

## CHAPTER ONE

# ARISTOTLE ON THE CONSTITUTION OF SOCIAL JUSTICE AND CLASSICAL DEMOCRACY

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Aristotle was born in Stagira in the northeastern part of Greece in the early part of the fourth century BCE. He was raised in a wealthy family and was provided all the privileges and benefits of his class position. His father was the physician to the king of Macedonia. Around 367 he joined the Academy of Plato in Athens. After twenty years of lectures, seminars, and research, he became tutor to Alexander the Great. In 335 he formed his own school of philosophy in the public gymnasium named the Lyceum. This chapter will focus on those ideas of Aristotle that were specifically influential on the development of the theories, methods, and ideals of nineteenth-century European social theorists, including his ethical and political writings on social justice, critique of political economy and unnatural market activities, theory of knowledge and science (*episteme*, *phronesis*, and *techne*), analysis of the virtuous life and political happiness (*eudaimonia*), and investigation into the social constitution of a democratic polity.<sup>1</sup>

Aristotle's dreams of human potentiality and civic happiness were tempered by his sociological awareness of the institutional limits and structural possibilities of Athenian democracy. Dreams were always measured by potentialities, political values by social institutions, and the Athenian imagination by empirical reality. The deep-blue skies of Athens that inspired the mind to soar to unimagined and unimaginable heights of the sublime and the beautiful during the classical period were always restrained by the stark landscape of Attica. The blending together of the worlds of philosophy and social science led Emile Durkheim to the conclusion that this ancient philosopher, along with Plato, was one of the first sociologists.<sup>2</sup> To make this argument more precise, Aristotle was the first to examine a variation of the "AGIL" schema, that is, the interconnections among economics, politics, personality development (character, virtue, and cultural pedagogy),

and law and social institutions. He saw the complex interweaving between virtue and social institutions, ideas and structures, moral action and politics.<sup>3</sup> The discussion of ethics was to be framed by a broader consideration of the legal constitution and moral economy of the Athenian polity. The fields of ethics, politics, and economics were to be the integrated basis of a critical moral philosophy of political science, as well as the social foundation for the realization of human nature.

In the *Nicomachean Ethics* and the *Politics*, Aristotle examines the relationship between the good and constitutions, that is, between the virtuous life and the political institutions that nurture and sustain it. These two works should be viewed as one joint statement about the nature of the good life. The *Nicomachean Ethics* begins with an examination of the “function of man,” moral and intellectual virtue, and political happiness, and it quickly opens two paths of analysis. The first is clearly philosophical, as each following book in the work details the specific ethical principles of virtue and the common good in terms of practical wisdom, social justice, and the friendship of virtue. The second path is sociological, as Aristotle attempts to give institutional life to his ethical principles. He knew that by themselves, without proper institutional support and protection, social ideals would wither and die. By means of empirical examples and historical research, he delves into the details of the ancient political constitutions of Sparta, Crete, and Carthage; he discusses the various forms of the correct and deviant political arrangements; he examines the democratic polity in general and the Athenian constitution from Solon to Pericles in particular; and he outlines the decline of a moral economy based on friendship and justice into a political economy of class, wealth, and power. The moral ideals of friendship, social justice, and practical knowledge are juxtaposed with their institutional counterparts of a moral economy, correct political constitutions, and ideal democratic polity. Philosophy and sociology are elegantly combined in Aristotle to offer the reader a delicate balance between principles and structures, ideals and reality, cultural values and social institutions. It is this very combination of ethical and political reflection within historical research—a practical science—that may be Aristotle’s lasting contribution to social theory in the nineteenth century.

#### HAPPINESS AS VIRTUE, NOBILITY, AND REASON

Immanuel Bekker, who was a classicist at the University of Berlin, created the first modern edition in Greek of Aristotle’s grand works in the nineteenth century. The *Nicomachean Ethics* examines the nature of virtue (*arete*), character, knowledge, and justice, whereas the *Politics* concentrates on the moral economy and political institutions that make the realization of virtuous living and the good life possible. Before Aristotle delves into these

issues, he focuses on the simple question of the ultimate *telos*, or purpose, of human existence. He characterizes this question as “the function of man,” which colors the development of his philosophical, historical, and sociological analyses. Some have argued that the *Nicomachean Ethics* deals with the moral life of the individual, whereas the *Politics* examines the social life. Although this is technically correct, it misses the necessary dynamic that Aristotle is making between the individual and social moments of human life; the two components are inextricably bound together since one without the other is impossible.

