

## The Law of Periandros: Financial Syndication, Misthosis and Risk Management

In 358/7, the otherwise obscure Athenian politician, Periandros, successfully proposed a law that fundamentally reformed the trierarchy. His law syndicated the financing of the liturgy in a manner similar to the *eisphora* collection that had been established in 378 BCE (Philochorus *F. Gr. Hist.* 328 F41; MacDowell 1986: 438). The law prescribed creating financing syndicates drawn from an established group of the 1200 wealthiest Athenians. Trierarchs would be able to collect money from a sub-division of these symmorists, known as *synteleis*, specifically assigned to support their trierarchy (Dem 47.21).

Several contemporary witnesses to Periandros' law believed that it singularly depreciated elite *philotimia* (e.g Is. 7.38; Dem 21.154). Demosthenes even asserts that the Periandrian system encourages trierarchs to defraud both the *polis* and their affiliated *synteleis*.

λειτουργεῖν ἤρχετο, τήνιχαῦτα δὲ τοῦ πράγματος ἦπται, ὅτε πρῶτον  
μὲν διακοσίους καὶ χιλίους πεποιήκατε συντελεῖς ὑμεῖς, παρ' ὧν  
εἰσπραττόμενοι τάλαντον τάλαντου μισθοῦσι τὰς τριηραρχίας οὗτοι,  
. . . ὅστ' αὐτῶν ἐνίοις τῆ ἀληθείᾳ τὸ μηδὲν ἀναλῶσαι καὶ δοκεῖν  
λελειουργηκέναι καὶ τῶν ἄλλων λειτουργιῶν ἀτελεῖς γεγενῆσθαι  
περίεστιν.

He [Meidias] has only began to serve as a [naval] liturgist at a time  
when you have made 1200 men contributors (συντελεῖς), from  
whom these men collect a talent and then hire out their trierarchy at  
a talent. . . so that some of them actually spend nothing while

seeming to have done their duty and so they also have become exempt from other liturgies. (Dem. 21.155)

Demosthenes specifically claims that trierarchs, like the corrupt Meidias, abuse their advantageous position as intermediaries between the contributors and the sub-contractor. The trierarch negotiates a private contract with a professional seaman, the terms of which he conceals from the symmorists. He then collects the total contract price from the unwitting *synteleis*. By exploiting his private knowledge of the true cost, the trierarch “pays nothing” since the *synteleis* cover his own liability and “does nothing” as the sub-contractor performs the service.

I will demonstrate that Demosthenes exaggerates the trierarchs’ power to abuse the Periandrian system. In particular, Demosthenes distorts the trierarch’s ability to accumulate infinitely superior private knowledge and ignores the shared interests between the *synteleis* and the lead financing trierarch. The costs of discharging a trierarchy did fluctuate (e.g. Lys. 19.29, 42; 21.12; 32.26; [Dem.] 50 *passim*, [Dem.] 51.5-6, Is. 6.60), but those serving as trierarchs and/or serving as *synteleis* did not (Davies 1971: xvii-xxx; Gabrielsen 1994: 66-7). Based upon their accumulated practical knowledge and ready ability to share that knowledge, *synteleis* were not at a significant information disadvantage to trierarchs when it came to estimating the costs of a trierarchy (Ober 2008:118-159) .

Additionally, the financial interests of the trierarch and his *synteleis* are aligned. The costs of trierarchy could and did vary -- significantly. Therefore, both the trierarch and each individual *syntelēs* is exposed to the same financial risk. Both parties would find contracting out the liturgy at a set price an attractive hedge against the open-ended risks of the trierarch actually performing the

liturgy. A contributor therefore would be strongly inclined to pay a fixed sum that includes a “risk premium,” rather than be exposed to the prospect of financing a particularly inept or unlucky trierarch (Lignon 1998).

Since the trierarch functions as a financial intermediary and as a risk manager for his consortial partners, he is providing valuable financial services. The trierarch always is ultimately responsible for discharging the duty regardless of the sub-contractor’s reliability ([Dem.] 51.8-9). The trierarch thus remains uniquely exposed to other forms of risk, such as prosecution for *lipotaxia* ([Dem.] 51.8). Charging a “risk premium” for this exposure as well as for the effort the trierarch exerts to identify and contract a suitable third party is not fraud but a legitimate “fee for service.”

Trierarchs like Meidias are not “doing nothing and paying nothing.” They are actively managing risk. Their *philotimia* may be suspect and utilizing *misthosis* problematic, but the shared financial interests of *both* the trierarchs and their *synteleis* encouraged the former to seek a sub-contractor and the latter to endorse the practice, which may explain why *misthosis*, though generally decried, persisted as long as the trierarchy.

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