

11.5. Unknown / Athenian Bankers

The banking business that developed in Athens in the fourth century did not progress beyond simple moneylending and deposit banking. Instruments of credit were unknown, as was the concept of limited liability.

The most famous and wealthy financial house in Athens was the banking business of Pasion and Phormion. A picture of the bankers and of the nature of their operations emerges from the following selection. It is a courtroom oration in a dispute over vast sums of money between Pasion's son Apollodorus and the young man's stepfather Phormion, who was also Pasion's successor in managing the bank. The speech is dated 350-349 BCE.

On the evidence here presented it is clear that the banking business was pre-eminently in the hands of slaves and that these men were able by means of their business acumen to acquire their freedom, Athenian citizenship, and lofty positions in society.

Ps.-Demos. *Phormion*. Source: G. W. Botsford and E. G. Sihler, eds., *Hellenic Civilisation*. Columbia University Records of Civilization, Vol. I. New York: Columbia University Press, 1929.

Phormion's lack of ability in speaking because of inexperience all of you know, gentlemen of the jury. It is necessary, therefore, for us, his friends, to relate for your information what we know, having often heard him recount these matters. Our object is that you with full knowledge, after correctly ascertaining the facts from us, may vote whatever is just and in accordance with your oaths. We have adopted the paragraph¹ as our form of procedure, not with a view to confusing the issue by urging the statute of limitations, but that if the defendant can prove that he has committed no wrong whatever, a cessation from trouble may be validated for him by you. Everything that with other people arranges and settles disputes without bringing them to trial before you Phormion has done. He has conferred great benefits on the plaintiff Apollodorus and has justly paid for, or handed over, everything of which he was left manager for the plaintiff, and afterward was released from all claims. Nevertheless, as you see, since the defendant is unable to endure this man's treatment, the latter has maliciously brought against him this suit for twenty talents. I shall endeavor therefore to narrate from the beginning all the transactions of the defendant with Pasion and Apollodorus in the briefest terms. From these facts I know well that the plaintiff's conduct will appear malicious, and that you, having heard these statements, will decide that the case is not actionable.

In the first place you will hear read the articles of agreement, in accordance with which Pasion leased the bank and the shield-factory to the defendant. Take therefore the agreement and the challenge and the testimonies.

[Articles of Agreement. Challenges. Testimonies]

These, then, are the articles of agreement by which Pasion leased the bank and the shield-factory to the defendant when the latter became his own master, men of Athens. It is necessary also for you to hear and learn in what way Pasion came to owe eleven talents to the bank. It was not through want that he owed it but because of his enterprise in business; for the landed property of Pasion was worth about twenty talents, and in addition to this amount he had lent out more than fifty talents of his own. Among these fifty talents there were eleven talents from the bank deposits productively invested. The defendant accordingly when he took in lease this business of the bank and received the deposits, seeing that he had not yet been made a citizen by you, and would therefore be unable to recover the amounts lent by Pasion on lands and tenements²—for these reasons he chose to have Pasion debtor to him for this sum rather than the others to whom the loans had been made. Hence it was that Pasion was recorded in the lease as owing the defendant eleven talents, just as the witnesses have testified before you.

In what way the lease was made has been testified before you by the manager of the bank. Afterward, when Pasion fell ill, consider the terms of the will that he made. Take the copy of the will and this challenge and these testimonies made by the persons with whom the will has been deposited.

[Will. Challenge. Testimonies]

After Pasion had died, having left this will, Phormion the defendant married the widow as the will directed³ and became guardian of the minor son. As the plaintiff, however, kept appropriating moneys belonging to the common estate, and thought it proper to spend these sums, the guardians reasoned among themselves that, if it should be necessary according to the will to deduct whatever he should spend from the common estate and then divide the remainder, there would in fact be nothing left to divide. For this reason they concluded in behalf of the boy to divide the property forthwith. They made a division, accordingly, of all the estate except the part of which the defendant had taken a lease; and half the revenue from this amount they rendered regularly to the plaintiff. Up to this point how is it possible for him to make any complaint regarding the lease? He ought not to have waited till now but should have expressed his dissatisfaction at the very time. In fact it is impossible for him to deny that he received the rents which afterwards became due. When Pasicles became of age and the defendant was discharged from the lease, the plaintiff would not have given him a quittance of all claims, but would at that very time have made his demand, if the defendant owed anything further. To prove that I am speaking the truth, and that the plaintiff divided the estate with his brother when a minor, and that they gave the defendant a quittance of the lease and of all other claims, take this testimony.

