

ARISTOTLE AND THE POLITICAL ECONOMY OF THE POLIS

ATHENS in the fourth century was undergoing a process of social and economic change of which a major component was the development of elements of market economy. The question to be addressed here is: what response does that historical process meet with in the work of Aristotle? I shall contend that Aristotle has a substantial body of thought, analytical in nature and intent, which is directed specifically to the analysis of that process. M. I. Finley has drawn quite the contrary conclusion, and in addition to developing my own account of Aristotle's thought I shall have to examine the shortcomings of Finley's. Finley takes the view that although Aristotle was aware of the process of change he simply ignored it,¹ and that there is no trace of any analytical concern with it to be found in those sections of the Aristotelian corpus which it has been usual to regard as containing Aristotle's 'economic' thought, namely, *NE* v 5, and *Pol* i 8–10. Finley sees in Aristotle nothing more than moral condemnation of certain practices such as *kapelike* which he regarded as damaging to the *koinonia* of the *polis*.

It sometimes happens that what one finds in an author depends on one's possession or lack of the equipment necessary to recognise what is there and to identify it for what it is. Finley is looking at Aristotle in order to determine the presence or absence of what he terms 'economic analysis'. The equipment he brings to the task necessarily includes a conception of what 'economic analysis' is, and, accordingly, it is for 'economic analysis' of the chosen variety that he peruses Aristotle. The variety in question is one, historically associated with Joseph Schumpeter among others, which is strongly animated by anti-Marxist twentieth-century methodological orthodoxy. Finley surveys Aristotle's chapters and finds, unsurprisingly, that they contain precious little that can boast such a character. The only conclusion that it would be proper to draw from such an exercise is that Aristotle was not an orthodox economist of the twentieth century. The conclusion Finley draws, however, is that there is no analytical content at all in Aristotle, but only censoriousness. It is ironical that Finley, such an unremitting opponent of anachronistic attempts to comprehend Antiquity in terms of the categories of modern capitalist economy, should himself fall victim to anachronism.

In section I, I shall briefly try to locate Finley's reading of Aristotle within the historically changing vogues in the treatment of value theory found in orthodox economics. Sections II and III contain a detailed examination of Aristotle's thought in the *Ethics* and *Politics* respectively, the conclusion of which is that Aristotle was engaged in value-theory, and that the passages contain a powerful analysis embodying a method quite incommensurable with that of twentieth-century orthodoxies in the social sciences. Section IV will bring out the contrasting intellectual objectives of Aristotle's two discussions. Section V will attempt to explain further how Aristotle's theoretical problems in the *Ethics* arose out of the historical reality of changing social relations in classical Athens. In the light of this I try also to show how failure to grasp the Marxian theory of value is connected with failures properly to understand the historical nature of fourth-century Athens and the thought that it generated (in Aristotle). In the final section, VI, I turn to one theoretical consequence of the failure to understand value, *viz.* the attractiveness that the Weberian conceptual framework can come to exercise, and has come to exercise on Finley and Polanyi. I suggest that that framework, far from helping us to come to understand the historical reality and the thought it produced, is a positive source of distortion, and that this is particularly clear in the work of Polanyi.

I

Before extracting the analytical content of Aristotle's discussions, it is necessary to locate the source of the enduring anachronism in their interpretation which extends beyond the forms

¹ M. I. Finley, 'Aristotle and Economic Analysis' in *PE&P* xlvii (1970); published in M. I. Finley, ed., *Studies in Ancient Society* (London 1974). All page references to this

article will be to the latter publication, and all references to Finley will be to this work unless otherwise indicated.

which Finley seeks to combat, and reaches even into his own. The source lies in what has variously been taken to constitute 'economic analysis'. Aristotle's 'economic' passages are notorious for the grievous interpretations they have attracted, and it is plain from the literature that ordinary textual problems are not responsible for this. Responsibility can be seen to lie with the predilections in the sphere of social science which scholars have subscribed to, or assimilated by osmosis, and brought to their study of Aristotle. Looking at only the relatively recent past, it is possible to discern in broad outline three phases in the interpretation of these passages. Each corresponds with phases in the development of the theory of value in the 'subject' now known as 'Economics'.

In the first period, scholars like Grant found manifold indications that Aristotle was an acute, if early, Political Economist.² In the second period, following the 'breakthrough' into Marginal Utility and subjective value theory, authors began to discover that all along Aristotle had really been an earlier incarnation of Marshall, Jevons, or of the Austrian school of Böhm-Bawerk and Menger. It is with the anachronisms of this second phase, found in the work of Soudek, Spengler and others,³ that Finley tries to contend. There has, however, been a third phase which developed alongside the Austrian school. Its object was to make economics a mathematically 'exact' science, and to disregard any qualitative content in economic phenomena. This tendency was formulated as early as 1908 in the work of Joseph Schumpeter. In his view, the essence of economic relations lay simply in a relation 'between economic quantities'.⁴ This phase was reflected in classical studies in Finley's adoption of Schumpeter as his guide on the notion of economic analysis.

II

It is necessary to examine the thought of Aristotle's chapters in detail, and the following two sections will do that. This is necessary for two reasons. The first is that the nature of the problems that Aristotle confronts, and the treatment that he gives them, have so consistently been misconstrued on the basis of selective and impressionistic accounts of what the chapters contain, and the principles governing the selection have had such potent ideological motivation, that a blow-by-blow account of Aristotle's thought as it develops in the chapter is indispensable. The second reason is that conclusions that I want to draw later can be substantiated only on the basis of a systematic review of Aristotle's texts. I shall be arguing that Aristotle's discussion in the *Ethics* is a theoretical effort of such a nature that its outcome would have been, had his efforts been successful (which they were not), an understanding of the *commodity*, i.e., the historical social form acquired by the product of labour in a society whose social relations are those of specialised private labour and private exchange. Athenian society of the fourth century was in considerable part already a society of such a kind, and was in the process of developing further in that direction. While few will contest the latter historical facts, many will find the idea that Aristotle was attempting to theorise the inner secrets of commodity-producing society even sillier and more anachronistic than the ideas of Kauder, Schumpeter *et al.*, whose poverty is fairly generally appreciated. However, this is not a thesis arrived at by speciously coaxing out of the text the principles required. It is a thesis that rests simply on what Aristotle *says* and, more importantly, on the movement of his thought. Accordingly, the task of this section and the next is one of retrieval; of retrieving the living movement of Aristotle's thought as it appears on the page.

Book V of the *Ethics* concerns justice. Having made various requisite distinctions in the first two chapters, the third and fourth are devoted to distributive and corrective justice respectively. The fifth, with which we are concerned, opens with a very brief criticism of the Pythagorean

² See, e.g., Sir A. Grant's *The Ethics of Aristotle* ii (London 1874) 117–20.

³ The relevant works of Soudek, Spengler and Hardie are cited by Finley and references given on pp. 31 and 35 respectively. Other works in the same genre are: E. Kauder, 'Genesis of Marginal Utility Theory' in *Econ. J.* lxxiii (1953) 638; B. J. Gordon 'Aristotle and the Development of Value Theory' in *QJE* lxxviii (1964) 128.

⁴ J. Schumpeter, *Das Wesen und der Hauptinhalt der theoretischen Nationalökonomie* (Leipzig 1908) 50ff. (It is worth noting that Schumpeter was writing against the same historical background as Eduard Meyer, *cf.* n. 29.) For an account of Schumpeter, and other movements away from Political Economy see Henryk Grossman, 'Archive: Marx, Classical Political Economy and the Problem of Dynamics' in *Capital and Class* ii (1977) 32ff.

view that justice in general is reciprocity. This Aristotle rejects as fitting neither distributive nor corrective justice. The purpose of this polemical preamble is made clear immediately: the notion of reciprocity is inadequate to the analysis of distributive and corrective justice, 'but in associations for exchange justice in the form of reciprocity is the bond that maintains the association', 1132b31 f.;⁵ in other words, in the subject of the new chapter, voluntary transactions of exchange of goods, the appropriate form of justice is precisely a form of reciprocity. At this point Aristotle takes the first step in defining this particular form of reciprocity; it is, he says, 'reciprocity . . . on the basis of proportion, not on the basis of equality'.