Aristotle raises the issue of the central function or activity of man as the crucial question that will permit the philosopher access to the nature of happiness and the highest good for humanity. Every activity, whether it is medicine, military strategy, or the arts, seeks some particular good as its goal. It may be health, victory in war, or the creation of a beautiful piece of artwork. Although Aristotle inquires into these particular activities, he is ultimately searching for the final good in itself. This is the good without qualification or reservation. He begins with a philosophical anthropology based on nature (*physis*) that grounds his understanding of the law, constitution (*politeia*), and moral economy. He rejects the notion that honor, pleasure, and virtue are ends in themselves, because they are used as means to further the happiness of the individual. He asks: what is that human activity which produces the greatest happiness and is an end in itself—that which is done for no higher good than the activity itself? The continuation of life, nutrition, growth, and perception are not characteristics specific to humans, as they are shared by all living animals. Further, Aristotle quickly and unceremoniously rejects the view of the individual that will become the foundation for modern natural rights and utilitarian thinkers. The function of man is to achieve a certain kind of distinctively human life that involves an “activity of the soul which follows or implies a rational principle.”<sup>4</sup> Life means more than mere continuance of existence or search for private pleasure or personal happiness. Rather, it involves a rational activity undertaken for the moral perfection of goodness and nobility. Aristotle contends that the flute player, the sculptor, and the artist have distinct functions. It is in the performance of their activities according to the highest standards that the good of the activity resides. Whether it is playing a song, creating a frieze, or painting a fresco, the activity of each person expresses the highest good of each function. According to Aristotle, happiness is the final good without qualification; it does not require any further activity or purpose. Being self-sufficient and pleasant in itself, it is the end of all other action.

That activity, which is so distinctive of human beings in general, is the rational life in search of virtue and happiness.<sup>5</sup> It is in the exercise and expression of rational thought and reflection in a good and noble manner that the defining characteristics of human life are to be found. Aristotle

proceeds to take the reader on a journey of profound significance as he outlines before us the nature of a life in pursuit of reason. Some secondary interpreters have stressed the moral autonomy, human dignity, and moral sensitivity within Aristotle's ethics. Although they are important issues, they must be connected in the end to the profoundly radical political dimension of his discourse.<sup>6</sup> Practical reason is not a cognitive capability or philosophical contemplation that is exercised in isolation from others, but rather a political moment of intersubjective dialogue. It is the foundation of human happiness and a democratic polity. Aristotle turns to examine the nature of virtue as both intellectual (*episteme*, *techne*, and *phronesis*) and moral (courage, temperance, truthfulness, friendliness, nobility, honor, and justice). In the practice of virtue, the individual is bonded to the constitutional polity by practical wisdom, deliberative judgment, and social justice. The exercise of practical reason entails individual deliberation, a moral economy, political constitution, and the law. The individual and social elements are analytically distinct for the sake of analysis and clarity, but personality and politics are indistinguishable in reality.

Happiness, then, is the most prized, beautiful, and pleasant activity possible that realizes the full potential of human beings as political animals. It is that which is good and noble in itself, that is, self-conscious, virtuous activity within the polis. The concept that captures the full ramification of this activity is practical reason, which has both a micro and a macro component. Rejecting Plato's theory of the Idea of the good as the philosophical contemplation of the essential truths and absolute Forms, Aristotle views practical wisdom (*phronesis*) as the nurturing of reason and virtue within the more contingent and empirical process bounded by the political constitution. Action is framed by the historical circumstances and lived experiences of law, tradition, education, and politics. These institutions help create the firm and stable "states of character" or moral personality that rationally direct virtuous activity toward the good life. As Aristotle views it, all virtuous action is concerned with pleasure and pain, which are the passions that help motivate us in certain directions and ultimately define our moral character. But the passions are also the reason why certain individuals become bad. Virtue is measured by the rule of pleasure and pain and our reactions to them. In our search for moral excellence and in our reaction to pleasure and pain, character is formed. In some cases, pleasure may force us into disreputable and bad actions, while in others, the avoidance of pain could restrain us from noble and courageous actions. It is for these reasons that culture and education (*paideia*) are central to the full development of the proper moral character with its appropriate sensitivity to and balance of the passions under the guidance of reflective moderation and softened temperance. A cultured reason, matured over time and cognizant of tradition, helps the individual navigate carefully through the dangerous and

conflicting passions of Scylla and Charybdis. Reason restrains our passions and moderately guides our desires by applying the right rule. Only in this way is moral excellence possible.

