

## THE PRIVATE BANKS IN FOURTH-CENTURY B.C. ATHENS: A REAPPRAISAL<sup>1</sup>

### INTRODUCTION

This essay has two aims: to affirm the significance of private banking in fourth-century B.C. Athens, and to propose a model of its role in the economy. Such a project is desirable because there has been a tendency since the publication of Finley's *The Ancient Economy* to minimize the significance of banking in ancient Greece. Banking is seen as a 'fringe activity' largely carried out by such 'outsiders' as metics and ex-slaves. Consequently historians have frequently overlooked the value of banking as a tool for understanding the Greek economy.

A full investigation would involve a considerable range of both literary and archaeological evidence. It would also be necessary to investigate the activities of deme and temple banks. For present purposes, however, I shall focus on a case-study of the private bank run by Pasion, the slave-born father of the Athenian politician Apollodorus.<sup>2</sup> Such a focus produces obvious limitations and the evidence is inevitably literary based and principally confined to some nine speeches in the Attic orators.<sup>3</sup> But there are a number of good reasons for concentrating on Pasion's bank.<sup>4</sup>

It is the best attested example of the private banks, largely as a result of the litigious behaviour of Apollodorus.<sup>5</sup> The courtroom speeches which survive allow us a very detailed picture of Pasion's customers. This evidence has the further advantage of extending over a considerable period, from the time of the ex-slave Pasion's owners at the end of the fifth century through Pasion's own management of the bank both as metic and citizen, to that of his ex-slave Phormio, whom we last hear of in the 350s as manager of his own bank.<sup>6</sup> Moreover, the evident prosperity of Pasion's bank assures

<sup>1</sup> I am much indebted to Paul Cartledge, Michael Crawford, Lin Foxhall, Fergus Millar, John North, and Robin Osborne, all of whom have commented on an earlier draft of this essay which was awarded the *George Grote* prize by The Institute of Classical Studies in 1994. Thanks are also due to Edward Harris for his constructive criticisms as a reviewer. I am indebted to Leicester University for sponsorship at University College London, to whose stimulating atmosphere I owe so much.

<sup>2</sup> On Apollodorus' attitude to Pasion's bank see now J. C. Trevett, *Apollodorus the Son of Pasion* (Oxford, 1992), pp. 155–79. Career summaries of Pasion and Apollodorus conveniently appear in S. Isager and M. H. Hansen, *Aspects of Athenian Society in the Fourth Century* ... (Odense, 1975), pp. 177–91.

<sup>3</sup> The principal sources are Dem. 36, 45; [Dem] 46, 49, 50, 52, 53, 59 and Isoc. 17. For useful approaches to oratorical evidence see E. E. Cohen, 'Commercial Lending by Athenian Banks: Cliometric Fallacies and Forensic Methodology', *CPh* 85 (1990), 177–90; S. C. Todd, 'Use and Abuse of the Attic Orators', *GR* 37 (1990), 159–78; P. C. Millett, *Lending and Borrowing in Ancient Athens* (Cambridge, 1991), and E. Harris, *Aeschines and Athenian Politics in the Age of Philip of Macedon* (Oxford, 1994), ch. 1. Harris suggests a series of six 'guidelines' for evaluating evidence, including conflicting evidence, in the speeches of the court orators.

<sup>4</sup> On what a bank was physically, see Dem. 45.33.

<sup>5</sup> The most recent study of the authorship of Apollodorus, that of Trevett (n. 2), pp. 50–76, has concluded that he wrote the following speeches in the Demosthenic corpus: 46, 49, 50, 52, 53, and 59.

<sup>6</sup> The speeches of Apollodorus and Demosthenes help us to date the main episodes in the management of Pasion's bank: [Dem.] 49.22—Pasion was still running the bank in late 373 B.C.; Dem. 45.31—Pasion leases the bank to Phormio after 373 and before Pasion's death in 370/69. This lease lasted for eight years until Pasicles, the younger son of Pasion, came of age (Dem. 36.10 and 31).

us of its usefulness as a source of information about Athenian banks.<sup>7</sup>

*The Finley view of the Greek economy*

According to Finley there was a 'wall' in the economy between ownership of land, which was a dominant value, and money-based activities. This view, while not original to Finley, is a prominent theme in his work.<sup>8</sup> Thus in 1953 Finley claimed that 'in large measure land and money remained two separate spheres'.<sup>9</sup> This is repeated in 1985: 'This wall between the land and liquid capital . . . was too firmly based to be torn down.'<sup>10</sup> This 'wall' functions at two levels. Institutionally, metics could not own land, yet much financial activity was in their hands. Ideologically, the wall was reinforced by the landed citizens' 'psychological reluctance' to engage in productive or monetary pursuits. On this analysis liquid wealth is largely the preserve of the money-dealing metics and outwith the normal political and social concerns of the Athenian citizen. Correspondingly, the institution which is *par excellence* involved with liquid wealth—banking—is seen as an activity carried on by 'outsiders for outsiders'. It is not an intrinsic part of Athenian society, and its practices, which entail loans made at interest, lie outwith the social norms of 'friendly' and 'reciprocal' lending and borrowing.

This view was a fundamental influence on Paul Millett's analysis of the private banks in *Lending and Borrowing in Ancient Athens*. In that work Millett sees borrowing at interest from banks as a 'last resort' of men who would normally and by choice have recourse to *eranoi* and other types of friendly loans.<sup>11</sup> I believe, as will be apparent in the ensuing discussion, that Millett here greatly underestimates the importance of the private banks as lenders.<sup>12</sup>

I do not wish to deny the existence and significance of the social norms of 'friendly' lending and borrowing to which Millett refers. But we shall see that in fourth-century Athens the private banks as evidenced by that of Pasion did much to break through the 'wall' between citizen-owned land and the world of money where metics and other 'outsiders' are seen to play a prominent part.

Another dominant theme in Finley's approach to the Greek economy has also encouraged historians to minimize the importance of the private banks. This is Finley's analysis of the economy in terms of Weber's picture of the 'consumer city' which absorbs products of the land, depends on rents from land and property and returns little by way of production.<sup>13</sup> This influential model lies behind a number of studies of Greek banks which have analysed the role of the banks very largely in terms of whether they made loans for the purposes of 'consumption' or of 'production'.<sup>14</sup>

<sup>7</sup> The profits of the bank enabled Pasion (and later Phormio) to achieve citizenship. For details of Pasion's fortune, see Trevett (n. 1), p. 72, n. 14.

<sup>8</sup> References can most conveniently be found in P. C. Millett, *Lending and Borrowing in Ancient Athens* (Cambridge, 1991), p. 225.

<sup>9</sup> Cf. 'Land, Debt and the Man of Property in Classical Athens', cited from M. I. Finley, *Economy and Society in Ancient Greece*, edd. Shaw and Saller (London, 1981), p. 72.

<sup>10</sup> M. I. Finley, *The Ancient Economy* (London and Berkeley, 1985<sup>2</sup>), p. 48.

<sup>11</sup> See Millett (n. 8), p. 3.

<sup>12</sup> So too E. Harris in his review of Millett, *CR* 43 (1993), 102–7.

<sup>13</sup> The 'consumer city' model itself goes back to the work of Bucher. See below.

<sup>14</sup> See, for example, R. Bogaert, *Banques et Banquiers dans les Cites Grecques* (Leiden, 1968) pp. 356ff; J. Andreau, 'M. I. Finley, la banque antique et l'économie moderne', *Annali della scuola normale superiore di Pisa* 7 (1977), 1130–52; W. E. Thompson, 'A View of Athenian Banking', *MH* 35 (1979), 224–41; R. Bogaert, 'La Banque a Athenes au IV<sup>e</sup> siècle avant J.-C. Etat de la question', *MH* 43 (1986), 19–49; W. E. Thompson, 'Banking and Insurance' in Grant and

Such an approach is both flawed in itself and produces a very narrow focus. The terms consumption and production are not themselves sufficiently clear or adequate as analytical tools.<sup>15</sup> Nor can we reasonably hope to gauge from the very small number of bank loans that can be identified whether bank lending as a whole was for purposes of consumption or production. More importantly, an analysis of banking purely in terms of 'consumption' or 'production' loans cannot allow a proper appreciation of the overall effect of banking on the Athenian economy.

But, quite apart from these very particular criticisms of Finley-based analyses of banking, there are also more wide-ranging and deep-seated criticisms of the 'consumer city' model itself. No one would deny that this model has produced many insights into the working of the ancient economy. However, both the intellectual background of the model, in particular the work of Weber and Polanyi, and Finley's own development of the 'consumer city' approach have come under attack from a number of directions in recent years. Correspondingly, views of the role of banking which are set within the framework of Finley's model now need to be re-evaluated. I begin with a very brief account of Finley's debts to his predecessors.

Finley's 'consumer city' model owes much to the views of Weber—a debt which Finley himself acknowledged in his essay on 'The Ancient City: From Fustel de Coulanges to Max Weber and beyond'.<sup>16</sup> The model, which sees the ancient city as a centre of consumption, not a centre of production, goes back beyond Weber to Karl Bucher and his *Die Entstehung der Volkswirtschaft* (The Rise of the National Economy).<sup>17</sup> In the course of this work Bucher analysed the difference between medieval and Graeco-Roman towns in terms of the economic functions of town and country.<sup>18</sup> For Bucher, and after him for Weber and Finley, town and country had two quite separate functions in the medieval town. But the Graeco-Roman town was seen as a parasite upon the country: the town dweller exploited the land but the town failed to act as a centre of production. The medieval city, on the other hand, is seen as a 'producer' city which fosters industry and trade. To Bucher's analysis of the ancient city Sombart importantly—from the point of view of Finley's 'consumer city' model—added the 'rentier' role of the ancient city where the élite acquire their wealth not through production but through the rents they acquire from landed and other property.<sup>19</sup>

Unlike Bucher and Sombart, Weber was less directly concerned with the ancient city itself. His dominant interest when analysing the city was in the medieval city and in the theory which he developed of 'ideal types' of which the 'consumer city' was one.<sup>20</sup> The theory of 'ideal types' itself had an important influence on Finley's

Kitzinger (edd.), *Civilisations of the Ancient Mediterranean. Greece and Rome* (New York, 1988), vol. 1, pp. 829–36.

<sup>15</sup> Often the word 'consumption' seems to be an umbrella term covering any loan which is not financing manufacture or trade. But if a dowry loan is consumption spending, what about the possibly profit-making advantages which could accrue from the marriage? Again is it appropriate to call loans for liturgy purpose 'consumption' borrowing when the holder of political offices, frequently achieved by liturgies, will expect to get a financial profit? For criticisms of the consumption–production dichotomy as a diagnostic tool, see the references in Harris (n. 12), p. 103.

<sup>16</sup> M. I. Finley, *Economy and Society in Ancient Greece* (London, 1981), pp. 3–23.

<sup>17</sup> Tübingen, 1893.

<sup>18</sup> The influence of Bucher on Weber is analysed by Finley (n. 16), pp. 12–15.

<sup>19</sup> Again the importance of Sombart's *Der moderne Kapitalismus* (1902) is acknowledged by Finley (n. 16), p. 11.

<sup>20</sup> In J. Winckelmann (ed.), *Wirtschaft und Gesellschaft* (Tübingen, 1956), p. 4.

methodology, and in particular on Finley's use of 'models' which he adopted as an explanatory device for the behaviour of a wide range of ancient institutions, not just the economy of the ancient city.<sup>21</sup>

The other major strand in Finley's approach to the ancient city is his agreement with Polanyi's claims that the ancient economy was 'embedded' in a system of social and political values. This prevented the ancient economy being understood by the ancients as a separate, controllable, phenomenon, an attitude which in turn tended to prevent economic growth.<sup>22</sup> Rejecting 'modernist' claims of Meyer and others that concepts relevant to the market economy could be applied to the ancient world,<sup>23</sup> Polanyi claimed that in pre-industrial societies reciprocity fulfilled the role of supply and demand in the market economy.<sup>24</sup> Pre-industrial economies were not 'rational' or 'planned' economies but were embedded in social, political, and other 'non-economic' structures.<sup>25</sup>

Finley's 'consumer city' approach, along with this varied intellectual heritage, has come under attack from two directions. Social scientists have criticized the underlying Weberian framework, while ancient historians have challenged Finley's account of the ancient city's economy in a number of fundamental ways.