Aristotle resumes after a brief digression (which will be discussed in the final section) by addressing the question of how proportionate reciprocity is to be effected. His answer is that it is done by establishing proportionate *equality* between the products before they are exchanged. If that is done first, and the exchange transacted on that basis, then the requirement of proportionate *reciprocity* will have been achieved, 1132b10 f. So the development of his argument has put him in this position: further progress in explaining what justice in exchange as 'proportionate *reciprocity*' means now depends on explaining what 'proportionate *equality* between products' means. It is the ramifications of this problem that absorb and bewilder Aristotle in the two-thirds of the chapter that still remain.

He proceeds to the task at once. If products are to be equalised, that is, if the goods are to be exchanged such that the given proportion of one has the relation of equality to the given proportion of the other, then there must be some way in which they are comparable, 1133a18. His point is that a relation of equality can exist between things only where there is a dimension in which they are commensurable. It is around this more specific problem of explaining the commensurability that his thought concentrates in the bulk of the chapter. He makes the point again a little later in 1133b17 f., where he expresses it with exemplary clarity: 'If there were no exchange there would be no association, and there can be no exchange without equality, and no equality without commensurability.' However, the point is that in 1133a18 Aristotle's line of thought undergoes a second transformation, for the problem of what 'proportionate equality' can be now, in turn, gives place to the logically prior problem of how products so different can even be commensurable. Aristotle is clear about how the problem arises; it arises because 'one man is a carpenter, another a husbandman, another a shoemaker, and so on', *Pol.* 1280b20 f. He suggests that if like were exchanged with like, medical services with medical services for instance, there would be no problem. But in reality, what are exchanged are, of course, always different things: 'For it is not two doctors that associate for exchange, but a doctor and a farmer, or in general people who are different and unequal; but these must be equated. This is why all things that are exchanged must be somehow comparable', *NE* 1133a16 f.

The development of Aristotle's thought from this point, 1133a18, is fertile yet contradictory. He repeatedly changes direction as he tries, now in one way and now in another, to explain commensurability, and in the end gives up the task as impossible. In this development, Aristotle introduces two attempts at a solution which appear and reappear, interweaving with each other and with observations which contradict them. The first of these is the idea that money, just because it is a common measure of everything, *makes* goods commensurable and thus makes it possible to equalise them. The second is the idea that it is need (*chreia*) which makes things commensurable. These two ideas have to be kept distinct because, although at one point Aristotle connects them very closely, he also says different things about them and tends to run them separately, rather as alternatives.

His first thought is that money was introduced in the first place precisely because 'all commodities exchanged must be able to be compared in some way'. He says that 'It is to meet this requirement that men have introduced money; . . . for it is a measure of all things . . . how many shoes are equivalent to a house or to a given quantity of good.' (1133a18 f.) The thought here is that the existence of a common standard of measurement itself constitutes commensurability and makes equalisation of goods possible; the same thought reappears later at 1133b16 f: 'Money, then, acting as a measure, makes goods commensurate and equates them'; and a third time a few lines later: 'There must, then, be a unit, . . . for it is this that makes all things commensurate, since

⁵ I have used the translations of Barker, Rackham and Ross.

all things are measured by money.’ This idea is clearly inadequate, and Aristotle knew it. It is inadequate because there can be no common measure where things are incommensurable. The possibility of a measure presupposes commensurability, and, moreover, presupposes it in the dimension where measurement is to be possible.

The realisation of this inadequacy led Aristotle into his next idea, which he runs alongside the first. Repeating the need for a common standard or measure of things, he now separates the standard (*chreia*) from the measure (money), and makes the latter a conventional representation of the former. We now appear to have not just a means of measurement (money), but a dimension of commensurability (need) for things to be measurable in; or to put it in another way, we appear to have a commensurable dimension (need) which, though capable of variable magnitude, lacks a unit of measure until money provides it. ‘This standard is in reality *chreia*, which is what holds everything together . . . but *chreia* has come to be conventionally represented by money’, 1133a27–30.⁶ (Here, and in subsequent citations, I have left *chreia* in place of the mistranslation ‘demand’, a howler which has served to make Aristotle intelligible to modern market society.) He goes on, a little later, to provide argument for attributing this role to *chreia*: ‘That *chreia* holds everything together in a single unit is shown by the fact that when men do not need one another . . . they do not exchange . . . This equation must therefore be established’, 1133b7 f.⁷ Something which ‘holds things together in a single unit’ is not quite the same thing as a dimension in which things are commensurable—and Aristotle later admits the difference—but it is a lot more like it than his first idea of a ‘common measure’.

Aristotle now makes some comments about money, observing that it is itself a commodity ‘liable to the same fluctuation of “demand” as other commodities’, 1133b17. He does not yet draw the conclusion that this fact demolishes the view that money is itself what makes things commensurable. Indeed, he immediately returns to that first idea, which had seemed to be superseded by the introduction of *chreia*, and once again affirms that ‘money . . . serves as a measure which makes things commensurable and so reduces them to equality’, 1133b16 f. More surprising still, he now proceeds to an admission that he can see no satisfactory theoretical conclusion whatever to the problem of commensurability of goods that he has set himself; he says ‘it is impossible for things so different to become commensurable in the strict sense’. Here he implicitly disowns the first idea that a common unit of measurement *creates* commensurability, and explicitly disowns the second idea that *chreia* provides the commensurable basis, saying that it does so only ‘sufficiently . . . for practical purposes’, 1133b18f. The confusion is further compounded when he yet again says of money that ‘such a standard makes all things commensurable, since all things can be measured by money’, only to follow it by the admission that money does not create commensurability since proportionate exchange existed before money did, and that the value of a house is expressed *indifferently* by the five beds for which it exchanges, or by the money value of five beds, 1133b20–30. The analysis ends at this point, and Aristotle returns to the question of justice as a mean between having too much and too little, political justice, domestic justice and so forth.

At the end of it all, he has succeeded only in formulating profound and original problems to which he can find no solutions. We are still in the dark about what to do to be just in exchange transactions; cross-conjunction remains a mystery since nobody knows what the ratio of producers means. Above all, the central problem of commensurability around which the analysis is structured is given only a makeshift answer whose theoretical inadequacy Aristotle explicitly recognises.⁸ This is in no way to demean Aristotle’s achievement in the chapter, which is

⁶ The translation is Rackham’s, with ‘*chreia*’ substituted for his misleading ‘demand’.

⁷ Ross’s translation, with the same substitution of ‘*chreia*’ for his ‘demand’.

⁸ The passage in question is 1133b18f. I have taken the view that Aristotle is to be understood as throwing in the sponge on the theoretical problem of commensurability because he cannot solve it. The alternative view is that we are to understand his statement that things cannot really be commensurable as if it were a positive conclusion that flowed from this analysis, which it clearly is not. If it is

taken in that way, then the absurd consequence is that Aristotle would be saying that the problem of commensurability, which he has spent the bulk of the chapter chasing hither and thither without success, is not a problem. It seems clear that the significance of the statement is that it evinces Aristotle’s bewilderment at a problem he can see no way of resolving. It is to be noted that this passage, in manifesting Aristotle’s own low estimation of his suggestion that *chreia* is the basis of commensurability, is very damaging to those interpretations that seek to read into Aristotle some version of modern Subjective, or

formidable and which, it is worth noting, was appreciated by Karl Marx despite his awareness of Aristotle's failure to solve the central problem and to arrive at an adequate notion of value: 'the brilliancy of Aristotle's genius is shown by this alone, that he discovered, in the expression of the value of commodities, a relation of equality'.⁹

A substantial part of the literature about chapter five, fanciful though much of it may be in its particulars, does have the merit of appreciating in some form the *sort* of things that Aristotle is trying to do. All those interpretations which seek, wrongly in my view, to attribute to Aristotle some particular theory of (economic) value have this merit.¹⁰ Things start to go more seriously wrong when militant empiricism becomes dominant, and authors find it beyond them to see in Aristotle anything other than a reflection of their own intellectually limited concerns, as for example Schumpeter does in detecting a theory of price-determination. Such a climate has its effects beyond the field of methodology and the history of economic thought, and this is possibly what is exemplified in Hardie's recent appraisal of the substance of the chapter as being 'the determination of prices at which products of industry are bought and sold'.¹¹ Finley, however, in rightly rejecting these latter excesses, dispenses at the same time with the qualified merit of the previous group of interpretations in failing to grasp the principal preoccupation of the chapter, to wit, the problem of commensurability. In the treatment he offers of chapter five it appears only obliquely in an incidental remark, and no importance is attributed to it.¹² As we shall see, this fundamental omission finds another, which is its symmetrical and complementary counterpart, in Finley's account of Book I of the *Politics*.