Although Aristotle argues that the virtuous act must be pleasurable, pain too may be associated with virtue. Temperance is developed by the avoidance of certain extreme pleasures, while a courageous and noble reaction to pain and misfortune can be the basis for happiness and a “greatness of soul.” Happiness is measured by how the noble individual responds to the circumstances of life. Aristotle is aware, however, that in the case of Priam, who watched the fall of mighty Troy from its lofty towers, these circumstances on rare occasions may so totally overwhelm the individual that even a virtuous life cannot result in happiness. Virtue must be a self-consciously chosen pleasurable act undertaken in order to satisfy the state of the soul. But even an excess of pleasure and pain can be dangerous. For the lover of virtue, action is a pleasure which through learning and the law becomes ingrained in the citizen’s character. In Aristotle’s eyes, a person who does not receive pleasure from virtuous activity can never be virtuous. “Happiness then is the best, noblest, and most pleasant thing in the world.”<sup>7</sup> It is a way of life that realizes the natural potentiality of human beings by combining the passions and reason.

We become virtuous not by knowing about virtue, but by doing virtuous acts. Aristotle outlines the general conditions in which actions become moral: the actor must have clear knowledge of the goals and the proper means of reaching them; he must choose them freely; and the decision must come from his unchanging character. Knowledge, reason, self-determination, moral autonomy, and a virtuous character ground action as morally good. Activities undertaken for different reasons and under different conditions cannot be morally justified. Aristotle summarizes his argument: “Virtue, then, is a state of character concerned with choice lying in a mean, i.e., the mean relative to us, this being determined by a rational principle, and by that principle by which the man of practical wisdom would determine it.”<sup>8</sup>

The ultimate goal of practical wisdom is not knowledge but action. Just as the builder and lyre player excel only through continuous work and practice, the virtuous and just develop their abilities through the practice of virtue and justice. Over time this action becomes habituated into the character and values of the citizen. Individual experience becomes institutionalized in education, legislation, tradition, and the constitution. Aristotle contends that most people seek refuge in the abstract theory of philosophers in order to avoid the difficult task of implementing the principles of reason. He draws the analogy of the patient who freely seeks advice from a physician but who is equally loathe to act upon it. Knowledge offers us consolation and retreat while action requires a transformation of life and character. A life of virtue involves following the intermediate path, avoiding the extreme

vices of excess and deficit; it is a search for the middle. A moderate life of neither too much nor too little provides the moral guidelines for economic activity and communal participation. Just as in the creation of a great piece of art, any more or less would destroy its perfection. Excess or deficit of any virtue destroys that virtue and goodness. An extreme of courage, meaning too little or too much, could result in rashness or cowardice, and an excess of temperance could result in self-indulgence or a deficiency in sensitivity.

How moderation is to be achieved is not through a mechanical measurement of the mean, but through accumulated wisdom of the best course of action in particular cases resulting from years of experience and critical judgment. Although acting rationally with moderation is a universal principle, it must be applied in individual cases. The universal rule, the right rule of reason, must be adapted and adjusted to the particular circumstances of the moral situation. Thus, reason harmonizes the universal and the particular in each case. The result is a life of intermediate passions and actions. According to Aristotle, a virtuous life is one characterized by friendliness, generosity, magnificence, good temperament, modesty, temperance, truthfulness, courage, nobility, honor, and justice. When the goodness of character of moral virtues is joined to the virtue of practical reason and understanding, the result is happiness and a good life.