Thus Weber's ideal types have been redefined and the concept of a 'model' has been considerably elaborated.<sup>26</sup> Important dichotomies through which Weber and Finley analysed the ancient economy have also been criticized, not least the fundamental opposition between consumption and production.<sup>27</sup> Polanyi's views, too, have received considerable critical attention.<sup>28</sup> Such attacks on the methodology used by Finley must to some extent undermine the effectiveness of Finley's approach.

But even more seriously for the debate on the ancient economy, ancient historians have in recent years criticized key elements in Finley's argument. It is a tribute to the authoritative nature of Finley's views that his critics have often continued to conduct the debate on the ancient economy in Finley's own terms, with a corresponding focus on the role of trade and traders. Thus much criticism has insisted on a more important role for 'productive' activity.<sup>29</sup>

More recently, critics have departed much further from the Finley framework. Sitta von Reden has taken issue with Polanyi's account of reciprocity, which Finley adopted.<sup>30</sup> She convincingly claims that reciprocity itself is an 'embedded' concept

<sup>21</sup> 'Modelling' is discussed in detail, and exemplified, in M. I. Finley, *Ancient History: Evidence and Models* (London, 1985), pp. 60–6 (on the use of models) and pp. 78–85 (where the method is applied to an analysis of ancient warfare).

<sup>22</sup> For Polanyi's influence on Finley, see S. Humphreys, *Anthropology and the Greeks* (London, 1978), pp. 42–3.

<sup>23</sup> E. Meyer, 'Die wirtschaftliche Entwicklung des Altertums', *Jahrbucher für Nationalökonomie und Statistik* 9 (64) (1895).

<sup>24</sup> K. Polanyi, *Trade and Market in the Early Empires; Economies in History and Theory*, edd. K. Polanyi, C. Arensberg and H. W. Pearson (Chicago, 1957).

<sup>25</sup> For the 'embedded' economy, see Polanyi (n. 24), pp. 68, 71.

<sup>26</sup> See, for example, W. G. Runciman's *A Treatise on Social Theory 1* (Cambridge, 1983), pp. 186–93, where he redefines the concept of a 'model'.

<sup>27</sup> See E. Harris (n. 12), pp. 102–3 for criticisms by T. Parsons and S. Andreski.

<sup>28</sup> See in particular N. J. Smelser, 'A Comparative View of Exchange Systems', *Economic Development and Cultural Change* 7 (1959) 173–82; S. Meikle, 'Aristotle and the Political Economy of the Polis', *JHS* 99 (1979), 57–73. See too the overview of Polanyi by Humphreys (n. 22).

<sup>29</sup> See references in n. 14 for evidence relating to studies of banking. More generally, see, for example, W. E. Thompson, 'The Athenian Investor', *Rivista di Studi Classici* 36 (1978), 402–23; 'The Athenian Entrepreneur', *L'Antiquité Classique* 51 (1982), 53–85.

<sup>30</sup> *Exchange in Ancient Greece* (London, 1995), p. 2.

which takes different forms within the Greek culture as different social ideologies developed. Von Reden also criticizes Finley's failure to recognize ideological changes in a range of other concepts important for Finley's analysis. She draws attention to ancient debate about acceptable forms of credit and changes in attitude to such issues as who should or should not be awarded with citizenship.<sup>31</sup> Von Reden also demonstrates that coinage is not simply concerned with economic exchange but also has political and social purposes.<sup>32</sup> The end result is a restatement of the 'embedded' Greek economy.

Wilhem Jongman directly attacks Finley's primitivist approach to the ancient economy.<sup>33</sup> In particular, he argues that modern economic theory can usefully be applied to the ancient city. His study of Pompeii seeks to explain the growth or stagnation of ancient economies not through the Finley argument about the presence or absence of a commercial bourgeoisie but in terms of élite income and expenditure.<sup>34</sup>

Finley's 'consumer city' model has itself been both directly and indirectly challenged in recent work. Thus Engels, in a deliberate rejection of Finley's 'consumer city', has argued in his study of Corinth for a 'service city' model.<sup>35</sup> While Keith Hopkins, in an influential article on the Roman economy, has produced a model where tax demands in the Roman Empire stimulate the production of goods for trade. The model can be seen as an implicit attack on the 'consumer city' account of the ancient economy.<sup>36</sup>

Other scholars have redefined the relationship between town and country with results very different from those of Finley. Thus Robin Osborne argues that wealthy Athenian country landowners needed to market their products in the town in order to meet the social and political demands made of them by democratic Athens.<sup>37</sup> The Finleyan gap between élite preoccupations and the world of the market is thus effectively closed. More generally, Finley's 'primitivist' views have recently come under attack from those who argue for the growth of the Athenian economy between the sixth and the fourth centuries.<sup>38</sup>

I end this brief survey of the Finley view with a recent work that is of direct relevance to the subject of this article, Cohen's *Athenian Economy and Society—A Banking Perspective*.<sup>39</sup> Cohen himself does not discuss Finley's approach to the ancient economy at any length<sup>40</sup> but his book is an implicit refutation of the minimal-

<sup>31</sup> Von Reden rightly observes that some of her criticisms of Finleyan positions are met by Paul Millett's analysis in *Lending and Borrowing in Ancient Athens*, but seems unaware of Cohen's recent study of credit contained in his *Athenian Economy and Society—A Banking Perspective* (n. 39 below).

<sup>32</sup> Von Reden (n. 26), pp. 171–94.

<sup>33</sup> W. Jongman, *The Economy and Society of Pompeii* (Amsterdam, 1991), pp. 28–36.

<sup>34</sup> Perhaps paradoxically Jongman ends up with a 'consumer city' model in the sense that élite consumption is found to be the driving force of the Pompeian economy.

<sup>35</sup> D. Engels, *Roman Corinth* (Chicago, 1990). He claims to provide an 'alternative model' to Finley's (p. 3).

<sup>36</sup> K. Hopkins, 'Taxes and Trade in the Roman Empire', *JRS* 70 (1980), 101–25. Hopkins claims (p. 101) to be writing 'in friendly debate' with Finley.

<sup>37</sup> R. Osborne, 'Pride and Prejudice, Sense and Subsistence: Exchange and Society in the Greek City', in J. Rich and A. Wallace-Hadrill (edd.), *City and Country in the Ancient World* (London, 1991), pp. 119–45.

<sup>38</sup> I. Morris, 'The Athenian Economy Twenty Years after *The Ancient Economy*', *CP* 89 (1994), 351–66; E. M. Burke, 'The Economy of Athens in the Classical Era: Some Adjustments to the Primitivist Model', *TAPA* 122 (1992), 199–226.

<sup>39</sup> E. E. Cohen, *Athenian Economy and Society—A Banking Perspective* (Princeton, 1992).

<sup>40</sup> Cohen does, however, refer to Finley's views on some individual economic topics. For criticisms of Cohen's 'market economy' approach to the Athenian banks, see Scott Meikle who

izing of the role of the banks which results from Finley-based views.<sup>41</sup> Cohen's work has the merit of highlighting, I think rightly, the role of the banks in maritime lending.<sup>42</sup> But his concentration on this particular area of the banks' activities results in a somewhat one-sided and, to my mind, restricted view of the effects of the private banks on the Athenian economy.<sup>43</sup>

The aim of this article is to suggest a much wider picture of the economic effects of the private banks. By studying our information about the most important bank in Classical Athens—that of Pasion—I shall suggest that the Athenian private banks had the potential to interact with, and so in effect to provide a link between, many different areas of the Athenian economy. The banks are therefore a powerful force for breaking down Finley's 'wall' between the landed world of citizens and the 'outsiders' world of money and trade.

The argument which follows consists of two parts. Firstly I argue for the importance and centrality of the private banks in fourth-century Athens. I then proceed to model the role of the banks and argue that they were an integrating force in the Greek economy. We may finally draw some conclusions about the nature of that economy.

### THE ROLE OF PRIVATE BANKS (1): THEIR PLACE IN GREEK SOCIETY

[Pasion] thought that . . . when Timotheus was in better financial circumstances he would both get his money back and also get any other favour he might want from Timotheus.

([Demosthenes] 49.3)

I rue the day the banks stopped being friendly to their customers.

(a stockbroker quoted in *The Times*, 2 September 1992)

The most recent study of lending and borrowing in Athens portrays banking as a marginal activity in Greek society.<sup>44</sup> Millett's work is extremely valuable. It contains many insights and is by far the most thorough investigation of the role of banking from a Finley-based point of view. But the minimalist approach to banking in this and other Finley-influenced studies prevents a full appreciation of the significance of banking.

According to this approach, private banking was an activity conducted on the margins of Greek society. Banks were typically run by ex-slaves and metics. Their typical customers were also on the edges of Greek society, being either foreigners or impoverished Athenians who for various reasons could not use the normal procedures of friendly borrowing but were forced as a last resort to turn to 'impersonal institutions'.<sup>45</sup> Crucial to this marginalizing of private banking is Millett's claim that

distinguishes between the 'use value' of the ancient economy and the 'exchange value' of the post-industrial market economy in 'Modernism, Economics and the Ancient Economy', *PCPS* 41 (1995), 174–91. For another argument that ancient society was not controlled by exchange value, see S. Todd Lowry (criticized by Meikle loc. cit.), *The Archaeology of Economic Ideas* (Durham, 1987).

<sup>41</sup> See in particular Millett's (n. 8) account on pp. 197–217.

<sup>42</sup> Cohen (n. 39), pp. 111–89.

<sup>43</sup> See my review of Cohen in *Financial History Review* 1 (1994), 81–2.

<sup>44</sup> Millett (n. 8), ch. 5.

<sup>45</sup> This description of ancient banking is potentially misleading, as is Humphreys's comment that 'banks were differentiated economic institutions in the sense that transactions with them had no social significance' (n. 22, p. 152). A *trapeza* was not a corporate institution like its modern successor. It is much more apposite from the Greek point of view to see an ancient bank in terms of an individual running a service within the economy of the *oikos*. We shall see that bank lending, like other forms of lending, was very much conducted at a personal level. On the absence of the notion of corporation in Athenian law, see E. Harris *CQ* 39 (1989).

bank lending lies outside the traditional ideology of friendly lending and borrowing, an ideology which thus alienates the banks from normal Greek society.<sup>46</sup>

I begin with some criticisms of these views and then proceed to some positive arguments to show that the private banks were important and formed an intrinsic part of Greek society.

Millett's study of the 'reciprocity' inherent in the lending and borrowing arrangements in Ancient Athens is impressive. But his argument that Athenians borrowed from the banks only as a 'last resort' when they had failed to raise a 'friendly' loan from relatives, acquaintances, or through an *eranos* is not supported by the main evidence he cites, namely Lysias fr. 3 (= Athenaeus xiii, 611d–12f).<sup>47</sup> Aeschines the Socratic, an otherwise respectable character, has approached the speaker for a loan—for which he offers interest at 18 per cent—after failing to repay loans, also at interest, from 'a banker Sosonimus and Aristogeiton'.<sup>48</sup> There is no suggestion that Aeschines contracted the loan with the banker as a 'last resort' only after exhausting friendly sources of borrowing. It later transpires that Aeschines had failed to repay either interest or capital to the speaker, who proceeds to list a whole series of disgruntled lenders. Aeschines had failed to recoup shopkeepers who provided credit, neighbours, and lenders of *eranos* loans. Even the 'men in the Piraeus' avoided him as an impossible risk. But there is no indication in the text that Aeschines had turned to bankers and other lenders at interest only after friendly methods of borrowing had proved unavailable. What Lysias does show is the variety of credit sources available—bankers, shopkeepers, neighbours, *eranos* loans, the 'men in the Piraeus'—with no indication of any social priorities.

