

Aristotle

Ricardo Crespo

Introduction

In his *Lives of the Philosophers*, Diogenes Laertius depicts a very well known outline of Aristotle's life and work, characterizing him as a morally good person. Diogenes transcribes Aristotle's testament where he expressed his last will in a detailed way, taking care of his relatives, and freeing his slaves. This worry about all of them reflects the non ethereal character of his ethics which is firmly rooted and embedded in matter and time. Diogenes writes that Aristotle has taught that "virtue was not sufficient of itself to confer happiness; for that it had also need of the goods of the body, and of the external goods." Hence, we should look after not only virtue but also these goods. According to Aristotle as quoted by Diogenes, "things which are ethical (...) concern politics, and economy, and laws." In effect, Aristotle conceived economics as one of the practical sciences (*epistèmè praktikè*), which were the ethical sciences. For him, the highest practical science was politics, to which economics, as the other practical sciences, was subordinated.

Strictly speaking, however, we have to clarify two points. First, that the connection between economics and ethics according to Aristotle is not a direct and intrinsic one – Aristotle uses the term *oikonomikè*, here translated as "the economic". Second, that, strictly speaking, Aristotle's concept of "the economic" differs from economics. At the beginning of an article on the Aristotelian notion of economy, Christian Rutten (1988, 289) notes:

Firstly, "the economic" of Aristotle does not correspond at all with that that in our day time is called the economy. Secondly, this does not mean that we do not find in Aristotle (...) developments about the economic reality in the today sense. Thirdly, this does not mean in advance that there is not any relation, in Aristotle's thought, between "the economic", on the one hand, and production, distribution and consumption of material goods, on the other hand.

In this entry the meaning of "the economic" for Aristotle will be first explained. Then, a re-elaborated conception of Aristotle's notion of the economic will be displayed. I will distinguish both concepts – the original and the re-elaborated one – putting the original notion of "the economic" into quotation marks, and the re-elaborated notion without them. Thirdly, the ethical character of the economic will be argued. In the fourth place, the connection of the economic with virtues will be shown. Then, the embeddedness in politics will be stressed and a gender consideration will follow. Finally, I will briefly assess how some current economists use key Aristotelian ideas integrating them into their analysis.¹

“The economic”

In the primitive sense used by Aristotle, *oikonomikè* is household management. As such, it deals with three relations: the householder as husband, the householder as father, and the householder as master of slaves and of other properties². This last relation with properties is the most relevant for our analysis. In this respect, with the term *oikonomikè*, Aristotle referred to the use of wealth in the house. Aristotle defined *oikonomikè* in close relation with chrematistics (*chrèmatistikè*). This last is the art of acquiring or producing the things used by *oikonomikè* (*Politics* I, 8, 1256a 10-2). For Aristotle, chrematistics is subordinated to *oikonomikè*. Aristotle considers it to be its instrument (*Politics* I, 10, 1258a 27-34).

These Aristotelian conceptions of “the economic” and chrematistics have to be considered within the context of Aristotle’s ideas about human beings and their insertion in society. For Aristotle, the human being is essentially political.³ For him, however, the *polis* is a concept that entails deeper consequences for human beings and closer relationships between them than the current meaning of society does. For Aristotle, *polis* is the realm where human beings act freely and morally, develop their virtues, and achieve their fulfillment. It is in the *polis* where human beings may *live well* and may finally reach their self-realization or happiness (*eudaimonia*). Conversely, the house (*oikia*) is the realm of necessity where human beings only *live*, merely satisfying their basic needs. Therefore, the house is not the right place for freedom and, consequently, there, there is no place for moral life. This is why, strictly speaking, there is not a direct relation between the management of the house, i.e. “the economic”, and ethics according to Aristotle. Thus, given this distinction between the free and moral realm of politics and the necessary and not moral realm of the household management (“the economic”), the expression “political economy” would mean for Aristotle, as Hannah Arendt (1959, 28) notes, a contradiction in terms.⁴

From “the economic” to the economic

There are two not impossibly complementary ways of walking the path from “the economic” – unconcerned with ethics – to the economic – an ethically relevant concept. The first is to show that this distinction of realms does not apply directly as described above in the case of “the economic”. The second way is to identify the Aristotelian concepts that correspond to current economics and analyze them.