In the Athenian political community, three major types of persons inhabited the shops and the exciting arena of the agora: philosophers, citizens, and workers. Corresponding to them were three different life activities—theoretical contemplation (*theoria*), political activity (*praxis*), and utilitarian work (*poiesis*)—with their three corresponding forms of knowledge—*episteme*, or the universal and theoretical knowledge of the philosopher, *phronesis*, or the practical knowledge and political wisdom of the citizen, and *techne*, or the instrumental skills and technical knowledge of the artisan and worker. It is around these distinctions that Aristotle develops his theory of ethics and the virtuous life of practical reason. The *Nicomachean Ethics* is so structured that the central focus of the work involves an examination of the practical wisdom (*phronesis*) of the citizen in the discharging of his constitutional duties and obligations through political participation within the community. This analysis of practical wisdom is framed by the first few books on the particular nature of happiness and the good life, moral virtue, the good character, individual deliberation, and discursive rationality. This emphasis on the nature of the moral individual is balanced by a discussion of the structural features of the polity which encourage and habituate practical wisdom. These institutions include friendship, citizenship, household economy, and social justice. The *Politics* develops further this macro-sociological inquiry into the correct political constitutions, moral economy, and critique of unnatural wealth acquisition in the market. This relationship between the virtuous life and law is best articulated in the Greek word for

deliberation (*bouleusis*) and the word for one of the main political organs in Athenian politics besides the Assembly and the jury courts, that is, the *Boule*, or Council of Five Hundred. The distinction between the individual and society disappears in the act of personal reflection and public deliberation, as the citizen expresses his full potential as a rational human being with others in public speech. In the life of the Athenian citizen, equilibrium is established, virtue assured, and practical wisdom achieved. These are the highest aspirations toward which human beings strive and the basis for a virtuous and happy life; they are the fullest realization of human potential and the function of man.

Aristotle's remarkable achievement is to define the parameters of ethics and the function of humanity in terms of virtue, wisdom, and justice supported and nurtured through the historical and social structures of Athenian law and a moral economy based on the ethical priorities of family, friendship, and citizenship.<sup>9</sup> Philosophy and sociology are integrated in a common cause of defining the ultimate goals and natural law of the ancient community. Aristotle's theory of ethics and politics represents the ancient response to the question of the ultimate meaning and purpose of human life. The following subsections of this chapter will outline the philosophical parameters of moral and intellectual virtue by examining the forms of happiness, knowledge, and friendship found in classical Greece. After this analysis, the argument turns to Aristotle's sociology, with an inquiry into the history and structure of the moral economy, social justice, and best political constitution. Virtue and reason can be given real existence, just as the good life and happiness can best develop within the concrete economic and political institutions of the ancient polis.

The political dimension of human beings, both as an integral part of the definition of humanity and as its ultimate goal of perfection and self-sufficiency, is not an arbitrary construction of a social contract among competing individuals or groups. Rather, it is the essence of humanity to be a political animal. Unlike other living species who associate in groups and even express feelings of pleasure and pain through vocalizations, humans are the only ones who can engage in speech and, thus, exercise reason. Aristotle views the ability to reason in philosophy and in public to be the highest expression of the essence and function of man. Only humans can reason about ethics and politics; only humans can deliberate about the meaning of life; and only humans can talk about the nature of a just society. In this way, humans are capable of living the good life according to the values of moral and intellectual virtue as they are publicly articulated in the agora and *Pnyx*. Speech and reason are, for Aristotle, civic qualities that can be manifested only in the public act of deliberation and discourse. In the end, the state, through which the good life and fullest development of human beings are accomplished, has a natural priority over all other forms of associations

because it is the final end of human existence. Just as the hand and foot act according to the broader purpose of the whole body, the family and village associations are subordinate to the overall design and goals of the political community. Humanity does not just engage in political activity by simply forming constitutions and creating laws; they define their very being, their very essence, by participating in politics. Every social action is simply a supportive activity bound to the ultimate purpose of nature. The end of the good life is public happiness, defined as a life of virtuous activity, that is, a moderate, just life based upon human reason. This is what Aristotle refers to as the superiority and beauty of the soul. He concludes Book 1 of the *Politics* with the comment that the true concern of the economic management of the household is not the acquisition of commodities but the cultivation of human excellence (*arete*) and the development of the virtue of citizens. Economics for the ancient Greeks is ultimately an ethical science.

