

## Andocides, Agyrrios and Tax Farming: Collusion and Bid Rigging or Self-Selecting and Self-Insuring Financial Syndicates?

In the course of his personal defense, Andocides claims that he single-handedly rooted out civic corruption by outbidding a consortium led by, Agyrrios for the right to collect the *pentakoste*, the 2% harbor tax. As Andocides would have it, Agyrrios and his associates colluded to buy off potential competitors for the tax and so rigged the bid and reaped private profits at the expense of the public good (And. 1.133-36). Given his persistent involvement in various aspects of Athenian public finance (Stroud 1998 17-25), scholars, though reticent to endorse Andocides' specific accusations, generally presume that Andocides plausibly describes their collusion and bid-rigging (MacDowell 1962, 158-59).

I will argue that Agyrrios' early foray into financial syndication is designed to create stable, self-insuring financing syndicates that can competently collect the harbor tax consistently. According to Andocides, Agyrrios orchestrated the creation of a tax farming syndicate which attempted to secure the collection over multiple years. Rather than colluding to rig the bid, the syndicate members are engaged in forming a group that self-insures against variations in the tax take over any given year while assuming collective liability for timely payment to the *polis*. These are precisely the regulations he stipulates for the Grain Tax symmories responsible for collecting the in kind 8.33% tax on the harvest from Lemnos, Imbros and Skyros. The Grain Tax Law of 374/3 carefully designates the size, responsibilities, and procedures that tax farming syndicates must observe in order to secure at least a portion of the concession. Syndicates must be comprised of six members, who are jointly liable for the delivery of grain to Athens by a specific date (Stroud 1998, II 31-36, p. 65).

The *pentakoste* syndicate disparaged by Andocides share these two crucial characteristics with the Grain Tax symmories: self-selection and self-monitoring for compliance. In both cases, Agyrrios distinguishes liability from individual performance (Wolff 1941, 418) a crucial feature for financing syndicates to operate more efficiently than individual agents. The Grain Tax law also strongly incentivizes prospective partners to vet each other stringently. Finally, joint liability not only ensures more rigorous selection of individual symmorists but also better oversight of the group. In the case of the Grain Tax Law, 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. Rigorous self-selection is matched by careful self-monitoring throughout the entire process (Mora 2010, 21-23). In contrast, one off individual bidders for the *pentakoste*, like Andocides, may not be reliable or provide reliable guarantors who, like Meixidemos of Myrrinous, default on their obligation (SEG 12.100; Osborne 1985, 45).

Self-selection, joint liability, and self-monitoring are the essential characteristics of the symmories that Agyrrios creates in his Grain Tax law. His *pentakoste* arrangements are a precursor to these highly ingenious regulations of the Grain Tax symmories which strikingly resemble the highly innovative and rules that micro-credit institutions such as Grameen Bank. Grameen extends loans to groups of borrowers who individually present too great a credit risk (Banerjee and Duflo, 2011, 166-7). Grameen similarly works with self-selected, self-monitoring and self-insuring groups of borrowers which has very successfully provided stable credit in contexts market by credit constrained borrowers facing highly variable income. Agyrrios' "collusion" and later Grain Tax law address precisely the same problems. By organizing a syndicate which finances a consistent price for the concession over multiple years, Agyrrios is

creating a means of hedging against loss in absence of formal insurance or credit derivatives.

Rather than seeking self-enrichment, Agyrrios' tax farming scheme regularizes and stabilizes the collection of this essential tax.

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