Concerning the first way we may consider two quotations from Aristotle. In the first one, Aristotle says about chrematistics:

[it] is a form of acquisition which the manager of a household must either find ready to hand, or himself provide and arrange, because it ensures a supply of objects, necessary for life and

useful to the association of the polis or the household (*Politics* I, 8, 1256b 26-30; cf. also I, 10, 1258a 19-21; I, 11, 1259a 33-6).

He also affirms:

We may make the assumption that property is part of the household, and that the art of acquiring property is a part of house-hold-management (*oikonomías*); and we may do so because it is impossible to live well (*eû zèn*), or indeed to live at all (*zèn*), unless the necessary conditions are present (*Politics* I, 4, 1253b 23-5).

In both quotations elements of both realms – the house and the *polis* – are mixed up. It seems that “the economic” has to do both with the house and the *polis*, with the necessary and the useful, with “to live at all” and “to live well.” Thus, when we consider *oikonomikè* and chrematistics together it seems that Aristotle’s *oikonomikè* is more than household management, as, indeed, many economic and philosophy historians maintain. If “the economic” has also to do with the realm of the *polis* it enters into morality. This is coherent with other Aristotelian statements, such as the subordination of “the economic” to politics or the moral disqualification of unlimited chrematistics.

Taking the second approach, the question is: where do we find current political economy in the Aristotelian system? Chrematistics is not the right place to look at because it would correspond to contemporary production, commerce and finance. In Aristotelian thought the tasks of political economy are subsumed into politics, and not only regarding those actions concerning the “necessary” or the “useful” for the *polis*, but also the activities of “the economic” related to the *polis* performed by the owner of the house. This would be then an enlarged re-elaborated notion of the economic according to Aristotle, that deals not only with the house, the life and necessity, but also with the *polis*, with what is useful and free and thus moral, and with the good life and happiness.

The economic and ethics

Once accepted this enlarged and re-elaborated concept of the economic, let us try to develop through Aristotelian arguments the scope and consequences of this notion.

Oikonomikè is an adjective and as such it calls for a noun: the economic what? The answer is multiple: the economic applies to several things and not univocally. Using Aristotle’s terminology, we may say that it is a homonymous *pròs hèn* term, i.e. an analogical term. It has a main or ‘focal’ meaning and other ‘derivative’ meanings; these different meanings correspond to different entities to which the adjective applies. The focal meaning is economic action, which is Aristotle’s definition of *oikonomikè*. As explained, he settled this definition relating it to the definition of *chrèmatistikè*. *Oikonomikè* is the use (*chrèsasthai*) of wealth, while *chrèmatistikè* refers to its provision, production or acquisition. “To use” is a human action. In conclusion, the

economic is for Aristotle a human action: the action of using wealth. The derivative meanings of *oikonomiké* are economic capacity, economic habit and economic science (Economics), all of them oriented to the suitable use of wealth (Crespo, 2006).

The kind of action that the economic is signals its ethical character. Aristotle distinguished two kinds of human actions. Firstly, *immanent* actions: actions which end is the action itself such as seeing, thinking or living. The ends of immanent actions are or remain inside the agent. They are performed “because it is noble to do so” (*Nicomachean Ethics* III, 7, 1115b 23). Secondly, *transitive* actions in which the “result is something apart from the exercise, (thus) the actuality is in the thing that is being made” (*Metaphysics* 1050a 30-1). The results of transitive actions transcend the agent and are something different from the agent, for example, any good produced. All human actions are both immanent and transitive except in the case of a fully immanent action (to think, to love). Let us exemplify this: when somebody works there are two “results”, i.e. the ‘objective’ result, such as the product or service (transitive), and a ‘subjective’ modification such as the increase in ability or the self-fulfillment of the agent as well as the morality of the act (immanent). For Aristotle, this latter, immanent aspect is the most relevant one, it is the one sought for its own sake, not for any further reason. Aristotle says, “we call that which is in itself worthy of pursuit more complete than that which is worthy of pursuit for the sake of something else” (*Nicomachean Ethics* I, 7, 1097a 30-1). That is, Aristotle attributed more relevance to the immanent aspect of action – that which is in itself worthy of pursuit –, because it is the aspect which end is the very fulfillment or perfection of the agent. In this way, Aristotle linked the immanent (or practical) aspect of an action to its morality. For him the external aspect of action is instead instrumental.