Cliometric arguments based on the small number of known bank loans—some eleven—cannot be used as evidence for the actual rarity of such loans in ancient Greece. As so often, our evidence has to be extrapolated from sources not primarily concerned with the particular phenomenon which interests us. Such evidence cannot be assumed to give an accurate picture of the prevalence of bank loans. We must also remember that a number of bank loans may be concealed in our surviving evidence. The Attic orators and other important sources about loans, e.g. the Attic Horoi, frequently do not reveal details about the social status—whether bankers or otherwise—of the lenders.<sup>49</sup> More positively, the many hypothetical examples of bank loans which the Attic orators provide, together with their assumption that the audience is familiar with banking procedures, would seem to presuppose that bank loans were by no means uncommon.

Nor can we confidently claim that bankers and their customers were 'outsiders'. While our sources do show outsiders, like the son of Sopaeus, using Pasion's bank, we also see it being used by wealthy citizens such as Menexenus, Demosthenes, and Komon, and by prestigious Athenian generals such as Timotheus.<sup>50</sup> We do, of course, see foreign traders using Pasion's bank, but in our surviving evidence as many citizens as metics and foreigners were engaged in trade.<sup>51</sup> We cannot assume that no Athenian

<sup>46</sup> For a detailed study of this ideology and its importance, see Millett (n. 8).

<sup>47</sup> Ibid., pp. 1–2. Millett's use of Lysias is now also criticized by Cohen (review of Millett in *BMCr*).

<sup>48</sup> We hear of Nicobolus snatching his petty sums of interest from Athenian stallholders, but this must be set against the evidence produced by J. K. Davies, *Wealth and the Power of Wealth in Classical Athens* (New York, 1981), pp. 41–9 that workshops were a substantial source of wealth.

<sup>49</sup> Only one Attic Horos, no. 39, clearly refers to a banker, Eukles (= IG 2<sup>2</sup>, 2741).

<sup>50</sup> Timotheus' lack of resources may well have been extreme but other generals must have found themselves in similar difficulties.

<sup>51</sup> Isager and Hansen (n. 2), pp. 71ff list fourteen metic/foreign traders and fifteen citizens. We cannot assume that no Athenian traders used the private banks.

traders used the private banks. Nor are we justified in inferring that the debt-ridden holders of the perfume stall taken over by Athenogenes were typical of the Athenian traders using Pasion's bank.<sup>52</sup>

As for the bankers themselves, while a considerable number were ex-slaves there certainly were citizen bankers such as the landed Aristolochus (Dem. 36.49). Nor should we forget that when banks were run by slaves—as Pasion originally was—these slaves were attached (even if 'living apart') to Athenian households. Nor is it adequate to dismiss as outsiders those metic bankers whose wealth enabled them to become citizens and gave them social prestige. Pasion and Phormio were by no means unique in their advancement through banking wealth. After citing a number of such bankers both in and outside Athens, Demosthenes observes 'one could mention many other similar examples' (Dem. 36.30).

Such a varied clientele, both of bankers and customers, must preclude us from seeing banking as an activity essentially belonging to the outsiders in Greek society. We should also remember that lending at interest is not in itself an 'outsider' activity. Rich non-bankers like Demosthenes also made profits out of loans.

There is considerable evidence to indicate positively that the private banks played both a significant and an intrinsic role in Greek society.<sup>53</sup>

Firstly, and most importantly, increasing monetization is likely to have given the Athenian banks enhanced significance. While we cannot produce accurate figures showing the circulation of coinage, there is accumulative evidence from a number of sources to show that coined money spread rapidly and was widely used, both by the state and by private individuals, in classical Athens. I begin with evidence from Athenian coins and then briefly survey important institutions which circulated cash in the public and private economy.

The introduction of the owl coinage in the last quarter of the sixth century B.C. marks the effective development of monetization. Money had of course existed in Athens before coinage.<sup>54</sup> And coinage had been used in the Peisistratid period—the *Wappenmunzen*. But it is the rapid spread of the owl coinage that marks a significant change in the Athenian economy. We do not have sufficient evidence to quantify the circulation of coinage in any detail.<sup>55</sup> But both hoards and documentary evidence about the issues of coinage allow us to trace increasing monetization over the fifth and fourth centuries B.C.

The Athenian origin shown on the owl coinage together with the adoption of the larger valued tetradrachm—in place of the didrachm—shows that the coinage was developed for use in foreign trade. By the end of the sixth century B.C. the early owls were being issued in large quantities and, unlike the *Wappenmunzen*, travelled a considerable distance both east and west.<sup>56</sup> We cannot reasonably conjecture the size or amount of issues of silver coinage in classical Athens. But, on the basis of the evidence which we do have, Kraay argues that the relatively small issues in the first half

<sup>52</sup> The slave Midas had borrowed 5T which his unfortunate new owner was expected to pay back (Hypereides, *Against Aristogeiton*).

<sup>53</sup> For a recent criticism of Finley's restricted view about the importance of Athenian banks, see I. Morris (n. 37). Morris, however, still sees the profitability of the banks as having itself led to their being marginalized.

<sup>54</sup> See most recently C. Howgego, *Ancient History from Coins* (London, 1995), pp. 13–15.

<sup>55</sup> For a succinct account of the problem of interpreting the evidence of coin hoards, see Howgego (*ibid.*).

<sup>56</sup> C. Kraay, *Archaic and Classical Greek Coins* (London 1975), p. 73 on the wide distribution of Athenian tetradrachms. Athenian coinage formed 19 per cent of the Egyptian Asyut hoard of 475 B.C. (Howgego [n. 54], p. 97).



of the fifth century B.C. were followed by very large issues in the second half of the century.<sup>57</sup> Not only did Athenian owls circulate in trade; they were also themselves a commodity sought after by areas without access to silver for use as bullion or for conversion into local coinages.

The fourth century shows a similar pattern to the fifth, with fewer issues in the first half and large quantities in the second.<sup>58</sup> The Peloponnesian War saw abandonment of the silver coinage which was replaced by issues of gold and bronze.<sup>59</sup> Of particular interest here are the small bronze coins which clearly indicate the importance of coinage in small-scale retail trade. This, together with the large silver issues from the middle of the fourth century, suggests increasing levels of monetization.<sup>60</sup>

A notable feature in both the fifth and fourth centuries was the minting of silver coins of very small values. The issues of such fractional coinage becomes more prominent in the fourth century when a wide range of small coins was issued right down to the value of one-eighth of an obol. This increasing range of small silver coins in the fourth century once more suggests increasing levels of monetization.

State revenues in the fifth and fourth centuries provide another type of evidence for monetization. During the imperial period Aristophanes estimates Athens' annual income as 2,000T, composed of tribute, 1 per cent taxes, state fines, public rents, public confiscations, revenue from the silver mines, and income from market and harbour dues.<sup>61</sup> The silver mines had produced c. 483 B.C. a large enough surplus to allow a handout to each citizen of 10 dr.<sup>62</sup> And in 454 B.C. a huge reserve of 5,000T of silver tribute was removed from Delos to Athens, enough to produce 7,500,000 tetradrachms.<sup>63</sup> Much of the tribute wealth was widely recirculated through Pericles' building programmes and 'democratic' payments (see below). At the start of the Peloponnesian War, after most of the building programme had been paid for, Thucydides claims that about 6,000T in coinage was still available in reserve.<sup>64</sup>

Figures available for state revenue in the fourth century show considerable increases throughout the second half. According to Demosthenes, before 350 B.C. the annual income was 130T.<sup>65</sup> By the end of the 340s the figure has increased to 400T.<sup>66</sup> Plutarch puts the figure at 1200T after 338 B.C.<sup>67</sup>

Building programmes in both the fifth and fourth centuries caused the recirculation of large sums of money, both in pay to a wide range of craftsmen, and in the acquisition of materials both within and beyond Attica. A few accounts from the building of the Parthenon and the Propylaia provide a snapshot in the fifth century of this important area of monetization. A series of accounts covering fifteen years from 447/6 to 433/2 suggest an estimate of some 470T for the construction of the Parthenon.<sup>68</sup> The total for the Parthenon and Propylaia, including the Parthenon statue, may well have been 2,000T.<sup>69</sup>

<sup>57</sup> Kraay (n. 56), p. 67.

<sup>58</sup> *Ibid.*, p. 68.

<sup>59</sup> Cf. Aristoph. *Frogs* 717.

<sup>60</sup> For the resumption of silver coinage early in the fourth century, see Aristoph. *Eccl.* 814. Cf. Xenophon's claim in the mid fourth century that silver coins were good merchandise for export (*Poroi* iii.2).

<sup>61</sup> Aristoph. *Wasps* 656–63.

<sup>62</sup> *Hdt.* vii. 144.

<sup>63</sup> Kraay (n. 56), p. 67.

<sup>64</sup> Thucyd. 2.13.

<sup>65</sup> Dem. 10.37.

<sup>66</sup> Dem. 10.38.

<sup>67</sup> *Mor.* 852F.

<sup>68</sup> Estimate is by Stanier quoted in Meiggs and Lewis, *GHI*, no. 59.

<sup>69</sup> Meiggs and Lewis *GHI* p. 165, quoting Heliodoros' claim *ap.* Harpocration s.v. Propylaia tauta of a 2000T total. The weight of the gold alone in the Parthenon statue (Meiggs and Lewis [n. 68], no. 54) suggests some 616T.

Fourth-century evidence from the rebuilding of the temple at Delphi again shows the importance of temple building to monetization. The list of contributors for the rebuilding in 360 B.C. refers to a second payment of a 1 obol *per capita* tax on all the cities in the Amphictyony.<sup>70</sup> Such contributions, together with the wages which rise from 1 or 1.5 dr in the fifth-century accounts to 1.5 and 2 dr in the fourth century, show that large amounts of money were widely recirculated within Athens and beyond.<sup>71</sup>

Much cash was also recirculated through loans—both to private individuals and to the state. Fifth-century accounts of the temple of Nemesis at Rhamnous preserve figures from five annual records of c. 450–40 B.C. The totals range between 8 and 9T. In one particular year out of a total of 56,606 dr 4 ob, no less than 51,400 dr were out on loan and so in active circulation.<sup>72</sup> In 434/2 B.C. the treasurers of Delos recovered more than 9T of debt and made a five-year loan of more than 9T at 10 per cent interest.<sup>73</sup> Demes too made loans to individuals, as records from the fourth century reveal.<sup>74</sup> We also hear of Athens borrowing, at a very low level of interest, the huge sum of 5,599T plus from Athena's reserves between 433/2 and 423/2.

Democratic payments by the state increasingly recirculated money in the fifth and fourth centuries throughout the citizen body.<sup>75</sup> For the later fourth century Hansen has estimated an annual disbursement of around 100T including the assembly, council, and courts.<sup>76</sup> Nor should we forget the *theorika* payments. These cannot be calculated, but they were seen as the most important of the democratic payments and, like all of them, would affect large numbers of individuals from a wide socio-economic range.

Two other aspects of the public economy are also likely to have encouraged monetization in the public economy: the dependence of Athens on grain imports, and her use of state liturgies.

We have no precise figures for corn imports, but from the time of the Peloponnesian War, when Athens' demands for imported grain became heavier, we catch glimpses of their importance.<sup>77</sup> Isocrates refers to imported grain from Satyrus, King of the

<sup>70</sup> *Fouilles de Delphes* 3.23, pp. 105–15.

<sup>71</sup> IG 2<sup>2</sup> 1672–3 (wages).

<sup>72</sup> It is clear that loans were commonly made in 300 and 200 tranches: in three of the five records 37,000 dr are regularly out in 200 dr loans (Meiggs and Lewis, *GHI*, no. 53).

<sup>73</sup> IG 1<sup>2</sup> 377.

<sup>74</sup> IG 2<sup>2</sup> 2761 (deme of Halai Aixonides, 362 B.C.); IG 2<sup>2</sup> 2492 (deme of Aixone, 345 B.C.); IG 2<sup>2</sup> 1183.29 (deme of Myrrhinous, post 340 B.C.).

