double coincidence of wants." Anthropological evidence, such as Michael Hudson's work (*Origins of Money and Interest: Palatial Credit, Not Barter*), shows that early human communities actually operated on **credit**.

Within a tight-knit village, neighbors kept tabs. A farmer didn't drag a cart of grain everywhere; they drank at the tavern on credit, promising a portion of the future harvest. Money originally emerged not as physical coins, but as a unit of account to measure these communal debts.

2. Palatial and Religious Finance: The First Banks (c. 2500 – 1500 BCE)

Location: Sumeria, Babylonia, Ancient Egypt

As villages grew into cities, centralized institutions stepped in. Egyptian state granaries acted as early checking accounts, allowing citizens to deposit surplus grain and draw upon it later.

In Babylonia, as Benjamin Bromberg outlines, temples became the first banks. Protected by thick walls and the wrath of the gods, priests sat on massive reserves of deposited silver and grain, eventually lending it out at interest to fund agricultural expansion.

3. The *Tapputum*: The Dawn of the Partnership (c. 1750 BCE)

Location: Babylonia (Code of Hammurabi era)

To finance long-distance caravan trade, the Babylonians formalized the **Tapputum**. A wealthy financier (*ummiānum*) provided capital to a traveling merchant (*šamallûm*), separating capital from labor. While the investor's financial loss was practically limited to their investment (if bandits stole the goods), this was an economic reality, not a legal corporate veil. If the manager broke the law, the investor was not legally shielded from the king's justice.

4. The *Trapezitai* and the Maritime Loan (c. 5th – 4th Century BCE)

Location: Ancient Greece (Athens)

While Babylonian banking was religious and palatial, the Greeks invented true **private banking**. Private citizens called *trapezitai* (named after the *trapeza*, or tables, they set up in the market) took deposits, tested coins for purity, and maintained complex ledgers that allowed merchants to transfer money without physically moving silver.

As trade shifted to the Mediterranean Sea, the Greeks also developed the **Nautikon Daneisma** (Maritime Loan). Instead of a traditional partnership, a wealthy Athenian would lend money to a shipmaster.

- **Risk & Reward:** If the ship sank, the merchant *did not* have to repay the loan; the financier absorbed all the risk. Because of this, interest rates were exorbitant (often 20% to 30% for a single voyage). It functioned as a hybrid of a loan, venture capital, and maritime insurance.

5. Roman Scale and the *Peculium* Loophole (c. 3rd Century BCE – 1st Century CE)

Location: The Roman Republic and Empire

Rome needed massive organizations to build aqueducts, supply legions, and collect taxes.

- **Societas Publicanorum:** To achieve this scale, they created syndicates of public contractors. Citizens could buy shares (*partes*). Unlike regular partnerships that dissolved if one person died, these entities survived their founders and had professional managers (*magistri*). It was the ancient world's closest relative to a joint-stock company.
- **The *Peculium* Loophole:** Roman aristocrats wanted to invest in trade but found it socially beneath them, and standard Roman law offered no limited liability. Their workaround was the *peculium*. A master would grant a slave or a son a dedicated pool of

capital to run a business. If the business went bankrupt, the master's liability was strictly capped at the size of the *peculium*. Creditors could not sue the master for his personal estates. It was a slavery-based legal fiction that functionally achieved limited liability.

6. The Islamic *Qirad* and the Avoidance of Interest (c. 8th – 10th Century CE)

Location: The Islamic Caliphates (Middle East, North Africa, Spain)

Following the fall of the Western Roman Empire, commercial innovation shifted to the Islamic Golden Age. Islamic law strictly forbade *riba* (the charging of interest), making Roman and Greek-style loans impossible.

- **The *Qirad* (or *Mudaraba*):** To finance trade legally, Islamic merchants formalized a specific partnership. An investor provided 100% of the capital, and a merchant provided the labor. Profits were split at a pre-agreed ratio. If the caravan was robbed or goods spoiled, the investor lost their money, but the merchant owed no debt (losing only their time).