DEFENDING MORAL ECONOMY (*OIKONOMIKE*) AGAINST  
POLITICAL ECONOMY (*CHREMATISTIKE*)

Aristotle's theory of social ethics focuses on the relationship between morality and politics, between virtue and structures. In his subtle blending of empirical and philosophical reason, he concentrates mainly on the social structures that affect and nurture virtuous life. In response to Plato, he is concerned less with knowledge of the forms of virtue than acting in a moderate and temperate fashion. His purpose is to develop the personal dispositions, passions, and social foundations for happiness and a just society. Since his goal is action rather than simply knowledge, he emphasizes the social and political means for promoting practical wisdom. This explains why at the end of his work on social ethics Aristotle explicitly begins to direct his attention toward an examination of the structures of law, constitutions, and justice. In the last paragraph of the *Nicomachean Ethics* he writes, "Now our predecessors have left the subject of legislation to us unexamined; it is perhaps best, therefore, that we should ourselves study it, and in general study the question of the constitution, in order to complete to the best of our ability our philosophy of human nature."<sup>10</sup> Since the virtuous citizen is by nature political, Aristotle sets out to examine the available empirical and historical evidence about the nature of Greek constitutions, their origins and development. He is specifically interested in how they are organized, administered, maintained, and which are the best. Virtuous activity and happiness are possible only within a well-ordered political community; politics structures the way people interrelate, deliberate, and decide the crucial public questions that affect their lives. Reason, freedom, and virtue are always aspects of political life for the ancients, and the structures of politics provide the context in which they are defined and developed.

Before Aristotle introduces his analysis of politics and constitutions in the *Politics*, he first examines the general nature of a moral economy at the level of the *oikos* (household) and the *polis* (state). In this first chapter, he also creates his masterful and influential critique of political economy and market exchange. Aristotle's theory of economics is developed in four chapters in Book 1 of the *Politics*.

Aristotle begins his study by outlining the natural ways of life through his analysis of slavery, the family, household economy, the historical development of the state, and the market economy. In each case Aristotle seeks the "natural law" that governs the social relationships within each association, thus examining the interactions between the master-slave, husband-wife, citizens in the state, and economic exchange (*metabletike* or *allage*) among polis members. His purpose is to portray the natural forms of family life, property acquisition, market exchange, and political constitutions. Since economics is embedded in and subservient to the general values of the political community, Aristotle's economics provides the foundation stone for the later development of his theory of law and politics. For him, there are two kinds of natural acquisition of material goods or property: barter (C-C) and limited exchange (C-M-C). Corresponding to them, there are the deviant forms of economic activity, which include market exchange for profit (M-C-M') and the financial gain of interest (M-M'). The natural forms of property acquisition are based on satisfying the needs of the household and maintaining self-sufficiency within the family and community. The formal goal of the household (and polis) is economic autonomy by which the family is capable of subsisting on the products of its own agricultural production (autarchy).

The unnatural forms of economy are based on self-interest and economic gain that undermine the natural forms of social existence in the polis. With unnatural acquisition, the law and constitution are unable to sustain themselves, thereby perverting the functions or goals of man and the state. With the development of a market economy, utilitarian values, and the unlimited accumulation of property, the natural law of the economy is unsustainable, and with it a society founded upon virtue, reason, and deliberation is unsustainable. More than any other aspect of his social theory, this critique of political economy—market and property—will have enormous impact on nineteenth-century social theorists. Aristotle asks whether economic management of slaves, wife, and children within the household is part of household management or whether it requires a different form of knowledge and set of skills than the acquisition of property in an agrarian economy. Recognizing that there are philosophers on both sides of the issue, he contends that family and farming are to be seen as part of wealth acquisition, since life and the good life require a firm economic foundation. For this reason he moves to a consideration of the nature of property.

Aristotle begins his study of property with an analysis of slavery and then turns to an examination of the natural acquisition of property within the family in household management. In Book 1, chapter 8, he outlines the history of material acquisition by which human beings have obtained the means of sustaining different ways of life. From nomadic living, hunting, warfare, piracy, and fishing to agriculture, Aristotle investigates the main forms of productive labor. Nature has provided humans with the means of sustenance. Because nature is teleological and formed in such a way that everything has a purpose, it has providentially provided the goods and modes of production necessary for the continuance of human life. "If then nature makes nothing without some end in view, nothing to no purpose, it must be that nature has made all of them [animals] for the sake of man."<sup>11</sup> The goal of productive labor and wealth acquisition is the economic self-sufficiency for the good life in the family and state, and it is this which is the crucial end of household management. Disagreeing with Solon, Aristotle argues that wealth acquisition and accumulation, as well as the tools of economic administration, have boundaries and cannot be limitlessly sought or acquired. He concludes this section of the *Politics* with the comment that there must be a "natural kind of property." By arguing that nature clearly provides for the good life, that there are limits to material accumulation, and that there are natural forms of property, Aristotle provides the conditions for a theory of moral economy (*oikonomike*) and critique of political economy and unnatural wealth acquisition (*chrematistike*) in chapter 9.<sup>12</sup>