III

In *Politics* i 9 we find Aristotle looking at exchange in quite a different way. The discussion here of exchange, barter, retail-trade and usury, is sometimes treated as a series of discrete discussions; or, if it is seen to have any unity, this is thought to be a unity brought to it by Aristotle's moral concerns. In fact the discussion has a theoretical unity. Aristotle is analysing the evolution of social relations of exchange through their successive historical forms, subjecting each to an analysis of the *aim* inherent in its form, and evaluating where necessary the compatibility of that aim with the aim of the *koinonia* of the *polis*.

Exchange is, first of all, agreed to be natural because it arises out of the natural fact that some have more and others less than suffices for their needs, 1257a12 f. Aristotle then introduces the first form of exchange, the form that is primitive both historically and logically, that is, barter, or the direct non-monetary exchange of one commodity against another, which we shall represent as C-C, to indicate the unmediated transfer of two commodities. In the household, the first form of association where all things were held in common, there was no purpose for exchange to serve. That purpose arose with the increased scope of association of the village, whose members, he says, were more separated and had things to exchange. This they did in a direct manner, one useful thing for another (i.e., without money). Such exchange is natural because it serves to satisfy the natural requirements of sufficiency, 1257a19-30.

When Aristotle introduces the second form of exchange relations he presents it explicitly as a *development* out of the primitive one: 'The other more complex form of exchange grew, as might have been inferred, out of the simpler', 1257a30. This form is the exchange of goods mediated by money. One commodity is exchanged for money, i.e. a sale (C-M), and money in turn for another commodity, i.e. a purchase (M-C). This form of exchange or circulation will be represented as C-M-C.

Marginal Utilitarian, Theory of Value on the basis of *chreia*. Karl Marx, who concluded that Aristotle failed to arrive at any theory of value, based his view in part on this passage; *Capital* i (Lawrence and Wishart, London 1970) 59. Van Johnson, who explicitly sets out to overturn Marx's evaluation, fails to mention the passage in arguing that Aristotle held that "demand" (*χρεία*) . . . is at bottom the real unit of value', and that '*χρεία* is as much a "concept of value" for Aristotle as labor is for Marx',

'Aristotle's Theory of Value' in *AJP* lx (1939) 450.

⁹ Marx, *Capital* i (London 1970) 60.

¹⁰ See n. 3:

¹¹ W. F. R. Hardie, *Aristotle's Ethical Theory* (Oxford 1968) 196-7.

¹² Finley 35; he writes: 'For Karl Marx the answer is that, though Aristotle was the first to identify the central problem of exchange value, he then . . .'

Aristotle explains,¹³ in 1257a32–41, the appearance of the new form of circulation of goods, and the appearance of money, as a response to, and integral part of, a developing social reality which leads over time to the displacement of the less developed form of exchange relations by the new.¹⁴

Aristotle is somewhat inclined to take as lenient a view of C–M–C as he does of barter C–C. What is wrong with *chrematistike*, in the bad sense of *kapelike*, is its *aim*: that the retail trader seeks to gain by another's loss. Barter C–C is acceptable likewise, because of its aim: the satisfaction of natural needs. Since the aim of the circuit C–M–C is the same as that of C–C, Aristotle at times seems to regard it too as a natural form of exchange. This is confirmed by his recognition of the ethically acceptable use of money in C–M–C as 'a means of exchange', 1258b4, which he terms 'the necessary process of exchange', and describes as 'necessary and laudable', 1258a40.

But things are not quite so simple. There are indications of a rather different attitude to C–M–C in Aristotle's mind. For example, in 1257a6 f., he says that the use made of a shoe in selling it 'is not its proper and peculiar use'. The reason he gives is that 'the shoe has not been made for the purpose of being exchanged'. He does not go as far as to say that its use in exchange is unnatural, but this only glosses over, and does not remove, the suggestion of a possible irreconcilability between 'necessary and laudable' exchange and the use of an article in exchange not being its 'proper and peculiar use'. There seems no obvious way of resolving the matter by reference to Aristotle's text. Rather the reverse: if the text suggests anything, it suggests that there was a real ambivalence in Aristotle's mind towards exchange of the C–M–C form. On the one hand he sees it as sharing the same natural aim as C–C; but on the other, though recognising it as a stage in the development of exchange relations, he also sees it as leading inevitably over time into M–C–M or *kapelike*. He cannot make up his mind whether it is a good thing or a bad one. Aristotle has got himself into, or rather, historical development had put him in, an impossible position. His scientific method is to comprehend a whole in terms of its *ergon* or *telos*, and to do that it is sometimes necessary to enquire into its origins and development ('He who considers things in their first growth and origin, whether a state or anything else, will obtain the clearest view of them', 1252a24).¹⁵ The application of that method here to the state in the material aspect of acquisition, is producing results that are in active antagonism with his idea of the *ergon* of man within the state. However, this must be left on one side for the present. What is important at the moment is Aristotle's achievement in thinking through the development of exchange relations, and his subtle insight into the interrelatedness of the movement, both within the 'stages' and between them. It is precisely this that is the source of his difficulties.

Things are more straightforward with retail-trade (*kapelike*), where people come to market, not to sell what they have grown or made in order to buy what they need to consume, but rather to buy in order to sell at a profit, M–C–M'. Aristotle introduces this form too as a necessary development out of the preceding form C–M–C, and understands it to have a development of its own. He writes:

When, in this way, a currency had once been instituted, there next arose, from the necessary process of exchange (i.e. exchange between commodities, with money merely serving as a measure), the other form of the art of acquisition, which consists in retail trade (conducted for profit). At first, we may allow, it was perhaps practised in a simple way (that is to say, money was still regarded as a measure, and not treated as a source of profit); but in the process of time, and as the result of experience, it was practised with a more studied technique, which sought to discover the sources from which, and the methods by which, the greatest profit could be made. (1257b1–4; the helpful interpolations are Barker's.)

The C–M–C circuit begins and ends with use-values. Its purpose is to acquire something that is

¹³ E. Barker, *The Politics of Aristotle* (Oxford 1952), reproduces the structure and detail of the thought more systematically and perspicuously.

¹⁴ Ross has an individual view of Aristotle's views on this subject. Instead of understanding Aristotle to be thinking of the internal evolution of exchange relations and its transitions between less-developed and more-developed forms, Ross's evaluation is that 'This notion of

money as facilitating barter, instead of (practically) driving it out of the field, is a curious one.' But he explains that 'it must be remembered that in economics, . . . Aristotle was almost the earliest worker'. *Aristotle* (revised edn, London 1949) 213.

¹⁵ For a discussion of this see S. R. L. Clark, *Aristotle's Man* (Oxford 1975) chs II.1 and IV.2.

needed, and once it is acquired, that thing leaves the sphere of circulation for good and enters the sphere of consumption. Exchange here is an instrument falling within the first of Aristotle's two arts of acquisition, namely that 'kind which is by nature part of the management of the household', 1256b26, 1257b18 f. This is so because its aim is the acquisition of wealth considered as use-value and not as exchange-value; its object is wealth 'defined as a number of instruments to be used in a household or in a state', 1256b36. This form of exchange relations, however, makes possible another, *kapelike* (*chrematistike* in the bad sense), or the art of 'retail trade, and it is concerned only with getting a fund of money, and that only by the method of conducting the exchange of commodities', 1257b21 f. The owner comes to market, not with goods, but with money which he advances against commodities, M-C. He resells these for a greater sum, C-M', realising a profit. He does not stop there, however, because once he has finished one circuit he still has as much reason for advancing the increased sum M' as he had for advancing the original sum M in the first place. This is the main contrast Aristotle draws between M-C-M, and the C-M-C circuit. He is clear that the point of the C-M-C type of transaction has to do with the fact that the first C and the second C are *different* articles. The aim is to acquire the specific utility of the second which is needed, and the sale of the first is simply a means to that end. Once it is acquired, exchange activity has reached a natural terminus. But the M-C-M circuit has no natural terminus. It begins with money and ends with money, and since there is no difference of quality between one sum of money and another, the only possible difference being one of quantity, this quantitative growth of exchange-value in the form of money is the only conceivable aim that the circuit M-C-M' can have. But if M can be advanced to become M', so can M' be advanced in turn to become greater still. Aristotle saw all this. He writes: 'money is the beginning of the end of this kind of exchange', 1257b22 f.; 'there is no limit to the end it seeks; and the end it seeks is wealth of the sort we have mentioned . . . the mere acquisition of money', 1257b28 f.; 'all who are engaged in acquisition increase their fund of currency without any limit or pause', 1257b33 f. The two forms of exchange or 'acquisition', C-M-C and M-C-M, 'overlap because they are both handling the same objects and acting in the same field of acquisition; but they move along different lines—the object of the one being simply accumulation, and that of the other something quite different', 1257b34 f.