The economic action is an action of using, in Greek, *chrèsasthai*. What kind of action, immanent or transitive, is *chrèsasthai*? “To use” is a transitive action insofar as the thing used is consumed or wasted when used. However, the complete action of the economic is to use what is necessary to satisfy the agent’s requirements to live well: this is a predominantly immanent consideration of use (the proper perfection).⁵ Thus the economic action has a moral aspect.

Aristotle also considered chrematistics as a human action: a technique that ought to be subordinated to the economic (both at the *oikonomikè* and at the *politikè* levels). He also distinguished two kinds of chrematistics: one subordinated to *oikonomikè*, limited and natural, and another unnatural, not subordinated to *oikonomikè* which looked unlimitedly for money. Concerning the latter he affirms: “this second form [leads] to the opinion that there is no limit to wealth and property” (*Politics* I, 9, 1257a 1). He calls it “justly censured” (*Politics* I, 10, 1258b 1). Both forms of chrematistics use money as an instrument. What happens is that some people

may, due to their unlimited desire, take what is an instrument as an end. This mistaken kind of chrematistics infects other behaviors. It leads to use

each and every capacity in a way non consonant with its nature. The proper function of courage, for example, is not to produce money but to give confidence. The same is true of military and medical ability: neither has the function of producing money: the one has the function of producing victory, and the other that of producing health. But those of whom we are speaking turn all such capacities into forms of the art of acquisition, as though to make money were the one aim and everything else must contribute to that aim (*Politics* I, IX, 1258a 6-14).

Thus, while there is a kind of chrematistics that is perverse, it is unthinkable that the economic can be harmful. As every good act, the economic requires of virtues to realize itself. Moreover, for Aristotle, the economic is part of politics. These last two points will be developed in the next sections.

‘The economic and virtues

As every good action when repeated, the economic tends to shape virtues and these in turn facilitate the performance of these very actions. Virtues are good habits and the thus resulting actions. Habits are ways of being, firmly fixed possessions developed by the repetition of the same actions. According to Aristotle, the main means to foster these actions are education and law.

What do we expect from the economic and what are the corresponding virtues? According to Aristotle, the reason why we need the economic is that “it is impossible to live well, or indeed to live at all, unless the necessary conditions are present” (*Politics* I, 4, 1253b 25), and “it is therefore the greatest of blessings for a state that its members should possess a moderate and adequate fortune” (*Politics* IV, 11, 1296a 1). Happiness is an activity conforming to virtue, and “still, happiness, [...] needs external goods as well. For it is impossible or at least not easy to perform noble actions if one lacks the wherewithal” (*Nicomachean Ethics* I, 8, 1099a 31-3). Thus, for Aristotle, chrematistics and economic actions should assure that everybody succeeds in possessing what they need to achieve the *Good Life*. This goal has various aspects in which virtues collaborate.

One of the problems of economics is to face uncertainty. In this sense, virtues can turn future affairs more predictable. The probability of habits originating stable behaviors is larger if these are morally good (virtues). According to Aristotle, the incontinent is unpredictable; instead, the virtuous or continent is more predictable because of her perseverance. “A morally weak person,” he says, “does not abide by the dictates of reason” (*Nicomachean Ethics* VII, 9, 1151b 25-7). “A morally strong person remains more steadfast and a morally weak person less

steadfast than the capacity of most men permits” (*Nicomachean Ethics* VII, 10, 1152a 26-7).