Wealth is characterized as the legal control over material goods, property, and slaves, as well as the disposition over administrative tools and skills. According to Aristotle, every piece of property has two functions or uses: consumption and exchange. The first use is legitimate; the second is illegitimate. He offers the simple example of the shoe craftsman. The proper use of the artisan's work is to create a product for immediate use and the satisfaction of a particular need. But he also recognizes that in classical Athens, the work of the artisan has been applied to exchange in the market for money or other commodities. The latter, for him, is not the first or proper use of the shoe. However, Aristotle immediately qualifies this position by recognizing that although the exchange of the shoe was not natural in the original household, it became necessary due to the transformation and growth of the local communities. At first, there were only households, and later, because of population growth, other associations were formed, binding families into larger political associations of villages and then the polis. With these larger associations, some form of exchange of material goods was required, since families could not always be self-sustaining units in an evolving and more complex economy. They produced too much of one product and not enough of another. Aristotle is quite clear that this later stage of development is still natural. The limit to the natural use or exchange of a product

lies in the satisfaction of a need. Production and accumulation beyond that limit established by nature are always inappropriate.

In the earliest times, members of different households would share their property and goods in the same way that members within a family share their belongings. This may be the most interesting observation by Aristotle and the most salient point of his economic theory. Economics had a moral function in binding members of the household together for the purpose of sustaining life and living the good life. Goods were originally held in common in the family. As families grew, goods continued to be shared generally within the household and between families on the basis of human need. The primary focus was on the family and on the satisfaction of its fundamental material cares. Economics was embedded in society and did not represent an independent social institution with its own laws and autonomous values. Sharing, human need, and friendship or mutual caring (*philia*) became the basis upon which economic exchange took place in the earliest Greek associations.<sup>13</sup> Since the moral integrity and good of the family were the central ends of the economy, it became an ethical obligation to contribute one's share in the production process. Contribution, effort, and hard work were necessitated by the moral demands of the family and the satisfaction of its material comfort. They were the result of one's familial obligations, not the basis for the distribution of goods themselves. Barter compensated for the unequal distribution of the social wealth and attempted to reestablish equilibrium within the community. "Mutual need of the different goods made it essential to contribute one's share and it is on this basis that many of the non-Greek peoples still proceed, i.e. by exchange."<sup>14</sup> Families with surplus in one product would directly barter for items they lacked. Barter between families within a local village was founded upon the same principle of sharing as that among members of the same household. But as Aristotle points out, barter was based on need and not utilitarian calculation or material desire. Families were bound by a social ethic in which equal exchange was replaced by the fulfillment of mutual needs and reciprocity. Just as in a family, what members of the community drew from the common store of goods was not measured or calculated; they were simply there for the benefit of the individual and the association. Just as there was an obligation to share within a household, so too must households band together to share their surplus production for the common good. The example of exchanging a surplus of wine for corn is offered by Aristotle. "Members of a single household shared all the belongings of that house, but members of different households shared many of the belongings of other houses, also."<sup>15</sup> The obligation to participate in this process is itself based on nature and the broader responsibility to the survival of these communal associations. Aristotle's theory of the moral economy thus grounds production, distribution, exchange, and consumption in the primacy of ethics and the integrity and solidarity of the family and

village community. Only when the self-sufficiency of the family is threatened is the individual use of the goods called into question and potentially limited. Nature strives toward equilibrium, with barter as the means by which it is reestablished in production and distribution. By this means the self-sufficiency of the family and village is maintained.