In his last word on the two circuits C-M-C and M-C-M Aristotle papers over all the cracks and allows C-M-C past the post: the art of acquisition has two forms, one connected with household management which is 'necessary and laudable', and the other connected with retail trade which is 'justly censured', 1258a33 f.

The fourth and final form of the evolution of exchange relations is 'the breeding of money from money', 1258b5, that is, usurer's interest or M-M'. His brief treatment of this confirms his decision to permit C-M-C, and the function of money specific to it as distinguished from its function specific to M-C-M' and M-M', 1258b2-8.

Turning to Finley's appreciation of Aristotle's analysis, it manifests two striking features. The first is that Aristotle's systematic analysis of the social and historical evolutions of exchange relations remains unnoticed. This oversight is not favourable to arriving at a balanced evaluation of the role of the 'moral' as against the 'analytical' element. At best, it would tend towards exaggerating the role of the moral dimension, and at worst to seeing little else there at all. The second striking feature, connected with the first, is that Finley nowhere acknowledges the existence of the second form of exchange relations C-M-C in Aristotle's analysis as one of the forms through which exchange evolves. In his account Finley passes directly, to all intents and purposes, from barter C-C to *kapelike* M-C-M.¹⁶ Finley observes that for Aristotle there is a 'proper use of money' that is 'ethically acceptable'.¹⁷ Yet here, in his account of the *Politics*, the form of exchange relations between people in which money has that acceptable use, C-M-C, is

¹⁶ Finley 42. It is not *strictly* accurate to say that Finley passes *directly* from barter to *kapelike*. However, the only recognition he gives to the form that lies between them appears in the remark that following barter 'then, because of the difficulties created by foreign sources of supply . . . money was introduced, and out of this there developed *kapelike*'. It cannot be said that this strongly

suggests Aristotle's awareness of the intervening form C-M-C, or that it recognises its legitimacy in Aristotle's view, or the important place Aristotle gives it in his account of the successive and interpenetrating phases in the development of exchange relations.

¹⁷ Finley 40.

entirely overlooked. We shall see in the sequel what the significance of this omission is, how it complements his failure to observe that the central problem of chapter five of the *Ethics* is the commensurability of goods, and how they both together combine with his chosen orthodox definition of 'economic analysis' to beget his startling and original conclusion that, contrary to what generations of scholars have thought, Aristotle makes no attempt to understand 'economic' phenomena.

IV

Comparing the *Ethics* with the *Politics*, the most salient difference is that the *Politics* contains a discussion of *kapelike* or M–C–M, and the *Ethics* does not. The *Politics* goes through all four forms, C–C, C–M–C, M–C–M and M–M. The *Ethics* merely mentions non-monetary exchange C–C at the end, while the analysis is confined exclusively to exchange between producers of goods, each seeking to alienate his own product in exchange for some proportion of that of another, i.e. C–M–C. It is important to determine the reason for this difference between the two chapters. Its importance is twofold. First, it is important for further appreciating the profundity of Aristotle's investigations, both for their content but more especially for their method; secondly, for the evaluation of Finley's entire interpretation because it is, in his view, the absence of trade (*kapelike*) from the discussion in the *Ethics* that is the single most crucial question in reaching a judgement on 'whether it is, or was intended to be, economic analysis at all'. Finley writes:

what seems to me to be central in any judgement . . . (is) that Aristotle by his silence separates the artisan from the trader, that he is talking exclusively of an exchange between two producers without the intervention of a middleman.¹⁸

Finley sees this as a deliberate lack of practical realism in the treatment of exchange in the *Ethics*, and one which Aristotle was in a perfectly informed position to rectify if he so chose, since, as Finley continues,

Aristotle knew perfectly well that this was not the way a large volume of goods circulated in his world. He also knew perfectly well that prices sometimes responded to variations in supply and demand—that is the point underlying his page in the *Politics* on monopoly. In the discussion of money in the *Ethics* he remarks that money 'is also subject to change and is not always worth the same, but tends to be relatively constant'.

Finley's challenge goes to the heart of the matter: why is there this gap between Aristotle's supposed 'economic analysis' and the everyday facts of commercial activity well known to Aristotle? Why, especially, is trade, such a commonplace in Aristotle's world, not discussed or mentioned? Finley's point is that, if Aristotle had been attempting 'economic analysis' (in Schumpeter's sense of 'the intellectual efforts . . . made in order to *understand* economic phenomena', that is, in Schumpeter's view, 'analysing actual market mechanisms'),¹⁹ then he would have discussed and analysed these familiar things. Since he does not, Finley draws the conclusion, correctly if one adopts Schumpeter's definitions, that Aristotle was not doing or even intending to do 'economic analysis'.

What, then, is Finley's view of what Aristotle *was* doing? The answer is that he was doing morals. Finley seeks to establish this conclusion, partly by means of his negative arguments against the anachronistic 'economic analysis' interpretations such as that of Soudek, and partly by means of arguments designed to show directly that Aristotle's intention, and the character of his discussion, were moral in nature. He writes:

The digression on exchange, I repeat, was placed at the start 'within the framework of the community'. When the digression ends, furthermore, Aristotle resumes the main thread as follows: 'We must not forget that the subject of our investigation is both justice in the absolute

¹⁸ Finley 38; the quotation immediately following is from the same page.

¹⁹ These two quotations used by Finley, 26 and 44,

derive from Schumpeter, *History of Economic Analysis* (N.Y. 1954) 1 and 60 respectively.

sense and political justice' (*Ethics* 1134a24–26). The phrase 'political justice' is an excessively literal rendering of the Greek, for Aristotle goes on to define it as 'justice among free and (actually or proportionately) equal men, living a community life in order to be self-sufficient'.²⁰

The question of *koinonia* and Aristotle's framework will be returned to in the final section as an important element in Finley's construction of his 'moral' interpretation. For the moment we must observe the curious lack of force in Finley's argument. Given that the substantive matter of chapter five is indeed a digression in the context of Book V, and one into which 'Aristotle abruptly launches' in Finley's own words, why should we need an explanation of its special internal features in terms of the main thread of the subject matter which it is a digression from? Aristotle's statement about 'the subject of our investigation' clearly relates in its context to Book V as a whole. If it is taken to apply to the (digressive) substance of chapter five of that Book, and there is no textual reason why it should be, then that substance will be misunderstood, or at any rate no impetus will be lent to looking at it for what it is.

Having used the absence of a discussion of trade as the main argument for the 'moral' interpretation, Finley also uses the 'moral' interpretation as the explanation of why there is no discussion of trade. Aristotle, he claims, deliberately excluded trade because the subject of the chapter being, as he sees it, the justice of each having his own in the *koinonia*, 'Aristotle cannot introduce the *kapelos* (trader), since justice in exchange is achieved when "each has his own", when, in other words, there is no gain from anyone else's loss'.²¹ He also explains that 'the heavily restricted discussion of the *Ethics*' is partly explained by the fact that Aristotle's 'insistence on the unnaturalness of commercial gain rules out the possibility' of a discussion of profit-making exchange M–C–M.²²