<sup>75</sup> In 393 B.C. assembly pay was 3 obols (Aristoph. *Eccles.* 380). By the time of Aristotle it has risen to 1 dr for an ordinary assembly and 1.5 dr for an *ekklesia kuria* (Ar. *Ath. Pol.* 62.2).

<sup>76</sup> M. H. Hansen, *The Athenian Democracy in the Age of Demosthenes* (Oxford, 1991), pp. 315–16: 45T (assembly); c. 15T (council); c. 22–37T (courts). Hansen's figure allows some 15T for the cost of honorific decrees.

<sup>77</sup> P. Garnsey, *Famine and Food Supply* (Oxford, 1988), p. 105, while arguing that Athens' dependence on corn imports was not as high as is often claimed, nevertheless believes that imported grain was necessary to meet the needs of half the residents. Some indication of the quantities imported in the fourth century appears in Dem. 20 where it is claimed that the Bosphoros supply of 400,000 *medimnoi* was as much as the supplies from all other foreign sources put together. But we do not know whether this refers to annual amounts or just to a single, possibly untypical, occasion. We also have to bear in mind that it suited Demosthenes' purpose in this speech to stress the dependence of Athens on Leucon, King of Bosphoros. Nor do we have certain figures for Athens' own production of grain (from which we might be able to estimate her likely demand for imports). We do have precise figures for the harvest of 329/8 in IG 1<sup>3</sup> 78. The total production of wheat was 27,062.5 *medimnoi* and 339,925 *medimnoi* of barley, figures which Garnsey claims could support a population of c. 53,000–58,000 per annum. But Garnsey argues (pp. 99–101) that the harvest of 329/8 B.C. was a poor one and therefore cannot be taken as a guide to Athens' normal levels of home production.

Bosporos c. 433/2–393/2 B.C.<sup>78</sup> Later in the war Thucydides, in Nicias' speech of 415 B.C., refers to Athens' need to import grain.<sup>79</sup> The Attic orators show Athens' continuing dependence on grain imports.

Trade with Bosporos continues to be important in the fourth century: the speaker of Demosthenes 34 (327/6 B.C.) refers to the republication of a decree in Bosporos allowing 'any one who wishes' to transport grain to Athens free of tax.<sup>80</sup> We also hear of food shortages in 330/29 and 328/7 B.C., and throughout the last three decades we also hear of grain imports from Sicily and Egypt.<sup>81</sup> The naval records of the latter fourth century frequently record trierarchs' gifts of money to buy grain—gifts which were allowed to recompense the state for trierarchical debts.<sup>82</sup>

We also hear of high market prices for grain. Chrysippus, the speaker in Demosthenes 34, is praised in 330/29 B.C. for charging only 5 dr per medimnos at a time when the market price had reached 16 dr.<sup>83</sup> Similarly, honorific decrees thank other donors of low-price grain when the market price was high.<sup>84</sup> Even if the normal price for corn was only 5 dr per medimnos the 400,000 medimnoi sent by Leucon of the Bosporos (n. 77) would have cost 333T or even 1,066T plus if sold at a high market price of 16 dr.

Even on the basis of the few figures about imports and prices which happen to have survived we can deduce that grain imports must have caused the circulation of large amounts of silver coin.

The figures which belong to state liturgies provide clear evidence of private individuals circulating coinage both in the public and the private economy. The costs of equipping triremes each year were considerable. Demosthenes estimates in 351 B.C. that a permanent force of ten triremes, together with 2,000 hoplites and 200 cavalry, would be 92T a year.<sup>85</sup> This is more than double the figure estimated for assembly pay.

Individual trierarchs boast in the Attic orators about their personal contributions. In the fifth century a trierarch claims to have spent 1T 2,000 dr over three years, while another claims over a period of seven years to have spent 6T.<sup>86</sup> In the fourth century Apollodoros, son of the banker Pasion, borrowed almost 1T purely to meet the costs of advanced pay and bonuses for his crew.<sup>87</sup>

Gabrielsen's detailed study of trierarchical costs claims that in a two-month trierarchy (which he sees as the norm) the state would provide 1T while the trierarch himself would have to provide a subsidy of a further talent.<sup>88</sup> On Gabrielsen's assumption of sixty trierarchies taking place each year, at least 60T of private cash would have been put into circulation along with 60T of public subvention.

The money thus spent would be widely recirculated among a wide range of people involved in building and equipping the triremes, including the naval architects elected by the Assembly, joiners, and rope-makers. Some of the cash would also go abroad in

<sup>78</sup> Isoc. 17.57.

<sup>79</sup> Thucyd. 6.20.

<sup>80</sup> Dem. 34.36.

<sup>81</sup> IG 2<sup>2</sup> 283 records honours to a man from Salamis for importing grain to Athens from Egypt. Dem. 32 concerns a ship carrying grain to Athens from Sicily.

<sup>82</sup> The records of 326/5 (IG 2<sup>2</sup> 1628, 1629) shows a contribution of more than 7T for grain imports. A breakdown of the figures appears in Garnsey (n. 77), p. 156, table 8.

<sup>83</sup> In Dem. 42.20 Phaenippos, whose estate could have been bearing liturgies, sold barley at 18 dr a medimnos.

<sup>84</sup> Five decrees in 325/4 B.C., referring back to 330/29, thank Herakleides for selling 3,000 medimnoi of grain at 5 dr (IG 2<sup>2</sup> 360).

<sup>85</sup> Dem. 4.28.

<sup>86</sup> Lysias 19.29.42, 21.2.

<sup>87</sup> Dem. 50.7, 17–19, 23, 56.

<sup>88</sup> V. Gabrielsen, *Financing the Athenian Fleet* (London, 1994).

return for raw materials. In addition to the trierarchy, it has been estimated that festival liturgies would have circulated another 16 or 17T each year.<sup>89</sup> While the trierarchy was paid for only by citizens, the festival liturgies could also involve metics. So both different social groups, as well as a wide range of economic areas, would be involved in liturgical spending.

When we take into account the spending on cavalry service, it is clear from the above figures on the trierarchy that providing for the army must have been a powerful force of monetization in the Athenian economy.<sup>90</sup>

The evidence for monetization adduced so far has primarily been concerned with the role of state-based activities. But within the private economy much activity took place which also encouraged the process of monetization, not least the popularity of renting and of making private loans. Within the latter category an interesting indication of monetization may be provided by two of the Attic Horoi.

Horoi nos. 146 and 147<sup>91</sup> appear to show that by the fourth century landed security could act as collateral, and not have merely substitutional value. Horoi nos. 146 and 147, like a number of others, use the same property as security for more than one transaction. But they also employ a phrase which suggests the property was being thought of in strictly monetary terms. In the case of 146 land provides one talent of security for a dowry and 'by whatever amount it is worth more' it is hypothecated to three groups of people. Horos 147, where a house is pledged as security for a dowry of 1,000 dr, it is hypothecated 'by whatever amount it is worth more' to at least two groups of people (part of the inscription cannot be deciphered). Precisely the same phrase also appears in the Poletai inscription of 367/6 where the house of Theosebes is to be sold 'by whatever amount it is worth more' than its hypothecation to Smikythos for 150 dr. All of these transactions using the same apparently technical phrase evidently presuppose that the property, whether land or house, can be converted into a certain liquid value which can then be apportioned among the various claimants.<sup>92</sup>

<sup>89</sup> Ibid., p. 216.

<sup>90</sup> From at least 410 B.C. the state made loans to assist with both capital outlay—*katastasis*—and feeding costs—*sitos*—for the horse. The state was also liable to pay 1200 dr to replace any horse that was killed. The cavalryman himself might expect to spend an average of 500 dr on a horse for himself, and he would also have to buy a cheap horse for his *ippokomos*. Spense, from whose *The Cavalry of Classical Greece* (Oxford, 1993) the above figures are taken, provides a table on p. 276 which shows the price of fourth-century horses ranging from 100 to 700 dr. Details of likely feeding costs appear in Appendix 4, pp. 272ff.

<sup>91</sup> Text followed is that of Finley, *Studies in Land and Credit in Ancient Athens, 500–200* ... (New Brunswick, reprinted 1985, with introductory essay by Paul Millett).

<sup>92</sup> It so happens that cult groups appear as claimants in all three cases. But I cannot see that this in itself can justify Finley's suggestion that the concept of collateral (*vice* that of mere substitution) revealed in these inscriptions was a 'rather peculiar specialised application' of the right to have multiple encumbrances on the same property. Finley, who believed that real security was typically substitutive, and not collateral, saw this as evidence that there was not a developed market economy in ancient Athens. Harris in 'When is a Sale not a Sale? The Riddle of Athenian Terminology for Real Security Revisited' *CQ* 38 (1988), 352–6 effectively argues against the attempt by Fine (*Horoi: Studies in Mortgage, Real Security and Land Tenure in Ancient Athens* [*Hesp. Supp.* 9 (1951)]) to distinguish *prasis epi luei* transactions, which Fine sees as a substitutive form of security, from *hupotheke* transactions, which Fine saw as introducing the idea of collateral security. Harris argues that the Athenian legal system could not allow distinctions between various forms of real security. Harris now tells me *per epistulam* that he thinks there was no consistent procedure to indicate whether the creditor or the debtor should sell the property in the event of default. To the best of my knowledge, only three Horoi (Finley nos. 1, 2, 2A) stipulate who should hold the property during a loan—in these three cases it is always the creditor. The

More direct evidence of monetization is provided by the estates of Athenian citizens depicted in the orators, on the Attic stelae, and, importantly, by the Athenian coinage law of 375/4 B.C. Fifteen estates are recorded in the Attic orators, of which three have no land but considerable liquid assets: those of Diodotus,<sup>93</sup> Demosthenes senior,<sup>94</sup> and Timarchos.<sup>95</sup> While we certainly cannot deduce from this evidence that 20 per cent of rich Athenians' wealth was entirely in the form of liquid assets, these estates do show significant investment in loans and other cash-raising activities, and this is confirmed by further evidence of such lending in estates which show a more conventional pattern of assets.<sup>96</sup> Some of the lenders involved are evidently rich citizens who are using loans as to increase their liquid wealth. More speculatively, some evidence of commercial interests—which would increase liquid assets—is provided by property recorded on the Attic stelae, such as the leather-workers and spit-makers owned by Adeimantus.<sup>97</sup>

The Athenian Coinage Decree of 375/4 provides a glimpse of the influx of coinage both in the agora and the Piraeus in the first quarter of the fourth century.<sup>98</sup> We do not know the immediate circumstances of its introduction, but to judge from the decree itself the most probable cause was an increase in the number of imitation 'owls' appearing in Athens from abroad.<sup>99</sup> The decree provides detailed instructions about the behaviour of the public tester of coins in the agora, and makes provision for the appointment of a second state official to test coins in the Piraeus. Both text and interpretation are much disputed.<sup>100</sup> For the sake of clarity I repeat the text and translation of the original editor, Stroud, in an appendix. Foreign silver which 'has the same device as the Attic' and is not in any way debased or counterfeit is to be allowed to circulate. We thus appear to have an open system where 'good' imitation owls are free

presumption may well be that unless otherwise stated the debtor retained the use of the property which secured the loan. Unfortunately few of the conditions have survived. It may well be that whoever owned the property during the loan would be responsible for its sale in the event of default. Harris, in *'Apotimema: Athenian Terminology for Real Security in Leases and Dowry Agreements'* CQ 43 (1993) 73–95, convincingly demonstrates that, *pace* Finley, Dem. 41.10 refers to a law designed to protect the creditor, who took security from a defaulting debtor, against the debtor who might try to bring a suit for the return of his property.

<sup>93</sup> Lysias 32, 4–15. Diodotus' estate included a number of very large loans: 46,000 dr in maritime loans, 10,000 dr in landside loans, together with a large deposit of 30,000 dr with Diogeiton.