Thus, the probability of economic coordination is larger among virtuous people for they have a stable character and their conduct can be anticipated. Coordination is easier within a group of people who possess an ethical commitment and a common *ethos*.

In second place, virtues foster the economic process in other ways. Practical wisdom – which is an intellectual and ethical virtue – helps people act accurately assessing the real situation, helping to avoid errors. Justice helps people to act in the way prudence indicates. In fact, for Aristotle market relations are regulated by justice, and when that happens commercial vices fade away. People strongly committed to justice do not free-ride. It must also be noted that Aristotle devoted the largest part of his *Nicomachean Ethics* (Books VIII and IX) to friendship. This virtue, which fosters social cohesion, develops in situations where justice is not enough. In fact, justice is not necessary between friends. Liberality or generosity (Book IV, 1) also helps to overcome the problems of disequilibrium, through individual or collective action. In sum, in an imperfect world, virtues help to reduce error and act as a balm. They foster coordination and reduce costs.

Virtues, for Aristotle, are always political: they can only be developed and consolidated within the interaction of a community. Thus economic virtues are embedded in a political environment. Consequently, the economic is tied to the historical, cultural, social and political factors surrounding it. Therefore, the economic is also closely related to politics and the political community. On the other hand, coordination, as a result of individual actions, is possible when the agents act prudently, applying a set of socially recognized values to concrete situations and actions. The knowledge of these shared social values is a matter of the most architectonical of Aristotle’s practical sciences, politics. The relation between *oikonomikè* and politics will be the subject of the following section.

The economic and politics

Human beings are political animals; to be political means that they share a common sense about what is expedient and inexpedient, just and unjust, good and evil (*Politics* I, 2). Sharing and trying to behave in a virtuous way is the end of human beings in society and the way to achieve happiness. Thus, for Aristotle “the end is the same for one man and for a civil community” (*Nicomachean Ethics* I, 2, 1094b, 7-8). Aristotle’s concept of civil society, i.e., *polis*, is a unity of families. What kind of being is a unity of families? It is one which belongs to the category of ‘relation’ (*prós ti*). The basis of the particular relation of families that constitutes a *polis* is the orientation of all their actions towards an end. What end? Let us hear Aristotle:

What constitutes a polis is an association of households and clans in a *Good Life* (*eû zèn*), for the sake of attaining a perfect and self-sufficing existence (*autárkous*) (...) The end (*télos*) and purpose of a polis is the *Good Life*, and the institutions of social life are means to that end. A polis is constituted by the association of families and villages in a perfect and self-sufficing existence; and such an existence, in our definition, consists in a life of true felicity and goodness. It is therefore for the sake of good actions (*kalôn práxeon*), and not for the sake of social life, that political associations must be considered to exist (*Politics* III, IX, 1280b 29-35 and 1280b 39-1281a 4).

That is, the final goal of *polis* subsumes the final end of *oikonoimikè* as action. For Aristotle, politics as the practice and science of the *Good Life* is morality in itself and the economic (and also *oikonomiké*) is an action and science subordinated to it. It receives its ends from politics and politics has need of it: the economic is one of the conditions of society's existence and unity. Extrapolating to nowadays, we may say market relations may foster the unity and existence of society (*Politics* VII, 1, 1324a 1). However, for this re-elaborated Aristotelian conception, the market cannot work well outside political society and its goals. Otherwise it would fall into what Aristotle called "censured chrematistics". The well working of the market does not happen in a vacuum but in political society. The realm of virtues is the *polis*. They foster individual actions that lead the market to attain the community's shared values.

