

A Roman TARP Program.

The curse of usury was indeed of old standing in Rome and a most frequent cause of sedition and discord, and it was therefore repressed even in the early days of a less corrupt morality. First, the Twelve Tables prohibited anyone from exacting more than 10 per cent., when, previously, the rate had depended on the caprice of the wealthy. Subsequently, by a bill brought in by the tribunes, interest was reduced to half that amount, and finally compound interest was wholly forbidden. [...] Hence followed a scarcity of money, a great shock being given to all credit, the current coin too, in consequence of the conviction of so many persons and the sale of their property, being locked up in the imperial treasury or the public exchequer. To meet this, the Senate had directed that every creditor should have two-thirds his capital secured on estates in Italy. Creditors however were suing for payment in full, and it was not respectable for persons when sued to break faith. So, at first, there were clamorous meetings and importunate entreaties; then noisy applications to the praetor's court. And the very device intended as a remedy, the sale and purchase of estates, proved the contrary, as the usurers had hoarded up all their money for buying land. The facilities for selling were followed by a fall of prices, and the deeper a man was in debt, the more reluctantly did he part with his property, and many were utterly ruined. The destruction of private wealth precipitated the fall of rank and reputation, till at last the emperor interposed his aid by distributing throughout the banks a hundred million sesterces, and allowing freedom to borrow without interest for three years, provided the borrower gave security to the State in land to double the amount. Credit was thus restored, and gradually private lenders were found. The purchase too of estates was not carried out according to the letter of the Senate's decree, rigour at the outset, as usual with such matters, becoming negligence in the end.

"The Annals" by Cornelius Tacitus, Book VI, A.D.32-37. (translated by Alfred J. Church and William J. Brodribb – The MIT Internet Classics Archive)

Suggested by Eugenio J. Miravete