<sup>94</sup> Dem. 27, 9–11. Apart from 3,000 dr of bank deposits Demosthenes has 7,000 dr in maritime loans, 6,000 dr in loans at 12 per cent, loans of 6,000 dr in small sums and 1,600 dr which may also have been loaned at interest. Demosthenes also possessed 8,000 dr in cash. His sword and couch manufacturers will also have produced liquid assets.

<sup>95</sup> Dem. *Aeschines against Timarchos*, 105. The degree of liquidity in this estate was caused by his selling of land for cash in order to evade taxes. His father had invested in mines—a source of liquid assets. Timarchos is criticized for failing to do this himself.

<sup>96</sup> Of six estates described in the inheritance speeches of Isaeus, half involve the making of loans as a source of wealth, cf. Isaeus 8.35 and 11.42–3.

<sup>97</sup> There is an important limitation to the usefulness of the Attic stelae as evidence for sources of wealth. Since confiscated property was not necessarily sold off together, the items mentioned against each name may not represent total assets. For a detailed analysis of the property sold, see W. K. Pritchett, 'The Attic Stelai: Part 11', *Hesperia* 25 (1956), 178–328.

<sup>98</sup> I do not wish to imply that an influx of silver coins is unique at this time. Hoards reveal that silver coins from different sources existed in Attica at all periods.

<sup>99</sup> On close foreign imitations of Athenian owls, see I. Carradice and M. Price, *Coinage in the Greek World* (London, 1988), p. 95.

<sup>100</sup> A convenient bibliography appears in Cohen (n. 39), p. 12, n. 46 to which should be added T. R. Martin, *Sovereignty and Coinage in Classical Greece* (Princeton, 1985), pp. 207ff, and I. Carradice and M. Price (n. 99), pp. 95–6.

to circulate alongside silver currency from Attica.<sup>101</sup> And since only the tester in the Piraeus is a new appointment, it is clear that at some point between the setting up of the Board of the *Nomothetai*<sup>102</sup> and the decree itself, Athens had already taken steps to ensure an open system.<sup>103</sup> However, the passing of this decree, with the extension of provisions to cover the Piraeus, strongly suggests that merchants, both Greek and foreign, were importing foreign silver—including imitation owls—in larger quantities than before.

In the light of the above it is readily understandable that when Aristotle defines wealth in the *Rhetoric*, priority is given to money and not land:

Wealth can be categorised as follows: a large amount of money; ownership of lands and estates; and also the ownership of large quantities of movables such as herds, slaves . . .

(Ar. *Rhetoric* 1361a.<sup>104</sup>)

With this increased monetizing of the economy in fourth-century Athens it is inherently probable that the role of the private banks became more significant. We also have actual evidence in the orators for both the popularity and the profitability of the private banks. The son of Sopaeus, despite his disagreements with Pasion, can claim that '[bankers] have many friends [and] handle much money' (Isoc. 17.2.). Citizens met at Philios' bank in quest of news (Lysias 9.5)—a bank was evidently the place you expected people to congregate. When Theophrastus' man of petty ambition seeks out public places where he can be certain of an audience, he too 'haunts the banks' (Theophr. *Chars.* 21.13). The orators evidently assume familiarity with banking procedures among the jurors who were likely to encompass a wide spectrum of Athenian society.

As for profitability, of the seven enfranchised bankers about whom we hear, four were rich enough to enter the liturgical class of citizens: Pasion, Phormio,<sup>105</sup> Aristolochus, and, perhaps, Timodemus.<sup>106</sup> The most striking example of wealth gained from private banking is of course Pasion himself who, as his son Apollodorus never tires of telling the Athenians,

gave . . . a thousand shields and made himself serviceable . . . in many ways, and five times served as Trierarch, voluntarily equipping the ships and manning them at his own expense.

(Dem. 45.85)

It might be argued that despite their evident popularity and potential profitability banks were nevertheless very insecure and should therefore still be seen as marginal in the Greek economy. It is true that banking was a risky business, although this is an

<sup>101</sup> We cannot be certain, *pace* Carradice and Price (n. 99), that such good imitations 'had' to be accepted. The vagueness of the phrase 'let the tester give it [i.e. good foreign silver currency] back to the one who brought it forward' is an insufficient guide to the legal status of such coins. A suitably cautious view is taken by T. R. Martin (n. 100) who merely points out that the law did not forbid the use of non-Athenian coinage in financial transactions.

<sup>102</sup> We do not know when this Board was set up. The law of 375/4 is our earliest reference to it. We must also remember that the law may in part be repeating the provisions of earlier decrees.

<sup>103</sup> On 'open' and 'closed' coinage systems in general in the ancient world, see A. Burnett, *Coinage in the Roman World* (London, 1987), pp. 86–8. Burnett sees the decree of 375/4 as evidence of an open system operating at Athens at this point.

<sup>104</sup> A similar awareness of the growing importance of liquid wealth is revealed by Plato's severe strictures about *chrematistike* and the possession of coinage in *Laws* 742a.

<sup>105</sup> Our last evidence on Phormio, Hyper. fr. 134 relates to his trierarchy problems in 340. Evidently running his own bank after Pasicles took over Pasion's had greatly enriched Phormio. As trierarch Phormio would be amongst the 300 richest men in Athens.

<sup>106</sup> Cf. Davies (n. 48), p. 66.

endemic condition of banks.<sup>107</sup> And we know that bankers occasionally became insolvent, most notably in 371/70: 'Aristolochus . . . Sosinomos, Timodemus and the other bankers . . . when they had to settle up with their creditors had to give up all their property' (Dem. 36.50). But, *pace* Bogaert, there is to my mind no convincing evidence of widespread 'crises' in the banking system in fourth-century Athens.<sup>108</sup>

The economy of the Greek *oikos* was in itself a safeguard against the failure of any particular activity. The Greeks readily acquired a number of separate economic units, whether parcels of land or workshops, as a result of their laws of inheritance and also through dowries or defaulted loans. Failure in one particular enterprise might readily be compensated for by the continuing productivity of the others. In Pasion's case the bank could well have been subsidized, had it been on any occasion in difficulty, by the profits from his shield factory. Indeed the interconnection of these separate economic units was evidently so well recognized that the speaker for Phormio (Dem. 36.51) can present 2 talents 40 minae as being the rent brought in by Phormio for Pasion's bank, when in fact that sum includes the rent of both the bank and the shield factory. It may well be that Pasion's shield factory, for whose products—given the endemic role of warfare—there must always have been a steady demand, helped ensure the stability of his bank.

Bankers also had various strategies to secure continuity. Thus we hear of several who arranged for their widows to marry the manager of their bank:

Socrates the well-known banker was freed and gave his wife to Satyrus who had been his slave . . . Socles, who had been a banker, gave his wife to Timodemus . . . a former slave. It is not just Athenian bankers who act like this . . . in Aegina Strymodorus gave his wife to Hermias, his own slave. (Dem. 36.29–30)

Pasion himself made similar arrangements for Archippe:

This is the will of Pasion of Acharnae. I give my wife<sup>109</sup> Archippe to Phormio. (Dem. 45.28)

It is specifically stated by the speaker for Phormio that Pasion did this to conserve the bank's wealth:

Those who obtain citizenship as a gift . . . as a result of their money-making and possess more wealth than others . . . must protect that wealth. (Dem. 36.30)

We realize from the details we possess about the later history of Pasion's bank when it reverted to his sons that stability could also be achieved by continuity of staff. At least one of the four slaves to whom Pasion's sons rented the bank in 364/3—Euphraios—was working under Phormio in 373. Since the private banks based within the *oikos* built up their customers through personal contacts, there may well have been a pattern of slaves who had proved trustworthy, and who had established business connections, taking over the lease of a bank and eventually, like Pasion, handing on the bank to one of their own experienced slaves.

These devices for ensuring stability and continuity, together with our evidence for

<sup>107</sup> Cf. Dem. 36.11, and Isoc. 17.9 where Pasion can plausibly claim to be in a state of *aporia*.

<sup>108</sup> *Pace* Bogaert (n. 14), pp. 72–6, there is no convincing evidence of serious crises in the private banks. Dem. 36.50 does not claim that the banks he mentions all failed at the same time. And the reference to bank failures in the Scholia on Dem. 24.136 (if this is not pure speculation) certainly does not justify any claims of a dramatic crisis in banking when the Opisthodomos was burned down in 377/6 B.C. See a duly critical analysis of these passages in Cohen (n. 39), pp. 218–24.

<sup>109</sup> The legal status of Archippe as Pasion's 'wife' is debatable as she did not receive the citizenship along with Pasion. See most recently C. Carey, 'Apollodoros' Mother: The Wives of Enfranchised Aliens in Athens', *CQ* XLI (n.s.) (1991), 84–9.

the popularity and profitability of private banking, strongly suggest that in the increasingly monetized economy of fourth-century Athens the private banks would have a prominent role to play.

Finally we can see that banking was able to accommodate the traditional ideology about lending and borrowing, which emphasized a friendly, reciprocal relationship between lender and borrower.

Following this ideology, lending at interest was spoken of with disapproval. Stephanus, who attached himself to Phormio and other successful bankers, is at one point duly criticized for taking interest rather than taking an *eranos* loan (Dem. 45.69–70). But despite this ideological disapproval lending at interest was endemic in Greek society and can be seen both at the level of demes and of private individuals. Thus the Plotheia decree specifically states that finance officers can accept the highest interest a borrower may offer (IG I<sup>3</sup> 258) and we know that Demosthenes senior was not alone in making loans at interest (Dem. 27.9). It is a superficial response to make charges of hypocrisy.<sup>110</sup> Instead we should perhaps consider the social function of any ideology where it acts as a cohesive force holding individuals together.

The key to understanding how bank credit could fit into the traditional norms of borrowing lies in recognizing that banks are not 'differentiated economic institutions . . . [whose] transactions . . . had no social significance'.<sup>111</sup> A bank was run by a banker and his slaves who sat at the trapeza, and all were members of an individual household. The banker, whether citizen or metic, would be able to make loans like any other private individual, using the normal system of social contacts and reciprocal relationships. This is indeed what we find happening in our sources.

In the surviving evidence about the activities of Pasion's bank no fewer than four of the relevant six court speeches describe 'friendly' relationships between himself and his customers, some of which are overtly expressed in terms of reciprocity. Both before and after gaining his citizenship Pasion could act quite informally and in a friendly way: thus while still a metic (c. 395 B.C.) 'he was on friendly terms' with the son of Sopaeus (Isoc. 17.6) and agreed to help him conceal his assets. Later, when a citizen, Pasion made a friendly loan to Timotheus 'without security and without witnesses' ([Dem.] 49.2) In return, Timotheus is expected to show gratitude (*charis*).

My father thought . . . that if Timotheus should then be rescued from those dangers and get home from his service to the King in better financial circumstances than at the time he would not only recover the loan but would get from Timotheus anything else he might want.

([Dem.] 49.3.)

Precisely the same 'friendly' ideology is used of a hypothetical bank loan which Pasion might have made with a Beotian admiral.<sup>112</sup> Apollodoros, anxious to deny that Pasion made such a loan, enquires,

From what feeling of friendship [*philia*] would my father have made a loan of 1,000 drachmae to the Beotian admiral whom he didn't even know.

([Dem.] 49.50)

Such a question evidently presupposes that the jury would readily accept that Pasion could make a friendly arrangement with a customer he knew.

We again see Pasion acting in a friendly way over Lykon's deposit. On this occasion

<sup>110</sup> A precisely similar disjunction between ideology and practice can be seen in our own culture, cf. *The Times* 23 July 1992: 'For the great and the good not only was money second-rate as a source of satisfaction, but even to express an interest in it was thought demeaning.'

<sup>111</sup> Humphreys (n. 22), p. 152.