7. The *Commenda* and "Deus enim et proficuum" (10th – 15th Century CE)

Location: Medieval Italian City-States

When Italian merchants began trading heavily with the Islamic world across the Mediterranean, they observed the *Qirad* and imported the legal concept back to Europe, directly translating it into the **Commenda**.

- **The Structure:** A sedentary investor absorbed the financial risk of shipwrecks, and a traveling merchant took the physical risk.
- **The Philosophy:** For these early merchants, making money and serving God were not mutually exclusive. The journals of Francesco di Marco Datini (the "Merchant of Prato," 1335-1410) frequently opened with the phrase "**Deus enim et proficuum**" (*For God and Profit*). The spiritual and material were dual, inseparable objectives.

8. The Agrarian Calculation of Feudalism (1180s – 1340s CE)

Location: Feudal England

In the medieval agrarian economy, the goal of enterprise was *not* infinite growth or maximized profit. The system was designed for stability and the fulfillment of feudal and divine obligations. Value was deeply theological, measured by attaining a "God-given yield."

- **Valor vs. Proficuum:** *Valor* was the expected annual revenue or inherent worth of an estate as a baseline. *Proficuum* was the actual yield. The goal was simply to meet the expected *valor*, not exceed it hubristically.
- **Wainagium:** The foundational assets needed for production (equipment, stock, seed) which could not be legally seized without destroying the tenant's ability to produce.
- **Verus Valor vs. Vetus Valor:** The constant tension of economic measurement. In 1255, papal nuncios sought the *verus valor* (true, present value) for taxes, but over time, this dynamically shifting reality inevitably decayed into *vetus valor* (old, outdated value).

9. Joint-Stock Companies & The Evolution of "Profit" (c. 1600 CE)

Location: England, The Netherlands

To fund the massively expensive spice trade, the Dutch East India Company (VOC) was formed in 1602. It was the first true **Joint-Stock Company**, granted its own *legal identity* separate from its owners, complete with perpetual life and tradable shares.

The Shifting Language of Progress: During this era, the very definition of "profit" began to morph:

- **Latin Origins:** *Proficere* meant "to accomplish, make progress, be useful."
- **c. 1300:** It meant a "spiritual benefit" as much as a gain for the purse.
- **Mid-14th Century:** It shifted toward general "usefulness" and utility.
- **By the 19th Century (1853):** The term narrowed sharply into the "Profit Margin"—the strictly financial advantage resulting to the owner of capital.

10. The Democratization of Limited Liability: The Birth of the LP and LLC (19th Century)

Location: France, England, Germany

The Industrial Revolution required vast capital, but the financial trauma of the 1720 Mississippi Company collapse made governments terrified of granting corporate shields. This led to a century-long legislative tug-of-war over who was allowed to incorporate.

- **France's Conservative Precursor (1807):** Napoleon's *Code de commerce* recognized limited liability but required strict, costly authorization from the Council of State to form a public company (*société anonyme*). However, it crucially codified the **société en commandite**, the direct ancestor of the modern **Limited Partnership (LP)**, which safely shielded silent investors while keeping full liability on the managing partners.

- **The British Breakthrough (1855-1856):** Britain leapt ahead of France with the **Limited Liability Act 1855** and the **Joint Stock Companies Act 1856**. This was a profound democratization: it expressly allowed the general public to incorporate with limited liability as a *right*, without begging the state for a special charter.
- **France Catches Up (1863-1867):** Realizing they were falling behind British industrialization, France passed the *Loi sur les sociétés* in 1867, finally allowing companies to establish freely under a limited-liability charter without Council of State approval.
- **The German GmbH & The Modern LLC (1892):** The gap between a highly regulated public joint-stock company and a risky general partnership remained. Germany solved this by inventing the **GmbH** (*Gesellschaft mit beschränkter Haftung*). It offered limited liability but was tailored for smaller, private businesses without public stock. This brilliant "missing middle" structure became the engine of the German *Mittelstand*.
- **The Legacy:** The *GmbH* served as the direct blueprint for the modern **LLC (Limited Liability Company)**, which first appeared in the US in Wyoming in 1977 (designed to give oil drillers corporate liability shields with partnership tax benefits), and eventually paved the way for the **LLP (Limited Liability Partnership)** for professional firms.