As we have seen, however, the *Ethics* chapter is not about the justice of each having his own. It is about how goods can possibly be *commensurable*, as somehow they must be since in every single daily act of exchange a *relation of equality* is established between one proportion of one good and some proportion of another: '5 beds = 1 house, or = so much money', or in general: x of $A = y$ of B . Given that analytical purpose, Aristotle's real reason for not discussing trade and the trader in that chapter is unmistakable. What conceivable relevance could such a discussion have had to his problem? Aristotle had worked his way through to a pellucid formulation of the profoundest of questions, value—a feat which Marx so admired—*viz.*, how is it possible, and what can it mean, that a proportion of one article can be *equivalent* to some proportion of any other you care to choose, however different? Naturally, since Aristotle is aware of the different successive forms of exchange relations, he studies his problem against the setting of the form of exchange in which that relation of equivalence is most clearly and directly expressed; that in which two products are related straightforwardly in the equivalence, C–M–C. That is why, in Finley's words, Aristotle 'is talking exclusively of an exchange between two producers without the intervention of a middleman'. What would a consideration of M–C–M' have done to advance the solution of this problem? The objective nature of this latter circuit, which becomes the subjective aim of the *kapelos* engaging in it, lies, as Aristotle himself explains, in the fact that *non-equivalents* are exchanged; the sum advanced, M, is exceeded by that extracted, M'. The circuit M–C–M', *kapelike*, with its profits from non-equivalent exchange, is a *particular* form of exchange activity. It makes its appearance only when exchange relations have, or rather when the particular form C–M–C has, reached a certain point of social and historical development. Aristotle is aware of that, and makes the point explicitly in the *Politics*. In the *Ethics* he has uncovered and is examining the fundamental theoretical problem of commensurability that arises in trying to understand exchange *per se*. That being the case, he has no need or occasion to discuss all or any of its subordinate species, so he does not discuss them. Exchange for profit, M–C–M, he explicitly presents as such a subordinate species, so he does not discuss it. To put the point in another way, it is manifestly impossible to come to understand the later and derivative form of the exchange of non-equivalents, unless you first understand what equivalence means in exchange. The most suitable setting in which to try to do that is the simple one in which two products (and behind them their producers) confront each other in the market, C–M–C. In summary, Aristotle is

²⁰ Finley 39–40.

²¹ Finley 39.

²² Finley 44.

concerned in the *Ethics* with the basic relation of value equivalence, and the underlying problem of commensurability, which are the fundamental presuppositions of systematic exchange relations existing at all.²³ He is not concerned with the forms through which they pass in their internal evolution. That matter is gone into in the *Politics*. That is why M–C–M is discussed there and not in the *Ethics*.

Finley detects a problem in Aristotle's consistent use of the neutral word 'exchange'. He observes that 'in the *Ethics* Aristotle does not use any of the normal Greek words for trade and trader (as he does ruthlessly in the *Politics*), but clings to the neutral word "exchange".' The reason for this, he suggests, is that 'Aristotle . . . cannot introduce the *kapelos*, since justice in exchange . . . is achieved when "each has his own", when, in other words, there is no gain from anyone else's loss.'²⁴ Why the alleged moral character of Aristotle's discussion in supposedly dealing with the justice of each having his own should force him to a systematic avoidance of the use of *kapelos* and *kapelike* I cannot understand. If anything it should be seen as giving him cause and occasion for using them systematically and ruthlessly, since he would have on hand a very appropriate occasion for heaping a little contumely on the *kapelos* as a prime example of injustice. (If that looks too much like an argument from silence, then consider that Finley is himself explaining a silence about trade by means of an explanation which would explain both the absence and the presence of a discussion of trade. If the *Ethics* did contain a discussion, Finley's explanation in terms of the moral stricture against *kapelike* would explain this too. Consequently it is not much of an explanation.)

But if Finley's explanation fails to explain, what of the problem itself? There is no problem. Aristotle clings to the neutral word 'exchange' for the simple reason that exchange *per se* and in the abstract is the subject under investigation. Attention to the analytical content of thought and argument in the chapter shows Aristotle to be concerned with the analysis of the basic relation of value-equivalence, 5 beds = 1 house, and with seeking to uncover its meaning and to understand the grounds of its possibility. At the risk of some repetition, this is again the reason why he does not discuss trade M–C–M, i.e. the exchange of non-equivalents. For that is a subordinate and derivative species whose analysis belongs to a lower level of generality and abstraction, and which can be handled only once the more general problem of equivalence in exchange ('proportionate equality' as Aristotle calls it) has been resolved. Indeed, Aristotle's concentration in the *Ethics* on the exchange of equivalents alone and his consequent concentration on the C–M–C circuit there, together with his analysing M–C–M (in the *Politics*) only in the context of the historical evolution of exchange relations through its different forms, reveals his awareness of this difference in levels of generality.

V

It is clear that Aristotle's chapters contain a body of thought which is analytical in substance and intention. Its nature as systematic analysis does not, to be sure, conform to the recently dominant, but now decomposing, orthodoxy represented by authors such as Schumpeter. What then is its nature? It is not possible to do more than offer an outline of an answer to this question here, since it would lead too far afield into the historical development and differentiation of 'economic' thought in recent times. Nonetheless, it cannot be shirked altogether, for otherwise it would remain quite unclear what the analytical significance of the problem of commensurability is, what the historical significance is of the fact that this particular problem could have arisen for a thinker of the fourth century, and why twentieth-century commentators on Aristotle should without exception have read right through it as though it wasn't there.

(1) What kind of analytical endeavour is Aristotle engaged in which is so imperspicuous to orthodox economists and those influenced by them? This can be put in another way: within which school of modern analysis, if any, does the nature of Aristotle's efforts, as we have seen

²³ Aristotle was aware of this as a presupposition of the existence of exchange relations and of exchange relations as a presupposition of the existence of the *polis*. See *Ethics* 1132b31 f., and *Pol.* ii 2, 1261a30 ff. See also D. G. Ritchie's

subtle but incomplete appreciation of the significance of 'proportionate reciprocity', in 'Aristotle's Subdivisions of Particular Justice', *CR* viii (1894) 192.

²⁴ Finley 39.

them to be, become comprehensible? The answer, to cut a long story short, is the school of Marxian Political Economy. The essence of Aristotle's problem lies in finding that *dimension* in which things (products) can become commensurable. Put another way: what *sort* of relation is it that comes to exist between the products of various producers when these are made the subject of systematic exchange? This, as it happens, is also the problem that lies at the heart of Marx's much misunderstood Labour Theory of Value.²⁵ Aristotle sees that the dimension can have nothing to do with the natural or physical constitution of products, since these are so diverse. (This is really the burden of his remark that they cannot be commensurable at all in the 'strict' sense, since the reason he gives is that they are so diverse.) Marx draws the same conclusion, but goes on after further analysis to conclude that the commensurability is a social character which the product acquires historically with the appearance and development of a certain manner of dividing labour socially: products acquire the historically specific social form of 'commodities' and become 'commensurable' in virtue of new social relations that come to exist between men. Products had, in very considerable part, acquired this social form in Aristotle's Athens, just because the appropriate conditions of socially divided labour had made their appearance.

Something further must, unavoidably, be said about these social relations, and (however cursorily) about their existence, alongside others, in the historical complexity of fourth-century Athens. Among the conditions of socially divided labour just mentioned, two are especially important. First, there was a certain level of specialisation in production, between agriculture and the crafts and among the crafts themselves. (This had also been true, to a lesser degree, of the palace-based cultures of the earlier period.) The second was that each producer produced privately and on his own account, had private property in his product and marketed it. (This had not been true of the palace-based cultures.) Now where each producer produces his own good or narrow range of goods privately and on his own account, each is more or less in a situation where he has more than he can use of the product of his own specialised labour, and none of all the other goods produced by the specialised labour of others, which, since his needs are manifold, he must acquire. Thus, along with the development of on the one hand specialisation, and on the other the increasingly private character of production or labour, there goes a complementary development of exchange relations between the private 'specialists'. A point is reached in this combined development where producers are producing partly or exclusively with a view to exchange, and acquire through exchange all the useful things they need but do not themselves produce. Under these social relations, of privately conducted specialised labour, private property and systematic exchange, the product of labour acquires a particular social and historical form. The product is still a use-value, something directly useful, but it is no longer made or grown by the producer only or predominantly because of its use-value to him, for he produces far more of his item than he can consume. His product is of interest as a use-value only to others. To him it is of interest because as a potential subject of exchange it represents (exchange-)value, and he makes it in order to realise its value in exchange with others who do need its use-value, and who produce and purvey all the other things he needs. The product of labour has now taken on an independent social identity of its own, a historical form specific to *market* society: the form of the *commodity*, whose most general expression lies in the relation of value equivalence: 1 house = 5 beds, or = so much money—which Marx terms the Elementary Form of Value.²⁶ The existence of systematic market exchange is the complement of the private form in which labour is socially supplied; and the *private* nature of the producers is reflected in the *social* relations that exist between their

²⁵ It is obviously impossible here to go into Marx's analysis of the commodity, and such of the criticisms that have been made of it as are pertinent. What I shall try to do is give an impressionistic account adequate for the purposes of the present argument, and hope to avoid parody in the attempt. Marx's own systematic exposition of the core of his analysis is in *Capital* i, Pt I, ch. 1. An explanatory and exploratory treatment, and by far the best, is to be found in I. I. Rubin, *Essays on Marx's Theory of Value* (Detroit 1972). A more introductory treatment is given by P. Sweezy, *The Theory of Capitalist Development* (N.Y. 1968). See also R. L. Meek, *Studies in the Labour*

Theory of Value (London 1973). The classical reply to Marx, which has not been surpassed or even paralleled by non-Marxist economists to the present day, is that of E. von Böhm-Bawerk, first published in 1896, *Karl Marx and the Close of his System* (Merlin Press, London 1975). This edition also includes the response to Bawerk by Rudolf Hilferding. A perceptive critical evaluation of Bawerk's uniquely serious attempt to understand and criticize Marx's theory is given by G. Kay, 'Why Labour is the Starting point of *Capital*', *Critique* vii (1977) 53 ff.