<sup>112</sup> 'Friendship' (*philia*) is a loaded term whose instrumentality can change and so cover a whole range of relationships both inside and outside the private banks.



it is the customer who sees himself as having a reciprocal relationship with the banker, Pasion. Callippus, the *proxenos* for the merchant Lykon, is asking Pasion to give him, and not the merchant Cephisiades, the deposit which the deceased Lykon had left with Pasion for the merchant to receive. Callippus couches his request for the deposit purely in terms of friendly reciprocity. 'You have a chance to do a good turn to me' ([Dem.] 52.9). Pasion is presented as in no way surprised by this approach and replies that he does indeed wish to oblige (*charizesthai*) Callippus. Once more 'charis' is a quality essentially involved in the relation of reciprocity. Pasion duly asks Cephisiades to whom the deposit had already been paid if he would consider handing it over to the *proxenos*.

This is not the behaviour of an 'impersonal' bank but of a banker well aware of social expectations and prepared to act in accordance with them, just as he was willing to accommodate the requests of the son of Sopaeus and of the general Timotheus when they made personal appeals to him. Clearly neither the banker nor his customers saw banking as a procedure outwith the common practice of friendly loans made in the context of a reciprocal relationship.<sup>113</sup>

It is significant that when Apollodorus analyses the key factor in the success of a bank he stresses the relationship of trust between banker and customer. Thus Pasion 'trusted [Timotheus] in regard to the rest of the debt' ([Dem.] 49.64).

The appearance of this language of friendly reciprocity and trust in the surviving evidence about the relationship between Pasion and his customers strongly suggests that the ancient Greeks would not see the use of banks as an impersonal last resort, when normal friendly loans proved unobtainable. Perhaps we should let Pasion's son Apollodorus have the last word:

Because I was the son of Pasion and he had many friendly contacts and was trusted throughout the Greek world, I had no difficulty in borrowing money wherever I was in need of it.

([Dem.] 50.56)<sup>114</sup>

Popular, profitable, secure within the *oikos*, banks had the potential, in no way impeded by traditional ideology about friendly loans, to play an important role in the increasingly monetized economy of fourth-century Athens. Is it possible from the surviving evidence to see what that role was?

## THE ROLE OF PRIVATE BANKS (2): THEIR FUNCTION IN THE ATHENIAN ECONOMY

The business of a bank involves haphazard returns from other people's money. (Dem. 36.11.)

For decades the banks have attracted savings from individuals and lent them to [the] cash-hungry.  
(Neil Bennet, *The Times*, 19 August 1992)

I begin from the potential of the private banks through their activities as takers of deposits and providers of credit<sup>115</sup> to redeploy wealth among different sectors of the economy. This aspect of banking is *prima facie* likely to be at least one way in which

<sup>113</sup> For a different type of argument, again suggesting that bank loans are not different in kind from normal 'friendly' loans, see E. Harris (n. 12), p. 106, who argues that the principle of reciprocity can be seen to work in both types of loan.

<sup>114</sup> In view of this and other passages cited above I am at a loss to see how Humphreys (n. 22) can describe Greek banking as being 'outside the social network'.

<sup>115</sup> 'Credit' in the context of Greek banking means quite simply the providing of loans. There is no question of the creation of credit which, historically speaking, is a fairly recent phenomenon.

banking could have a significant impact on the Greek economy. Such redeployment, if established, would show the banks helping to breach the 'wall' which, on the Finley view, separated land from liquid wealth.<sup>116</sup>

In the following reassessment of the private banks I focus on two significant banking activities, namely the taking of deposits and the provision of credit. I examine each in turn, asking a series of questions which our evidence, principally on Pasion's bank, seems capable of answering. They avoid any attempt at a cliometric approach which our fragmentary evidence must preclude. I do not wish to deny the value of collecting such numerical data as may be possible. But it seems to me at best unhelpful, and at times grossly misleading, to, for example, seek to determine whether bank loans were for 'consumption' or 'productive' purposes on the basis of a mere eleven such loans.<sup>117</sup> They also avoid the limiting effect of the now traditional questioning of the evidence in terms of the 'consumption' or 'production' nature of bank lending.

### (1) *The Taking of Deposits*

Any potential the private banks might have had to redistribute wealth among different sectors of the economy through their provision of credit would depend upon several factors: that the banks saw the taking of cash deposits as a crucial activity, that they were able to attract these deposits, and that they acquired them from a variety of sources.

We must therefore ask: (i) Were deposits important? (ii) How did banks attract deposits? (iii) Who made deposits?

We must note at the outset some important limitations to our evidence. The court speeches are naturally slanted towards loans rather than deposits since problems were more likely to arise from a defaulting borrower than from a banker, who depended on his reputation for reliability, failing to return a deposit.<sup>118</sup> The information we do get does not always allow us to see the ultimate source of the deposited wealth. And inevitably we are at times forced to speculate from indirect evidence.

#### (i) Were deposits important?

Evidence for this appears in two passages, both of which define the leasing of Pasion's bank in terms of deposit taking. Thus Phormio, on taking over Pasion's bank, is described as

leasing the working [*ergasia*] of the bank and taking over the deposits. (Dem. 36.6)

When Pasicles came of age and a new lease was set up, Apollodorus

leased the deposits and the working [*ergasia*] of them. (Dem. 36.13)

Perhaps the clearest evidence for the importance of deposit taking in Pasion's bank is the definition of banking provided by the speaker on behalf of Phormio:

<sup>116</sup> Millett (n. 8), p. 225 is aware that this 'wall' could be bridged, but he sees this purely in terms of metics finding citizen guarantors who would be able, for example, to accept landed security. Harris (*Phoenix* 46 [1992], 309–21) sees in Horos 114A (Finley/Millett) a somewhat similar procedure where a woman can avoid legal restrictions on making loans by using a male partner.

<sup>117</sup> An extreme example of misapplied cliometry is Bogaert's attempt (n. 14), pp. 370ff, to establish the number of Athenians who 'formaient la clientele de la banque au IV<sup>e</sup> siècle'.

<sup>118</sup> Cf. Isoc. 17.2: 'bankers are thought trustworthy because of their *technē*'.

the business of a bank involves haphazard returns from other people's money. (Dem. 36.11)

Obviously the greater the level of the deposits, the greater the bank's potential for the recirculation of wealth by the provision of credit. We must therefore go on to ask:

(ii) How did banks attract deposits?

We should briefly note that deposits from customers were not the only source of loan funds. The banker could himself invest directly by means of an *aphorme*, or injection of starting-up capital. This may safely be inferred from Dem. 36 where the case depends on this being possible.<sup>119</sup> Since we know both of citizen bankers and of bankers, like Pasion and Phormio, who became citizens, it is reasonable to infer that quite a number of private banks could—through their own bankers—have obtained loan funds originating from both landed and non-landed wealth.<sup>120</sup>

Banks had two obvious ways of attracting customers who might then go on to become depositors. Since banks were services run by individuals within an *oikos*, and operating through face-to-face transactions, personal contact must have been crucial in attracting customers. Existing customers would introduce new ones—as Pythodorus introduced the son of Sopaeus to Pasion's bank (Isoc. 17.4). Merchants especially would bring in new customers. We hear that Lycon used Pasion's bank 'like the other traders' ([Dem.] 52.3–4); Philip, the shipowner, brought his steward Antiphanes to the bank ([Dem.] 49.18); the general Timotheus introduces his merchant helper Philondas to Pasion ([Dem.] 49.28). The staff of the bank would also bring in customers by personal contacts—we see, for example, Phormio's trading associate Timosthenes using the bank.

Secondly, banks could offer a range of services such as the safekeeping of valuables (possibly acquired as security for loans) while their merchant owners traded elsewhere—Timosthenes leaves his Lycian ware with Pasion ([Dem.] 49.31). Banks could arrange the payment of merchants' creditors—Pasion pays money from the trader Lycon in his absence to his associate Cephisiades ([Dem.] 52.3).<sup>121</sup> A banker could act as a guarantor—Pasion does this (through an intermediary) for the son of Sopaeus (Isoc. 17.43). A banker could also provide witnesses for business deals and keep contracts of arrangements made—we do not actually see this happening with Pasion himself, but Horos no. 39 (IG 11<sup>2</sup> 2741, ll. 5–6) appears to show a banker, Eucles, safeguarding a contract for a secured loan. Banks as exchangers of coin would attract deposits from both rich Athenians and foreign merchants. Wealthy landed citizens with estates abroad, like that of Conon in Cyprus, would find it useful to leave

<sup>119</sup> We have no clear evidence that Pasion invested in his own bank. Our only information comes from Pasion's will in Dem. 36.5: '[Pasion had] more than 50 talents of his own out on loan. These included 11 talents from the bank's deposits, lent out at interest [*energa*]'. But the implications of the figures are understandably widely disputed. Bogaert (n. 14), pp. 35–9 reviews a number of interpretations. The most idiosyncratic account is that of Andreyev ('Demosthenes on Pasion's Bank. An Interpretation', *Vestnik Drevnej Istorii* [1979], 134–9 [Russian with English summary]) who takes the 50 talents as referring to bank deposits, with the deposits being regarded as loans to Pasion. Cohen (n. 39, pp. 129ff) accepts Andreyev. On the meaning of *aphorme*, see Millett in Garnsey, Hopkins, and Whittaker (edd.), *Trade in the Ancient Economy* (London, 1983), p. 46.

<sup>120</sup> Profits from shipping may well have provided Phormio with starting capital for his own bank. And Phormio would indeed have made profits out of running Pasion's bank. Its lease remained at the same level for many years and evidently bore no relation to the degree of profitability of the bank.

<sup>121</sup> This was such a common procedure that there were established arrangements for carrying it out. Cf. Dem. 52.4.

a deposit of Athenian owls as a basis for exchange. Conversely, foreign merchants in Athens would find it useful to keep a supply of local currency in Athenian banks.

The banks could also attract deposits by providing interest.<sup>122</sup> This is a highly controversial topic and cannot receive here the full attention it deserves.<sup>123</sup> For present purposes I therefore focus on the two strongest pieces of evidence: the behaviour of the fraudulent treasurers of Athene (Dem. 24.134–6) and the will of Demosthenes senior (Dem. 27.9–11).<sup>124</sup>

In Demosthenes 24.134–6 the speaker, Diodorus, gives examples of men who were duly punished for dishonesty against the state. These included the treasurers of Athene who were in office at the time when the inner treasury was burnt down. Two *scholia* amplify this passage.<sup>125</sup> One comments ‘some say they [the treasurers of Athene] stole from the funds, others that they lent the state’s monies secretly to some bankers’. The other *scholion* does not repeat the charge of theft but focuses on the supposed intentions of the treasurers to make money for themselves: ‘once when much treasure had been accumulated . . . the treasurers . . . decided to lend the monies secretly to the [or ‘some’] bankers so that they themselves could get the profits’. Whatever the treasurers may in fact have done, the clear implication is that investing in a bank could bring a profit (quite apart from its obvious usefulness as a way of ‘hiding’ money).

This too is the likely implication of Demosthenes’ will. In the first speech against Aphobos, where the young orator attacks his guardians for mishandling his inheritance, the estate left by Demosthenes senior is described at some length (Dem. 27.9). The text makes a clear distinction between assets which were in the house, and thus under the management of Demosthenes, and those outside the house managed by others.<sup>126</sup> Within the former category another distinction can readily be seen: between assets which earned interest—two workshops and one talent on loan—and those which did not—raw materials, furniture, and jewellery.<sup>127</sup> I believe we can see a

<sup>122</sup> I do not assume that the giving of interest was a necessary incentive. In modern banking interest on deposits tends to be given only as a result of competition, whether during the English Civil War when the goldsmiths paid interest in order to attract business away from the scriveners, or in very recent times when the banks are competing against other financial institutions.

<sup>123</sup> Bogaert (n. 14), pp. 346–8 and Isager and Hansen (n. 2), pp. 94–5 argue for interest on deposits. Thompson’s claim (n. 10) that interest was paid only on certain deposits which were seen as actual loans is successfully rebutted by Bogaert (n. 14).