Ontologically the Aristotelian *polis* is an order – a quality – of relations composed by the actions of people. The order is given by the fact that they aim at a common goal that is a shared thought and intention of those people. That is, society is an accidental stable reality that finally exists inhering in the people that compose it. We may infer that market is also an accidental reality, a net or order of relations – of buyers and sellers, people who exchange: the order or unity comes from the coincidence of a number of wills willing to buy or sell in order to satisfy their needs, and this coincidence is achieved thanks to prices. This net of relationships belongs to the broader net of the whole of society, as a prerequisite of it.

For Aristotle, both society and market are natural in the sense that they are institutions demanded for human nature in order to achieve its fulfillment. However, for Aristotle natural in the realm of human beings does not mean 'spontaneous' or 'automatic'. Right actions in the *polis* and the market are to be performed with effort, they are not given facts. This does not mean that there cannot be some institutions which help in this task and work quite automatically. Precisely, one task of politics and economics is to find out and shape these institutions.

In sum, for Aristotle the economic is one condition of the *polis*, which is the place of human fulfillment or morality, and it must be subordinated to politics.

The Gender Perspective

In her Introduction to *Feminist Interpretations of Aristotle*, Cynthia Freeland (1993, 15) asserts that “it is no longer acceptable to read Aristotle’s works while ignoring issues of gender.” Aristotle has been objected for relegating women to a second place, specifically into the household area, because of his patriarchal bias. For him, man’s virtue is to command and woman’s virtue entails obeying (*Politics* I, 13, 1260a 23-4). However, it has been highlighted, in Aristotle’s defense, that he considers that man and woman have the same essence, that they are specifically equal (Deslauriers 1993, 139), and that they are both citizens (*Politics* I, 13, 1260b 19, II, 9, 1269b 15) oriented towards the ends of life (*NE* VIII, 12, 1162a 21-2).

The differences between men and women remarked by Aristotle lie in the functions (*erga*) of both in the house (*NE* VIII, 12, 1162a 22) – in other words, a gender division of labour. For some authors, they stem from “an unreflective belief” (Deslauriers 1993, 159) based on sociological observation (Hirshman 1993, 229).

Other authors propose that feminist theories may profit from updated Aristotle’s ideas. Ruth Groenhout (1993) notes that the ethics of care may be fruitfully complemented by Aristotle’s ethics. Irene van Staveren applies this ethics to economics (2001). Martha Nussbaum’s work highlights not only Aristotle’s contribution to feminism but also to a required new conception of economics, for he “insists on an exhaustive scrutiny of all existing distributions and preferences in the name of the basic needs all human beings have for functioning” (1993, 249).

Conclusion

Modern economics takes ends as given. An Aristotelian re-elaborated notion of “the economic” only makes sense if it aims to ends: to live and to live well. This perspective confers an intrinsic ethical character to Aristotle’s notion of the economic, which is elaborated today in the capability approach. Both in the domestic sphere and society, economic resources should be oriented to the achievement of those ends. This can be done with the assistance of virtues which help human beings to overcome their tendencies to endlessly desire the means. It all can only be obtained within the boundaries of the *polis* which is the community where human fulfillment may be achieved, according to Aristotle.

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¹ There are many articles or parts of books dealing with Aristotle and economics. The most focused and exegetical book on Aristotle’s thought on economics is Meikle (1995).

² For a short discussion of the gender perspective of the language that Aristotle uses, see a later section in this paper.

³ Slaves were not part of the *polis*. Concerning women, see the Section on Gender. Concerning children, Aristotle takes into account that they “grow up to be partners in the government in the polis” (*Politics* I, 13, 1260b 19-20).

⁴ See also Barker (1959, 357).

⁵ *To chresasthai* is the ‘substantivation’ of the Greek verb *chráo* in its ‘middle voice’ infinitive aorist form. The middle voice has a reflexive use that is coherent with the possible predominant sense of *práxis* of *chresasthai*. The French and Spanish translations show this characteristic: “se server” (fr.)/ “procurarse

de,” “servirse de.” (sp.) *Chresoméne*, another form used by Aristotle to signify the action of *oikonomiké* is another form of *chráo*, a future middle participle that indicates finality.