²⁶ See *Capital* i, Pt I, ch. 1, section 3 A.

products. The form in which the members of the society pass around their various contributory efforts to the common production does not appear in direct relations between them as contributors to the common stock, but appears most immediately as a social relation between their products, 1 house = 5 beds, or x of $A = y$ of B .²⁷ If our knowledge of the historical development of Athens down to and during Aristotle's time did not tell us that the social relations of commodity production had made significant strides, we could in any case infer that they had from the very fact that it had become possible for the mind of Aristotle to be brought to the point of attempting to penetrate the mysteries of the commodity form.

To be sure, the social relations of commodity producing, or market, society were developing within the integument of a subsistence agricultural and slave-owning society, but they were developing.²⁸ Not, of course, in the higher form of capitalist commodity production, as some have been anxious to argue, most notably Eduard Meyer.²⁹ They were emerging in the form of petty commodity production. The essence of the theoretical distinction between the two forms can be made in practical terms with reference to Athens: it was emergent petty, and not capitalist, commodity production because there was virtually no market in labour-power, that is, no important class of wage-workers as opposed to self-employed artisans; except for bottomry there was no functioning of money as capital, or credit system advancing loans for the establishment of productive firms or enterprises, and so on. But the complexities of the process of social and historical change that Athens was undergoing, and the low level of commodity production as yet attained within the great complexity of that overall movement, were not enough to hide from Aristotle the emergence of the commodity form.

Marx's analysis of the commodity, or the value-form of the product of labour, in terms of the historical development of social relations has the consequence that unless the historical development of social relations (i.e. history) ceases, then the commodity form might not always be with us. This means that market society and its social relations might, in the course of history, be superseded just as they have superseded others: a prospect that has not met with universal enthusiasm. Since Marx wrote, orthodox anti-Marxist thought has, in various ways alluded to in Section I, abstracted 'economics' from the historical and social to create it a discrete specialism, with the effect that market society and its categories no longer appear as products of historical development but as 'natural', timeless and ahistorical. It is, at bottom, this comforting tendency that has made Aristotle's chapters so imperspicuous in recent times, and it accounts in large part for the vagary and poverty that has characterised contemporary literature on them.

In the following parts of this section I shall draw out some of the deleterious consequences of the failure to understand the Marxian theory of value, and some of the distortions that are imposed by the use of orthodox conceptions. In (2) I shall try to show that Finley's misreading of Aristotle is one to which he is driven by his adoption of the orthodox canon. In (3) I shall argue that not only Aristotle's thought, but the historical nature of fourth-century Athens, is misconceived as a result of employing orthodox conceptions. In (4) I argue against Finley's view that the ancients were unable to conceptualise their society, and suggest that, once again, this misconception derives from his adoption of orthodoxy in 'economic' thought.

(2) Finley's reliance on Schumpeter for the premises of his argument is singularly unfortunate.

²⁷ Cf. Marx's letter to Kugelmann, 11th July, 1868.

²⁸ Lysias xxii and xxxii, Demosthenes xxxii, xxxv and Ps.-Dem. lvi. On these ancient sources see G. E. M. de Ste Croix, 'Ancient Greek and Roman maritime loans', in *Debits, Credits, Finance and Profits*, ed. H. Edey and B. S. Yamey (London 1974) 41–59, and R. Seagar, 'Lysias against the corndalers' in *Historia* xv (1966) 1972 ff. See also C. Mossé, *La fin de la démocratie athénienne* (Paris 1962) ch. I.

²⁹ 'Athens in the 5th and 4th centuries stands as much under the sign (*unter dem Zeichen*) of capitalism as England has stood since the 18th and Germany since the 19th century.' E. Meyer, *Kleine Schriften* (1st edn 1910) i 79 ff.;

cited by H. Bolkestein in his *Economic Life in Greece's Golden Age*, ed. E. J. Jonkers (Leiden 1958) 148–9. Meyer was writing against the background both of the zenith of Hohenzollern Germany's capitalist rivalry with Britain, and of the frightening (to some) and mighty development of the first mass Marxist revolutionary party of the working-class, the SPD led by Kautsky, Bernstein and Liebknecht. It is not surprising, therefore that Meyer's opinion, and its pretty clear underlying message that civilisation is to be identified with the system of capitalism, was readily endorsed by many scholars, especially German (as Bolkestein notes).

Indeed Finley's very conclusion that there is no 'economic analysis' in Aristotle, and to an extent his own 'moral' interpretation, is based on his acceptance of Schumpeter's conception of what is scientific, and what is not, in 'intellectual efforts . . . to understand economic phenomena', which is, in the usual orthodox estimation, simply the analysis of the surface phenomena of market society and its categories: market mechanisms, prices, wages, profits, interest, rent, capital, etc. So Finley's conclusion really amounts to this: Aristotle was not an orthodox capitalist economist of the twentieth century.³⁰ That this is indeed the effective content of Finley's conclusions is clear from his own formulations of them: 'I have tried to show that "pricing" was not Aristotle's concern'; 'Therefore he [Aristotle] was not seeking a theory of market prices.'³¹

While in this way rejecting the anachronistic interpretations which modern orthodox historians of economic thought have sought to thrust upon Aristotle, however, Finley has at the same time accommodated himself to their perspective in entirely overlooking Aristotle's concern with the problem of commensurability in the *Ethics*. As we have seen, it is precisely because that is Aristotle's problem in that text, that he concentrates on the C-M-C circuit exclusively. To Finley, however, under the tutelage of empiricist conceptions of science, this can betoken, as it did for Schumpeter, only a moral abhorrence of trade and a consequent refusal to discuss M-C-M, thus providing him with his principal argument for his conclusion that there is nothing resembling analysis to be found there. Under the same influence, in his reading of the *Politics* he misses the systematic analysis of the historical evolution of exchange relations. In addition, he overlooks Aristotle's treatment of C-M-C in the *Politics*, thus (i) compounding the oversight of the dialectical and analytical approach to the process of evolution of forms of exchange, and (ii) suggesting by implication that what is in Aristotle's mind is that anything beyond non-monetary exchange (mutual gift-giving of the 'archaic' period?) is morally insupportable.

As regards Finley's preferred non-analytical and moral reading of the *Ethics*, he reaches it by a complicated route. He is very sensitive to the dangers, to which many including Schumpeter have fallen victim, of uncritically seeking an understanding of classical antiquity in terms of the categories that arise with, and are specifically applicable to, market society in its recent capitalist form.³² Thus, he firmly resists Schumpeter's suggestion that Aristotle is concerned with the analysis of price determination and market mechanisms. But because he espouses the empiricist creed of what is and what is not scientific and analytical, it is only the theory of price determination and all the rest of it that he can admit as constituting analysis and analytical intent, and he concludes accordingly that Aristotle's discussions contain neither. So the exaggerated 'moral' interpretation is one that he is driven to and has no way of avoiding. In seeking to find *something* to counterpose to the anachronistic readings he rejects, his adoption of the orthodox canon leaves him with nothing to fall back on but morals; so morals has to be what Aristotle is doing. What underlies this complicated set of movements, fundamentally, is Finley's lack of understanding of value (vividly revealed in his failure to recognise the problem of commensurability).