<sup>124</sup> Two other passages are often taken as showing that deposits attracted interest. But Isoc. 17 is too unclear to be used as evidence. The reference to 6 talents in 17.12 does not necessarily entail that the original deposit was 6 talents. Hence Pasion’s providing of Archestratus as surety for 7 talents on behalf of the son of Sopaeus cannot be taken as proof that the original deposit had gained one talent of interest. More plausible proof appears in Dem. 45.66 where Stephanus is accused of using banks to make concealed profits and so avoid liturgies. But it is not certain that the profits Stephanos hopes to receive will come from interest on deposits.

<sup>125</sup> *Scholia Demosthenica*, vol. II, ed. M. R. Dils (Teubner, 1986), nos. 272a,b.

<sup>126</sup> *καὶ ταῦτα μὲν οἶκοι κατέλιπε, ναυτικά δ’* (Dem. 27.11) The distinction between ‘home’ and ‘outside’ is not (*pace* Cohen, n. 39, pp. 121ff) to my mind a distinction between ‘non-maritime’ and ‘maritime’ assets. In the circumstances of the speech the young orator is concerned to establish in front of the court the whereabouts of his father’s property which he claims has in part been misappropriated by his guardians. Property ‘at home’ can readily be vouched for by members of the household. Other property, whatever it may be, can best be shown to exist by reference to those who actually possess it, whether as bankers (like Pasion) or as managers of maritime loans (like Xuthos). Hence Demosthenes’ care to name these people, except in the case of the many holders (up to perhaps nine) of the small loans of 200 and 300 dr where a lengthy list would be involved.

<sup>127</sup> ‘These [workshops and one talent loaned at interest] were the income-bearing assets of Demosthenes Senior (*καὶ ταῦτα μὲν ἐνεργὰ κατέλιπεν*). But apart from these were ivory, iron . . .’ (*χωρὶς δὲ τούτων* . . .)

similar distinction operating in the case of the assets which were not in the house and that correspondingly the money which Demosthenes had invested in Pasion's bank is being treated as productive capital.

Among the assets outside the house, Demosthenes first mentions his father's maritime loans (always interest-bearing), managed by Xuthos,<sup>128</sup> and he ends with a sum of around one talent loaned free of interest, in tranches of 200 and 300 dr.<sup>129</sup> Since the term 'loaned free of interest' is used only of this last sum it is reasonable to see all the other sums of money which follow the maritime loans in Demosthenes' list and precede the final item as also bearing interest, namely 2,400 dr in Pasion's bank, 600 dr in the bank of Pylades and a further 1,600 dr in the hands of Demomeles.

Thus the description of Demosthenes' estate with its careful distinction of interest-bearing and non-interest-bearing assets of the will, with its balance of divisions, strongly suggests that Demosthenes was making a profit out of his deposits. Such an investment would have the additional advantage of a secure return, unlike the more risky maritime loans.

Our main concern in looking at the taking of deposits is to try to establish both the social and the economic sources of this wealth, which would then be available for redistribution through loans. So we must now turn to our final question.

### (iii) Who made deposits?

We have already had a few glimpses of depositors at Pasion's bank but we must now attempt a fuller picture. Our evidence is comparatively limited and we must always remember it is highly circumstantial. I briefly discuss the evidence and then draw some preliminary conclusions.

The politics in the Bosphorus gives us a very early picture of the bank when Pasion himself was still a metic. The son of Sopaeus deposits a huge sum of 6 or 7 talents—it would have funded more than half the landside loans which Pasion had in hand when he transferred the bank to Phormio. It is clear that some of this wealth was a gift from his father and was therefore foreign (Isoc. 17.4, 40). Some no doubt came from the proceeds of selling his shiploads of corn (Isoc. 17.4). We may also speculate not unreasonably that any profits from the large maritime loans which we know the son of Sopaeus made (Isoc. 17.42) might have been deposited in Pasion's bank.

Arguments over the tax due on the estate of Demosthenes' father (Dem. 27) reveal through the terms of his will that this rich Athenian had 2,400 dr in Pasion's bank (and 600 dr in that of another, cf. above). In this case we cannot state with certainty the sources of this money. But our information about Demosthenes' estate (Dem. 27.9–11) allows us to make a few inferences, most notably that much of Demosthenes' wealth was likely to have come from interest on loans, including profitable maritime loans. His workshops—the couch slaves and sword-makers—would be a further source of wealth. The will also suggests that land ownership was probably a less important source of wealth for Demosthenes, as we only hear about one house.

Apollodorus' quarrel with Phormio allows us to catch sight of another group of rich Athenian, this time landed, depositors. The terms of his personal attack on Phormio's ally Stephanus suggest that Stephanus was by no means unique in his

<sup>128</sup> Literally 'in the hands (*παρά* + the dative) of Xuthos. The Loeb translation 'to Xuthos' fails to recognize the locative function of the dative.

<sup>129</sup> 'Loaned free of interest' is my translation of *diakecrhmenon*, a word which appears to imply a lending transaction without charge.

obsequious attachment to successful bankers who help him to conceal his assets and so avoid expensive services to the state.<sup>130</sup>

[Stephanus] aims to make invisible profits through the bank . . . and he has certainly achieved these aims. For although he has so large an estate that he can give his daughter a dowry of 100 minae you have never seen him carry out any liturgy whatsoever, not even the very smallest.

(Dem. 45.66)

Such charges were not infrequently made, and the private banks obviously provided a very effective way of converting 'visible' landed assets into 'invisible' cash investments.<sup>131</sup>

The untimely death of the merchant Lycon ([Dem.] 52) provides a final tantalizing glimpse into a potentially large sector of depositors—the merchants who congregated in the Piraeus where Pasion's bank was situated. We do not know how much Lycon deposited (apart from the small sum to be paid to a fellow merchant). But that he did make deposits from his trading activities is implied by his having an account at Pasion's bank 'just like the other traders' ([Dem.] 52.3). We also learn about his social background. He comes from a Greek colony 'Heraclea' and he has friendly connections with Athenian citizens who variously accompany him to Pasion's bank ([Dem.] 52.3). His merchant associate to whom Pasion was to pay Lycon's deposit was himself a metic. As for Lycon's wealth, this evidently came from foreign trade—when we see him he is about to sail for Libya ([Dem.] 52.3).

If we put together the information we have received from the answers to our three questions we find that the cash deposits in Pasion's bank represent a considerable variety of sources of wealth. Substantial foreign investment—in part from trade, in part from the profits of maritime loans—appears with the son of Sopaeus. Rich Athenian non-landed wealth is represented by Demosthenes, and landed wealth by Stephanus. We may safely infer that landed wealth from rich Athenians with property both at home and abroad would come into Pasion's bank, as did wealth from Aegean trade by Greeks who were citizens of another *polis* (Lycon). Wealth from foreign traders in general who were attracted by the services of the banks and who needed a supply of Athenian owls would also flow into the private banks. More speculatively, the behaviour of fraudulent treasurers of Athens suggests that state wealth may also have found its way into banks like Pasion's.<sup>132</sup>

This variety of wealth from so many different sources, together with possible investment by Pasion himself both as a metic and citizen owner of a workshop and an apartment house, would all be available for lending out. To appreciate fully the role of the private banks in the Greek economy we must now consider whether the borrowers from Pasion represent an equally wide personal background and a similarly large range of economic activity.

## 2. *The Provision of Credit*

Our main concern here is to discover how wide a range of social groups received credit from the private banks and what was the ultimate destination of that credit

<sup>130</sup> Cf. Isaeus 8.35 where estates, houses, slaves and furniture are '*φανερα*' but liquid assets such as loans at interest are '*αφανες*'.

<sup>131</sup> On the term 'invisible' assets, see V. Gabrielsen, *Classica et Mediaevalia* 37 (1986), 99–114.

<sup>132</sup> It is tempting to speculate that the charges against Agyrrhios of misappropriating state funds (he was responsible for advancing state payments on behalf of his deme) may refer to a suspicion that he had somehow profited at the state's expense through the use of a bank. We know he was a friend of Pasion (Isoc. 17.31).

within the economy.<sup>133</sup> But, before we look at our evidence of actual borrowers, we must consider two potential limitations to the bank's ability to redeploy deposited wealth among different social groups and correspondingly among different areas of the ancient economy. Metic bankers might appear to be limited by their inability to take land as security for loans. And the lack of conclusive evidence that banks made maritime loans might seem to suggest that they had a restricted role in financing maritime trade. Were these real limitations? And do we actually see a wide range of borrowers? We must once more ask three questions: (i) How did metic bankers lend to landed citizens? (ii) Did the private banks facilitate maritime trade? (iii) Who borrowed from the banks?

In answering these questions we must always keep in mind the limitations of our evidence. Only some eleven bank loans are known. Since we are concentrating on the evidence about Pasion's bank the number is inevitably fewer, even allowing for the hypothetical loans mentioned in our text. Against this background of silence we cannot estimate how large a role the private banks played in providing credit.<sup>134</sup> Nor can we argue that the silence is what Finley calls 'significant'—we cannot here take lack of evidence as proof of the non-existence of a certain kind of borrowing.

(i) How did metic bankers lend to landed citizens?

The evidence we are using shows two occasions where a metic banker appears to make special arrangements for dealing with landed citizens. On the first, the metic Phormio is leasing the bank from the citizen Pasion. Whatever the precise arrangements were they involved a citizen replacing a metic banker as creditor with the funds borrowed against landed security being duly returned to the bank:

[Phormio] seeing that . . . he would not be able to recover what Pasion had lent against the security of land and tenement houses chose to have Pasion himself as the debtor (for the 11 talents thus secured).  
(Dem. 36.6)

Pasion, when a metic, had also turned to a citizen, his former master Archestratus, for help when the son of Sopaeus needed a guarantor who will pass muster with the Boule (Isoc. 17.42). The difficulties of these two special circumstances are resolved through the master–slave relationship, which could work to the mutual advantage of both long after the formal connection had ceased to exist.

On a day-to-day basis the metic's inability to take land as security need have presented no serious obstacle. Just as Pasion solved his particular problems with the son of Sopaeus and later with Phormio, so in general a metic banker could use a citizen, whether or not his former master, to enable him to take landed securities. Our evidence suggests the existence of such banker–citizen partnerships, e.g. in the case of Sosinomos and Aristogeiton (Dem. 36.49). It is very likely that we should see a comparable partnership between the metic Pasion and Pythodorus.<sup>135</sup> Moreover, wealthy citizens like Demosthenes, who were anxious to invest in banks, could very

<sup>133</sup> The creation of credit is a modern development beginning with the first issue of government fiduciary currency, namely the tallies issued by Charles II—cf. Pepys *Diaries* May–June 1666. The ancient world (though one has to make some exception in the case of Ptolemaic Egypt) had no giros or cheques. We only have three examples of devices to avoid moving large cash sums. At most the ancient banks could speed up the circulation of money by making the same quantity of money 'go further'. See E. Lo Cascio 'State and Coinage in the Late Republic and Early Empire', *JRS* 71 (1981), 76, n. 3.

<sup>134</sup> The claim in Bogaert (n. 13) that credit provision by the banks was 'fort limite' is at best a very premature assessment.

<sup>135</sup> A convincing case is made for this by Cohen (n. 39), pp. 98–9.

well have taken over loans against land from a metic banker and repaid them as Pasion did for Phormio. Similarly the self-ingratiating Stephanus, anxious to court prosperous bankers, might well have been only too eager to accommodate a metic banker in this way (Dem. 45.66).

Many landed citizens would in any case have offered securities other than land.<sup>136</sup> Our sources show a wide range of non-landed securities for banking debts. Precious materials were one such. Apollodorus borrows from the banker Theocles against a gold wreath and elaborate drinking vessels ([Dem.] 53.9).<sup>137</sup> An existing deposit could also be a guarantee—this is the implication of the arguments which were presented by the son of Sopaeus at Isoc. 17.44. A friend could be a guarantor as the pleader in Dem. 33 was on behalf of a man borrowing from the banker Heracleides (Dem. 33.7). We may readily surmise that bankers, like private citizens, would accept workshops for security, as Demosthenes senior had done in acquiring his couch slaves (Dem. 27.9). We also find banks being prepared to lend without any guarantee at all, either on a ‘friendly’ basis (as with Timotheus) or at a high rate of interest (36 per cent to the ‘bad risk’ Aeschines).