11. The Age of Creative Destruction and the "Purpose Wars" (20th Century)

Location: Global

As capitalism accelerated, thinkers struggled to define its overarching purpose.

- **Adam Smith** believed individual self-interest unintentionally served the public good. **Karl Marx** argued profit was extracted surplus labor driving class conflict. **Ludwig von Mises** argued value was entirely subjective.
- **Creative Destruction:** Werner Sombart (1913) and Joseph Schumpeter (1942) defined capitalism as a "perennial gale" that constantly destroys old structures to create new ones.
- **The 20th Century Debate:** **John Maynard Keynes** and **Adolf Berle** argued the state had a role in steering the economy toward public purpose and stability. **Milton Friedman** countered that the sole social responsibility of business is to increase its profits. As highlighted by Andrew Johnston's research, the "Dawn of Shareholder Value" was truly cemented and normalized in the UK/US during the 1952-1954 wave of hostile takeovers, forcing corporate boards to prioritize immediate shareholder returns above all else.
- **Coase vs. Lenin (Markets vs. Central Planning):** A major intellectual battleground involved how resources should be allocated. Vladimir Lenin envisioned the ideal economy

functioning as one single, centrally planned factory. **Ronald Coase**, in *The Nature of the Firm*, rebuked this, arguing that firms exist to minimize transaction costs, but become inefficient if they grow too large and bureaucratic. We see Coase's theory proven even in modern philanthropy: Feeding America abandoned central planning to distribute food across its network, instead creating an internal market where food banks use artificial currency to bid on the food their specific communities need most. Market mechanisms proved far superior to central dictation.

- **The Limits of Philanthropy:** However, while markets and mutual aid are highly efficient, they have inherent boundaries. Social services, public goods, and merit goods are necessary because philanthropy and mutual aid lack the legal authority and comprehensive resources of governments to address the structural needs of people. Ultimately, as the maxim dictates: "*Scale is the responsibility of the state.*"

12. The Modern Synthesis: Stakeholder Capitalism & Legal Fictions (21st Century)

Location: Modern Corporate Jurisprudence (e.g., Delaware, USA)

Today, the debate between Friedman's "Profit as the Engine" and the modern "Purpose as the Compass" (Stakeholder Capitalism) has moved from philosophy into the courtroom.

- **Measuring What Matters:** We now see a clash of metrics. **IFRS** (International Financial Reporting Standards) measures the traditional financial shareholder value. Meanwhile, **GRI** (Global Reporting Initiative) attempts to measure holistic stakeholder value (carbon footprints, employee engagement).
- **The Rise of Benefit Entities:** Jurisdictions like Delaware created statutory workarounds: the **PBC** (Public Benefit Corporation), **PBLLC**, and **PBLP**. These legally embed a dual purpose of profit and public benefit into the company's charter. However, as scholars like Ann Lipton, Jill E. Fisch, and Steven Davidoff Solomon point out, these structures still face profound challenges regarding how "value" is legally enforced and how the traditional Internal Affairs Doctrine adapts to modern, multi-state stakeholder demands.
- **The Enforceability Gap:** Companies love to publish "Purpose Statements" filled with abstract nouns (synergy, impact, excellence). However, under traditional corporate law—specifically the **Internal Affairs Doctrine**, which dictates that the laws of the state of incorporation govern a corporation's internal affairs—directors are heavily shielded, and abstract purpose statements are legally unenforceable against a board prioritizing profit.

Summary

The journey from Babylon's *Tapputum* to Delaware's *Public Benefit Corporation* highlights that a corporation is a legal fiction. We can define its rules, liabilities, and its purpose.