[Testimony]

¹ A particular procedural formula in Athenian law.

² An alien could not acquire real estate in Attica, unless granted the right as a special favor. For that reason Phormion, before he became a citizen, could not force the collection of debts on the security of real estate.

³ It was a common custom for a man in his will to provide for the remarriage of his wife.

Immediately after they had discharged the defendant from the lease, men of Athens, they divided between them the bank and the shield-factory; and Apollodorus, making choice, preferred the shield-factory to the bank. Yet if he had had any private capital in the bank, why would he ever have chosen the factory rather than the bank? Certainly the revenue was not greater but less (the one brought in a talent, the other a hundred minas); nor was the business more agreeable, if indeed he had private capital in the bank. But he did not have it. Therefore he prudently chose the shield-factory; for one was without risk, the other brought a precarious income from other people's property.

Many proofs could be brought forward in evidence that the claim of the plaintiff to banking stock is fraudulent; but in my opinion the most cogent of all evidence of his having received no banking stock is the fact that in the lease Pasion is recorded as owing money to the bank and not as having invested in banking stock, secondly the fact that at the division of the estate the plaintiff made no claim for such a thing, and thirdly, that when he afterward lent the same business to other persons for the same amount of money, it will be proved that he did not let in addition any private banking stock. But surely if he had been deprived by the defendant of anything left by his father, it was his business to provide it from some other source and to hand it over to the lessees. To prove that I am telling the truth, and that he afterward leased the bank to Xenon, Euphraeus, Euphron, and Callistratus, and that he delivered to them no private banking stock, but leased to them the deposits and the business connected with them,¹ read for me the deposition as to these matters and also as to the fact that he chose the shield-factory....

For my part I wonder, gentlemen of the jury, what in the world the plaintiff Apollodorus will attempt to say in reply to these arguments. Surely he has not supposed that you, seeing him altogether unharmed in property rights, will be angry because Phormion married his mother; for he is not unaware of the fact, nor has it escaped the attention either of him or of many of your number that Socrates the banker,² when liberated from his masters, just as this man's father, gave his own wife to

Satyros, who had formerly been his slave. Soles another banker gave his wife to Timodemus, who is still living but who was once his slave. Not only in our state, men of Athens, do persons engaged in this business follow this policy, but also in Aegina Strymodorus gave his wife to Hermaeus, his own domestic, and after her death he gave his own daughter to the same person. In fact one would be able to mention many such cases. But to you, men of Athens, who are citizens by descent, it is fitting to prefer no sum of money however great to respectable birth, whereas men who receive the gift of citizenship from you or from other states, and who have been deemed worthy of these honors from their original good fortune in the transaction of business and in their acquisition of properties above the average, must hold to these advantages. Pasion your father, therefore, was not the first and only man to do such a thing, nor did he thereby do violence either to himself or to you his sons, but seeing that the only security to his business lay in his attaching the defendant to you by close ties, he gave the defendant his own wife and your mother....

Regarding the prosperity of Phormion and the idea that he got it from your father and all the matters on which you say you will make inquiry of him, you alone of all men that are, have the least right to call Phormion to account for the source of his possessions. The reason is that not even your father Pasion acquired his wealth by his own invention, nor received it as a heritage from his father, but while he was still with his masters, Antisthenes and Arcestratus, in the banking business he gave proof of honesty and uprightness, and therefore won confidence. To men occupied with merchandise and money-making it seems a wonderful thing that the same person should be diligent and honest. Now his masters did not hand over this quality to him but he was himself honest by nature. Nor did your father give this virtue to the defendant, for he would have preferred to make you honest instead, had it been in his power. If you are ignorant of this fact that trustworthiness is the greatest asset in business life, you must be ignorant of everything. Apart from these considerations Phormion has in many ways proved useful to your father and to you and to your business generally....

¹ Here is an example of a partnership of four persons for taking a banking business in lease. Rarely were partnerships made for any other kind of business except for commercial enterprises. In the latter line of business

they were usually for a single voyage out and return, whereas in banking they were necessarily of longer duration.

² Not the philosopher.