An Experiment in Micro-Finance?: The Grain Tax Law in 4th Century Athens

The Athenian "Grain Tax Law" of 374/3 stipulates the requirements for those purchasing a concession to farm the in kind 1/12th tax upon the annual wheat and barley production on Lemnos, Imbros and Scyros (Stroud 1998). Agyrrios, the author of the law, envisions two types of buyers, individuals (ὁ πρίαμενος) and syndicates (συμμορία) composed of six members. Individual buyers must agree to supply at least one portion (μερίς) comprised of 500 *medimnoi* of grain at the ratio of 1:4, wheat to barley. Symmories contract for a minimum of six *merides*. Individuals must provide two sureties per *meris* contracted. The Council must approve of the men pledging surety. A symmory is not required to provide sureties external to the syndicate, but members are held jointly liable:

> ἡ πόλις πράξει τὴν συμμορ[ία]ν τὸν σῖτον κ‹α›ὶ παρ ̓ἑνὸς καὶ παρ ̓ ἁπάν[τω]ν τῶν ἐν τῆι συμμορίαι ὄντων, ἕως ἂ̣ν τ[ὰ α]ὑτῆς ἀπολάβηι·
>
> The City will collect the grain from one and from all of the members in the symmory until it [the City] receives its quota.
>
> (33-6. Cf. [Dem.] 56.45 [Harris 1989, 341])

In addition to prescribing joint liability, Agyrrios' law does not require that any particular symmorist must supply a specific amount of grain. The law only dictates that the symmory must meet its quota.

The significance of Agyrrios' rules specifically governing symmories has not been fully appreciated. Stroud rightly observed that, *qua* symmory, a group could create a more "vertically integrated" operation (Stroud 1998, 65. Cf. Moreno 2003, 101). I show that Argyrrios' distinctive regulations mandating joint liability and permitting "asset pooling" not only permits greater specialization, but strongly incentivizes bidders to form a symmory composed of a more heterogeneous group of individuals who possess a broader cross section of knowledge, experience, skills, and endowments. For example, a Lemnian *cleruch* who is intimately familiar with local agrarian conditions, but cannot contribute a *meris* of grain, could furnish his "information surplus" in lieu of grain. The better informed symmory could, for example, refine bidding strategies or better map a collection plan. Given greater freedom to select uniquely endowed partners, a symmory enjoys a significant comparative advantage: Agyrrios has tilted the field in favor of syndicates.

Second, joint liability ensures more rigorous selection of individual symmorists and better oversight of the group. By distinguishing liability from individual performance (Wolff 1941, 418), the law strongly incentivizes prospective partners to vet each other stringently. Rigorous self-selection would be matched by careful monitoring throughout the entire process (Mora 2010, 21-23). Each member is assigned a full share of risk: any deficiency in any aspect of the purchase of the concession, collection, transport and deposit of the grain prospectively harms each and every syndicate member regardless of their role in the enterprise. In contrast, the Council members do not have a similar stake in the viability of an individual buyer's surety, who, like Meixidemos of Myrrhinous, may not be reliable (*SEG* 12.100; Osborne 1985, 45).

Self-selection, joint liability, and self-monitoring are the essential characteristics of Agyrrios' symmories. In these respects, the Athenian grain tax symmories are formally analogous to micro-finance coalitions found in modern developing nations. Micro-finance institutions, such as the Grameen Bank in Bangladesh, extend loans to groups of borrowers who individually present to great a credit risk (Banerjee and Duflo, 166-7). These groups are self-selected, jointly liable, and self-monitored for compliance. By relying upon these procedures to create viable borrowing syndicates, Grameen has successfully extended credit to impoverished entrepreneurs who would otherwise be declined credit. These regulations lead to higher compliance rates than traditional credit arrangements (Morduch, 1999, 1575). Agyrrios' law employs similar methods to overcome the compliance problems intrinsic to the City employing credit constrained agents to collect a time-sensitive, in-kind tax from a distance. In conclusion, Argyrrios' ingenious, "micro-finance" regulations strongly encouraged potential tax farmers to form symmories that more efficiently and more reliably supplied grain "for the people" (ὅπως ἂν τῶι δήμωι σῖ[το]ς ἦι [5-6]).

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