(3) However, it is not only the character of Aristotle's thought and its insights that are missed if one reads the *Ethics* from the viewpoint of any form of modern economic orthodoxy. The specific nature of the historical period reflected in that thought is missed also. Schumpeter, in his orthodoxy, simply takes commodity production for granted. He thus fails to observe what was the most important feature of fourth-century Athens, namely, that it had partially developed, and was still in the process of developing, the social relations of commodity production. Finley follows Schumpeter in this too. Certainly they disagree about whether Aristotle did any 'economic analysis', but they are in considerable agreement about the supposed shortcomings of Aristotle's discussions. This is revealed with particular clarity, as we shall see shortly, in the evaluations of Aristotle's supposed treatment of artisans.

On the question, first, of 'economic analysis', Schumpeter took the view, as Roll³³ and many

³⁰ Just as positivism in the more general areas of philosophy, metaphysics, epistemology and the philosophy of science is leaving the bankruptcy court in destitution, it can still be party by proxy to a venture afoot in classical studies.

³¹ Finley 44 and 39 respectively.

³² Cf. C. Meillassoux, 'From reproduction to production' in *Economy & Society* i 94.

³³ E. Roll, *A History of Economic Thought* (London 1961) 31.

others have, that in the field of 'economics' (as they understand it), Aristotle, unlike Plato, had a genuinely analytical intention which entitles him to be accredited the father of 'economic science'. Yet his evaluation of Aristotle's success in fulfilling that intention is exceedingly low. Schumpeter's judgement is that Aristotle offers only 'decorous, pedestrian, slightly mediocre, and more than slightly pompous common-sense'.³⁴ Finley rightly sees paradox here. Why, after all, when Aristotle was capable of 'monumental contributions to physics, metaphysics, logic, meteorology, biology, political science, rhetoric, aesthetics and ethics',³⁵ should he have been so dismal at economics once he had set his mind to it? Finley's conclusion is, of course, that he did not do so because he never set his mind to it in the first place. But Schumpeter sees no paradox. Aristotle was simply rotten at economics, and has to be given poor marks, because his analysis is restricted to the artisan alone, and ignores the 'chiefly agrarian income of the gentleman', disposes perfunctorily of the free labourer, judges the trader, shipowner, shopkeeper and money-lender only in moral and political terms, and does not subject their gains to an explanatory analysis.³⁶ Finley concurs. His opinion is that, had Aristotle been attempting economic analysis, Schumpeter's low marks would be well justified because 'an analysis that focuses so exclusively on a minor sector of the economy (*sc.* artisans) deserves no more complimentary evaluation'.³⁷

Aristotle, however, is not *discussing* artisans, he is using them as examples. The discussion in the *Ethics* is at a high level of generality and abstraction, and in going about his problems Aristotle need use only representative cases simple enough to serve as examples that will help with the theoretical analysis of the general phenomenon of exchange. He does not need to catalogue every manifestation in sight, whether of the developing forms of exchange relations, or of social classes and layers within classes. That would not have got him any nearer solving his problems. To say that Aristotle was discussing only artisans, is to mistake the examples he uses for the subject under discussion. (Schumpeter's listing all the items Aristotle does not discuss, and his propaedeutic admonition of Aristotle's lack of professional accomplishment in not discussing them, reveals less about Aristotle than it does about Schumpeter.)

Turning now to the question of the specific nature of the historical reality of the fourth century which was the object of study for Aristotle, Finley follows Schumpeter in asserting that artisans represented a minor sector of the economy, and that Aristotle, in supposedly restricting his discussion to artisans, greatly weakens that discussion. Now whether artisans were a minority or not, they were certainly not minor in the sense of being unimportant, even if they were minor in terms of the percentage of total production that they accounted for and the percentage of producers that they represented. But whatever the truth of the matter, it is beside the point. Aristotle is not discussing artisans alone; even his examples make this clear, since they include farmers and physicians, and not just shoemakers and carpenters. Aristotle is discussing the entire sector of commodity production, and this included not only the products of artisans, but of slave and peasant production too, where their product was marketed and not directly consumed. This sector was dominant in the economy of the *polis*, because the production of non-commodity use-values (i.e. production for direct consumption rather than for exchange), though it existed in agriculture and textiles for example, was not at a very high level overall. But in any case, the true index of the importance of the commodity sector is not the percentage of total production that it accounted for, or the percentage of total labour engaged in it. However much one may seek to minimize its proportions, to maximise the degree of household self-sufficiency, to emphasise the small scale of workshops and so on, it is all in the end beside the point. For the *polis* in Aristotle's time rested in large part on the separation of the crafts from agriculture, and consequently on the *relations of exchange* that existed both between the producers in the countryside and those in the workshops, and between the suppliers of goods and services in the town itself.

(4) Finley's drive against anachronism, and the concentration on the low level of development to which it typically impels him, can have done little to encourage an expectation of finding much 'economic analysis' in Aristotle. His target, together with his conception of what 'economic analysis' might be, combine to orient him towards the idea that the ancients could not conceptua-

³⁴ Schumpeter, *History of Economic Analysis* 57.

³⁵ Finley 28.

³⁶ Schumpeter *ibid.* 64–5.

³⁷ Finley 37–8.

lise the foundations of their own society at all. In his book *The Ancient Economy*, Finley makes much of the absence from Greek and Latin of words for modern economic ideas like 'labour', 'profitability', 'productivity', etc. He argues that antiquity had no concept of 'the economy', and attributes great importance to the fact. Schumpeter's excuse for Aristotle's getting low marks at economics is that 'in the beginning of scientific analysis, the mass of phenomena is left undisturbed in the compound of commonsense knowledge'. To this Finley justly replies: 'the mass of what phenomena?'³⁸—invoking the low level of economic development of antiquity. Again, he cites Roll: 'If, then, we regard the economic system as an enormous conglomeration of interdependent markets, the central problem of economic enquiry becomes . . .'.³⁹ Finley justly retorts again that antiquity knew no such enormous conglomerations of markets. How then, so the logic of his argument runs, can we expect to find in Aristotle a science of the *study* of such 'masses' and 'conglomerations' when none *existed*? Without them 'it would not be possible to discover or formulate laws . . . of economic behaviour, without which a concept of "the economy" is unlikely to develop, economic analysis impossible'.⁴⁰ Here Finley finds the reason why Aristotle, whose programme was to codify the branches of knowledge, wrote no *Economics*. He is willing to concede that in spite of this low level of Greek economy, nevertheless 'non-capitalist or pre-capitalist societies have economies, with rules and regularities, . . . whether they conceptualise them or not', and that these can be studied. But their study in his view can be a matter only for us in the present, not for the contemporaries of those 'economies' who could not conceptualise them; 'I obviously agree that we have the right to study such economies, to pose questions about their societies that the ancients themselves never thought of.'⁴¹

But Aristotle did think of very profound questions. To do so, he had to conceptualise about the *polis*. He did not do this, to be sure, in a way that led him to anything like Schumpeter's definitions, or to Robbins's conception of 'the economic system' as something divorced from history, development and social relations, and reduced thereby to a tenseless series of 'relationships between men and economic goods'—or, in the timeless phrase of Talcott Parsons cited by Finley, 'a differentiated sub-system of society'. Aristotle's conceptualisation was quite different: social division of labour, use-value, exchange-value, and the connexion between the development of division of labour and the formation and development of exchange relations in society. It was through his deployment of these concepts that he arrived at the problem of the commodity form, i.e. of finding the basis of commensurability between goods which, as he says, must exist as a precondition for their being equated in proportions as they are in every daily act of exchange. It is unimportant that Aristotle failed to solve the problem. What is important is that he was able to *formulate* it, and that he was able to do so for the very reason that in approaching the problem he did not separate as contemporary orthodox thought does (as remarked in section I), the historical, the social and the economic.⁴² His conception begins from social relations between people, and proceeds in terms of their historical development towards the *polis* and within it.

VI

I have suggested that the analytical content of Aristotle's discussions reflects real historical movements in the social relations of Athens in the 'classical' period. I have also hinted that failure

³⁸ Finley 44–5.

³⁹ M. I. Finley, *The Ancient Economy* (Berkeley 1973) 22. Here again, Finley adopts the orthodox idea of what 'economic analysis' might be, only here he is adopting Roll rather than Schumpeter.

⁴⁰ *Ibid.* 22.

⁴¹ *Ibid.* 23.