But we must consider the further theoretical limitation to a bank’s ability to provide credit, namely the commonly held view that banks played a very limited role in maritime trade, leaving credit provision to ‘professional’ lenders who tended to have trading experience.<sup>138</sup> We must therefore ask:

(ii) Did the private banks facilitate maritime trade?

I do not propose to discuss whether or not we see the private banks actually making maritime loans.<sup>139</sup> The evidence is uncertain and the argument is complicated by varying claims as to what constituted a maritime loan.<sup>140</sup> But given that traders were clearly customers at Pasion’s bank, there are good theoretical grounds for supposing that the banks would indeed be involved in maritime trade. As much maritime trade

<sup>136</sup> Cf. Dem. 27.27 where his guardians are criticized for allowing a second loan against the same security of couch-making slaves.

<sup>137</sup> It should always be remembered that house contents could be much more valuable than the houses themselves, more than three times so in the case of Demosthenes (Dem. 27.10).

<sup>138</sup> We hear of a number of traders both active and retired who made such loans. Cf. Millett (n. 8), pp. 192ff.

<sup>139</sup> Bogaert (n. 14) and Isager and Hansen (n. 2) deny that banks made such loans. So too does Millett in his detailed study, ‘Maritime Loans and the Structure of Credit in Fourth-century Athens’, in Garnsey *et al.* (n. 119), pp. 36–52. While Millett is right to draw attention to what he calls the ‘professional’ maritime lenders, namely the traders and retired traders who can be seen to have made maritime loans, this evidence does not exclude the possibility that bankers may have made associations with such ‘professional’ individuals with whom they must readily have come into contact. Counter-arguments claiming that banks did make such loans appear in Thompson (n. 14). The question of maritime lending by the banks has been reassessed by Bogaert (n. 14). Since this review the issue has been examined at length by Cohen (n. 39), pp. 121–83. But not all his arguments to prove that banks did make maritime loans are equally convincing. This is particularly true of his attempt to use the account of Demosthenes’ estate (Dem. 27.10) as a main piece of evidence. The view that the banks did not make maritime loans is most recently repeated by Millett (n. 8). For a convincing argument in favour of banks making maritime loans, see now Cohen (n. 39), ch. 5.

<sup>140</sup> Is the hypothetical loan to Philondas by Pasion at Dem. 49.35 a maritime loan since the cargo is acting as security? Is the loan to Apaturius by the banker Heracleides a maritime loan when its purpose is to prevent the seizure of his ships by his creditors? Conversely Lysias fr. 13 strongly suggests that the ‘men in the Piraeus’, who must at least include maritime lenders, might themselves be involved in a non-maritime loan—the funding to enable Aeschines to acquire a perfumery.



depended on loans<sup>141</sup> it would be odd for the banks not even to act as brokers for their merchant customers. We even find 'men involved in trade and banking' put together as a group (Dem. 36.44). In general the speedy paying back which is a distinctive feature of maritime loans would have been attractive to the banks whose landside loans may well have been out for periods of a year or more.<sup>142</sup>

More positively, we hear that Phormio, who himself possessed ships, had a partner, Timosthenes, who was engaged in *emporía* ([Dem.] 49.31). Such personal contacts, upon which the bank's business depended, must surely have somehow involved Phormio in maritime credit.

These answers to our first two questions implicitly tell us something about the background of those who borrowed from the private banks. Turning once more to the detailed evidence about Pasion's bank, we may now attempt to fill out the picture.

### (iii) Who borrowed from the private banks?

As with the depositors our evidence of actual borrowers is slight. And once more it is in fact circumstantial. But it does provide important information both about the social backgrounds of borrowers and about the ultimate destinations of the funds provided by Pasion and Phormio.

The problems facing the metic Phormio when he takes over as manager from the citizen Pasion reveal a substantial number of loans by Athenian citizens against land (cf. Dem. 36.6 quoted above). Since many other types of security were possible, we may reasonably infer that other Athenian citizens would also be customers of Pasion's bank at that time.

Foreigners could also get credit from Athenian banks. The peculiar circumstances of the son of Sopaeus, who was eager to show himself as destitute, reveals a pretended borrowing of 300 dr from Pasion (Isoc. 17.39).

But our most detailed picture of Pasion as a provider of credit arises from the desperation of the Athenian general Timotheus whose funds from the state were grossly inadequate. Only three actual loans are referred to but two of them are given alternative interpretations in the text, thus providing us with two 'hypothetical' loans (which would presumably have seemed plausible to the jurors).

The first loan to Timotheus was evidently for state purposes—the paying of troops and supplies ([Dem.] 49.6–8). But later ([Dem.] 49.45) this loan is denied by Timotheus and is said to have been made on a private basis to his steward Antimachus, who was evidently an Athenian citizen.

Through a second loan ([Dem.] 49.17), Pasion enabled Timotheus to pay off what in effect was a maritime loan although not made for trading purposes. Timotheus had borrowed a sum from the shipowner Philip to give to the admiral of the Boeotian fleet so as to ensure that Athens continued to have its support. We thus find Pasion's bank repaying an Athenian trader. The alternative explanation of this loan ([Dem.] 49.21) claims that Pasion could have made it directly to the admiral. The details provided about how Pasion would have checked any security offered by the admiral evidently

<sup>141</sup> Cf. Dem. 34.51: two maritime lenders claim that 'the resources which traders need come from . . . those (like the speakers) who lend'.

<sup>142</sup> We hear of one bank loan which lasted for a year in Dem. 53.12–13. But our evidence about the normal duration—if such there was—for landside loans is very slight. Thus the imperfect deletion of Horos no. 71 which reappears as Horos no. 152 (Finley, n. 91) allows us to detect such a loan paid up within one year. While banks would no doubt welcome the high level of interest which maritime loans would produce, they must also have found the relatively speedy repayment period useful for ensuring further capital to repay deposits and to make further loans.

presupposes that such a transaction would have been perfectly possible ([Dem.] 49.52–3). It is even suggested that Pasion might have made such a loan without any security if he had personally known the admiral ([Dem.] 49.50). On either interpretation the funds from Pasion's bank would have been providing credit to Athens' political allies.

A final loan from Pasion<sup>143</sup> was made to the metic trader Philondas to enable him to pay freight charges to a shipowner who had transported wood gifted to Timotheus. On the alternative version, however, the connection with Timotheus' wood is denied and Pasion is portrayed as having made a loan to Philondas himself 'for the sake of trade' ([Dem.] 49.35).

If we now consider the answers to our three questions we see that the private banks, through the provision of credit, supported a very wide range of economic activities. This is as true of metic as of citizen bankers. Whether or not banks made maritime loans as such, they clearly could play an important role in enabling these loans to be made and in supporting maritime trade. The eleven talents on loan which Pasion takes over shows credit going to landed Athenians. Loans could also go to foreigners, as the factitious loan to the son of Sopaeus reveals. The difficulties of Timotheus show us that loans could go to Athenian allies either directly or indirectly. Bank credit could support Athenian soldiers. It could also benefit metic traders.

It is therefore clear that the borrowers from Pasion's bank represent as wide a range of social background and economic activity as the depositors.

#### *Private banks: a proposed model*

The glimpses that our sources afford us of the customers who came to Pasion's bank enable us to see how the banks recirculated wealth throughout the ancient economy. Money came into the private banks from foreigners, colonists, from citizens and metics, through the profits of trade, land, loans, and warfare. Money went out again to Athenian citizens, metics, Greek soldiers, allies abroad, and foreigners for the purposes of trade or warfare or to support the interests of landed Athenians. This exchange of wealth through the banks went on in a continuous cycle of deposits and loans. It is therefore as true to say that traders subsidized landed citizens as it is to say that landed citizens subsidized trade. Similarly foreign wealth helped the Athenian economy, and Athenian wealth in turn must have affected foreign economies. Just as landed and non-landed wealth went from the banks to Athenian generals and allies, so too the profits from warfare could be ploughed back into the economy and widely distributed through both landed and non-landed sectors. The effect of the private banks is thus to link together different areas of the ancient economy: landed with non-landed, citizen with metic, Athenian with non-Athenian.

### CONCLUSION

We may finally suggest some effects which this model of private banking must have on our view of the economy of fourth-century Athens. Firstly, and perhaps most significantly, it is no longer appropriate to see an unbreached wall between wealth in the form of land and wealth in the form of liquid assets. Landed wealth could be

<sup>143</sup> I exclude the loan of bedding, clothing, silver bowls, and a small cash sum at Dem. 59.22 since it is not clear whether the cash was seen as a bank loan. When this loan is referred to again at Dem. 59.31–33 the argument is only concerned with the silver bowls which turned out to have been deposited by another customer. The replacement cost had to be recovered from Timotheus.

used by the banks to support trade, and profits from trade could be returned through the banks into land. Secondly, the banks themselves further helped to develop the spread of monetization in the economy since they facilitated both the holding of liquid wealth and the making of profits from it. The private banks thus encouraged the emergence of a moneyed élite which the most successful bankers were able to join themselves. Thirdly and more speculatively, we may suggest that the holding of wealth in the form of liquid wealth which the private banks promoted may well have had some effect on the traditional funding of state activities by the system of liturgies. While the performance of liturgies was still seen as a way of acquiring prestige, for some rich citizens, whose number we cannot estimate, the banks provided a ready way of concealing wealth which if held in the form of land would be much more visible. The private banks could thus enable such people to escape their civic duties, with the possible consequence that the state would have to find other ways of raising revenue.

Finally I return to the Finley-based view of banking with which we began. The analysis of banking in terms of 'consumption' and 'production' loans prevents us seeing how the private banks helped different areas of the economy to subsidize each other. It is equally inadequate to compartmentalize credit activities into 'friendly' loans (made without interest) and interest-bearing bank loans. Just as the 'wall' between land and money begins to crumble as the private banks become a significant force in the economy, so too the 'wall' between friendly loans and loans at interest collapses as the banks become increasingly used as sources of credit. This is shown very clearly by the behaviour of Apollodorus—a man more anxious than most to be seen to conform to the traditional ideals of the landed citizen.

In the speech against Nicostratus Apollodorus relates how the wretched Nicostratus begged him to help with a ransom:

I answered [Nicostratus] that . . . I would make an *eranos* contribution of 1,000 drachmae for his ransom. . . . Since I was not well provided with funds I took to Theocles who was then in the banking business some drinking cups and a wreath of gold . . . and I asked him to give Nicostratus a 1,000 drachmae. ([(Dem.) 53.8–9])

Thus the payment to Nicostratus is both an *eranos* loan and a bank loan.

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## APPENDIX: TEXT AND TRANSLATION OF THE ATHENIAN COINAGE

375/4 B.C.

Resolved by the Nomothetai in the archonship of Hippodamas; Nikophon made the proposal: Attic silver currency is to be accepted when [it is shown to be] silver and bears the official die. . . . If anyone brings forward [foreign silver currency] which has the same device as the Attic, [if it is good,] let the Tester give it back to the one who brought it forward; but if it is [bronze at the core,] or lead at the core, or counterfeit, let him cut it across [immediately] and let it be sacred to the Mother of the Gods and let him [deposit] it with the Boule. . . . If anyone does not accept whatever silver currency the Tester has approved, let everything that he offers for sale on [that] day be confiscated. . . . (Line 37) In order that there may also be a Tester in Peiraieus for [the] shipowners and the merchants and [all] the others, let the Boule appoint one from among the public slaves [—] or let it purchase one. Let the Apodektai [allot] the price and let the Epimeletai of the market see to it that he sets at the stele of Poseidon and let then apply the law in the same way as has been stated in the case of the Tester in the city. (Line 44) Inscribe this law on a stone stele and place one in the city among the tables, another in Peiraieus in front of the stele of Poseidon. (Stroud, *Hesperia* 43 [1974], 159–60)