⁴² G. E. M. de Ste Croix touches indirectly on this contrast between modern orthodox thought on the one hand, and ancient thought and modern Marxist thought on the other. He cites Marx's general characterisation of the history of Republican Rome as 'the struggle of small versus large landed property, specifically modified, of course, by slave conditions' (letter to Engels, 8th March, 1855), adding that this was 'precisely as many Greek

thinkers . . . from Solon to Aristotle' thought of the history of states, *The Origins of the Peloponnesian War* (London 1972) 90. The general point lying behind this is that the ancients were able to consider history in such a way because the development of commodity relations had not yet reached a level where the real ground of historical change, social relations, had become obscured by 'commodity fetishism', that is, the tendency in orthodox thought to de-historicise the categories of market society and universalise them into quasi laws of nature. Marx achieved the same view of history, in a period when the commodity form had already developed its full obscurantist potential, by penetrating the mysteries of the commodity form. The Greeks had an *un-fetishised* view; Marx had to achieve a *de-fetishised* one.

to perceive this analytical content (as in Finley's case), or to perceive it wrongly (as in Polanyi's case), is connected with the attempts made by both authors to comprehend that historical reality and its thought in Weberian terms of 'status' and *Gemeinschaft* or *koinonia*. This must now be taken further.

Finley's own account of the *Ethics* turns mainly on what he thinks explains the absence of a discussion of trade (which was discussed in section IV). But his account also rests on the importance of *koinonia* in Aristotle's thought; (a feature which likewise looms large in Polanyi's forthright reading of Aristotle as a protagonist of the reciprocity institutions of the 'archaic' period). This has been a neglected dimension in the literature, and wrongly so, since it is an important aspect in the development of Athenian institutions and thought concerning the *polis*. Nevertheless, Finley pushes it too hard in advancing his 'moral' interpretation. He urges that it should be remembered that *koinonia* is at the centre of a cluster of ideas, and carries elements of fairness, mutuality and common purpose. These elements are lost, he says, if Aristotle's *ἐν ταῖς κοινωνίαις ταῖς ἀλλακτικαῖς* is translated, as Rackham translates it, as 'interchange of services', and Finley digresses on the subject of *koinonia* in order 'to underscore the overtones of the section in the *Ethics* on exchange . . . Edouard Will caught the right nuance when he replaced such translations of the opening phrase as "interchange of services" by a paraphrase, "exchange relations within the framework of the community".' Potent though nuances and overtones may be in some matters, given the analytical content of the *Ethics* something more substantial is needed to establish Finley's conclusion that '*koinonia* is as integral to that analysis as the act of exchanging'.⁴³ This is an exaggerated judgement. Certainly Aristotle's mention of the Graces early in the chapter in the context of reciprocity is not to be overlooked: 'That is why we set up a shrine to the Charites (Graces) in a public place, since it is a duty not only to return a service done one, but another time to take the initiative in doing a service oneself', 1133a3–5. What significance should be given to it? Maybe Aristotle is saying that exchanges should be seen somewhat in the 'spirit of gift and counter gift, of the Charites',⁴⁴ and not as occasions for assembling to 'cheat each other with oaths' which, as Herodotus makes clear, the Greeks had a long-standing reputation for doing.⁴⁵ That he intends something of the sort is more than likely since he thinks there must be *philia* in any sort of relationship. We are dealing, however, with a more precise question, *viz.* whether, as Finley believes, it is the case that in the section in the *Ethics* on exchange '*koinonia* is as integral to that analysis as the act of exchanging'. It is obviously integral to Aristotle's conception of justice in exchange, but, as we have seen, the substance of the chapter is not concerned with that. Its greater part constitutes a single-minded and systematic attempt at the theoretical analysis of a quite distinct problem. It begins with an attempt at finding out how to achieve justice in exchanges, *i.e.*, how to bring proportions of different things into the *relation of equality* that fairness and mutuality require. But it then develops as its major theme the problem of how such a relation could conceivably be possible when the things themselves are so different. To this problem, *koinonia*, the Spirit of the Graces of gift and counter-gift, has no application. The conclusion can only be that the passage on the Graces does not have the significance Finley, and Polanyi,⁴⁶ give to it, and that it does not do what Finley claims, namely, dispel any doubt that *koinonia* is as integral to the analysis as the act of exchanging.

Polanyi pursues the *koinonia* line of thought to its final conclusion, arriving at the positive view of Aristotle as simply a defender of archaic institutions, 'the philosopher of *Gemeinschaft*'.⁴⁷ Polanyi, with good reason, sees Aristotle as living 'on the borderline of economic ages', and thus finds 'every reason to see in his works far more massive and significant formulations on economic matters than Aristotle has been credited with'.⁴⁸ These massive formulations turn out to be small beer, however, for Polanyi goes on to interpret Aristotle simply as a defender of archaic institutions of *Gemeinschaft* in somewhat awkward historical circumstances. Aristotle's concern with equivalence in exchange, he interprets as an expression of those institutions of archaic societies or kinship groups where ritual gifts and counter gifts are made in order to cement group

⁴³ This, and the preceding quotations, are from Finley 32.

⁴⁴ Finley 36 n. 35.

⁴⁵ Hdt. i 152–3.

⁴⁶ K. Polanyi, 'Aristotle Discovers the Economy', in

G. Dalton, ed., *Primitive, Archaic and Modern Economies* (N.Y. 1968) 110. All further references to Polanyi are to this work.

⁴⁷ Polanyi 107.

⁴⁸ Polanyi 95.

bonds, and the equivalencies are reckoned on a traditional and non-quantitative basis of status.⁴⁹ This interpretation he introduces with information about kinship groups, the Arapesh people of Papua–New Guinea, the reciprocity institutions of the Trobriand Islanders, and so forth. Aristotle's strictures about *koinonia*, *autarkia* and *philia* are all interpreted in this context, and their importance is attributed to the fact that 'the regulation of mutual services is good since it is required for the continuance of the group'.⁵⁰ Polanyi observes that in the *Ethics* Aristotle is looking for the form of *philia* that would be appropriate to exchanges, but fails to see that the prevailing conditions in Athens ('on the borderline of economic ages') impelled him in the process into uncovering 'proportionate equality' between goods themselves, and thence into the problems of the commodity form. Having missed that, his own account of the 'massive and significant formulations on economic matters' that he expected from Aristotle amounts to this: Aristotle was concerned to find ways of determining at what level prices should be set, legally promulgated and enforced, in order to preserve the social relations of which archaic reciprocal gift-giving on the basis of status was a part.⁵¹ This reading can be sustained only at great cost; thus Polanyi is driven to the ridiculous observation: 'Surprisingly enough, Aristotle seemed to see no other difference between set price and bargained price than a point of time, the former being there before the transaction took place, while the latter emerged only afterward.'⁵² What is missing here is a correct appreciation of the nature of Aristotle's concern with prices, and its significance. Aristotle's concern with holding together the bonds of the *polis* does not, in the end, take the form of a defence of reciprocity of gift-giving on the basis of status. It takes the form of an attempt to specify reciprocity (*antipeponthos*) in terms of a relation of equality between proportions of *goods* to be exchanged. What this means is that for Aristotle the problem of holding the *polis* together, in his historical period, is no longer a question of preserving mutual gift-giving on the basis of status; it has become a question of regulating, or finding some form of *philia* for, buying and selling. Whatever Aristotle may begin with, and he does begin with the spirit of the Graces, he ends with the problem of the commodity. Both his starting point and his final problem betray the transitional process through the early stages of which Athenian society was passing. Aristotle's thought is richer and more confused than either the 'economic' anachronist or the 'moral'–*Gemeinschaft* interpretations allow. There is no unitary coherence to be found in Aristotle here. If mutual cheating and general lack of *philia* in the *agora* had become a joke two centuries earlier in the court of Cyrus the Great, then the purely archaic period of mutual gift-giving was well on the way out even then. So it is scarcely possible to read Aristotle, after two centuries of further development, as nothing more than an apologist for archaic institutions. If one is determined to see Aristotle either in that way, or as no more than a moralist of *koinonia*, then one either has to ignore the analytical content of his thought, as Finley does, or distort it in some way, as Polanyi does in portraying it as prophetic⁵³ rather than as reflection on (and of) existing reality.

Department of Moral Philosophy,
University of Glasgow

SCOTT MEIKLE

⁴⁹ Polanyi 109.

⁵⁰ Polanyi 96.

⁵¹ Polanyi 97, 106–7, 109. See de Ste Croix's review, *EHR* xii (1959–60) 510–11.

⁵² Polanyi 108.

⁵³ Polanyi 81, *int. al.*, Polanyi attributes what is his own misunderstanding to Aristotle's 'naïveté', in the manner of Ross, see n. 14.