This view of an integrated moral economy becomes the basis for Aristotle's critique of the unnatural forms of production and wealth acquisition, that is, critique of political economy and chrematistics. Profit and private interests soon began to facilitate transnational trade (*kapelike*), exchanging the surplus of one city-state for that of another. The natural link to the community was broken, and wealth acquisition took on a life and purpose of its own. The moral economy was replaced by the commercial trade and financial banking of a political economy in which wealth became the sole end of economic activity. Commercial trade and commodity production replaced material exchange, as the unlimited pursuit of wealth pushed aside the ideals of self-sufficiency, public happiness, and the common good as the foundation of the political community. Coined money and property became the central focus of human existence, as they were bargained for and accumulated without limit. Aristotle included shipping, transportation, wage labor, and skilled and unskilled labor within his analysis of retail trade. Manual labor is especially interesting. In his study of labor, based on the writings of Charetides of Paros and Apollodorus of Lemnos, he contends that because of its emphasis on physical and repetitive labor, there is a marked deterioration of the body and a development of an ignoble, slavish nature which is least likely to be motivated by virtue or reason.

Virtue, wisdom, law, and happiness—the ground of social ethics—were displaced by class inequality, economic power, political discontent, and market competition. Aristotle describes a forlorn world turned upside down with an inversion of its social dreams and political ideals. Reading the first book of the *Politics*, one can easily hear the lament for a world that was rapidly disappearing. There is nothing like this form of critical analysis in Western thought until the arrival of nineteenth-century social theory.<sup>16</sup> In the fourth century BCE, Aristotle was still in a position to see the remnants of the older and more traditional cultural values and social economy. The public sphere was being transformed into a private marketplace that was ready to trade virtue for vice and justice for profit. The commodification of economic exchange dissolved traditional community ties, undermined political constitutions, distorted interpersonal relations, and repressed the need for social justice. The economy was no longer morally embedded in the polity, providing the material sustenance for its ultimate natural purpose of developing the human soul in accordance with virtue. The goal now became market success and private wealth.

The heart of economic activity no longer involved an exchange between local neighbors and community farmers attempting to barter for

missing items in their household pantry, nor was it even an exchange by citizens in the local market of the agora to supplement their physical needs. It had been transformed into an activity with its own laws, logic, and moral priorities, in which the cultural and political life of the community was turned into an object having a market price. Trade now involved the commercial activity of foreigners and merchant capitalists. The natural limits of economic activity were abandoned in favor of unlimited production and accumulation. The original social goals of equilibrium, self-sufficiency, and the telos of virtue that had given the economy its moral direction were no longer in place. The economy was beginning to take on a life of its own in opposition to its underlying political and ethical values. It metastasized into unrecognizable and unnatural forms. Human needs were transformed into market wants; the community was abandoned for commercial success and the accumulation of profits and property; the polity undermined by values antithetical to public virtue and practical wisdom; and happiness and the good life redefined as personal pleasure and private happiness. Utilitarian consumption and commercial enterprise distorted the moral obligations of civic friendship and communal responsibility. The shadow of modernity was already visible in the new economic institutions of the ancients—its tragic fate was already set in motion—and Aristotle became the first to sketch the landscape of this new political economy.

With the development of the market economy—expanded commercial trade (M-C-M') and interest gathering (M-M')—the very nature and definition of virtue became distorted. The political community built upon the moral values of the ancients underwent a remarkable and tragic transformation. The highest aspirations of humanity were turned into means for further accumulation of money: moral steadfastness became a demand for hard work and persistence, ethical moderation became market cautiousness, military courage became entrepreneurial risk-taking and confidence, justice became fair-market price, and practical wisdom became technical calculations of business opportunities and profit maximization. Virtue itself became the technical basis for a new consciousness of property accumulation and money making. Morality and virtue evolved into the market skills (*techne*) used for maximizing commercial profitability and business success. According to Aristotle, "For where enjoyment consists in excess, men look for that skill which produces the excess that is enjoyed. . . . But these people [commercial traders] turn all skills into skills of acquiring goods, as though that were the end and everything had to serve that end."<sup>17</sup> The means had now become the ends of the good life as virtue became a tool for an expanded utilitarian calculus. A political community built upon the self-sufficiency of the *oikos* and the *polis*, human need and friendship, reciprocity and mutual sharing, a sense of communal responsibility and political obligation, and upon dedication to the law and constitution is a different kind of society than that built upon the market, individual consumption, class power, and inequality.

Nature is transformed in this quest for riches, as the individual replaces the community, money replaces virtue, and pleasure replaces civic happiness. Chrematistics, or unnatural wealth accumulation, distorts the ideals of the political community, turns its economic foundations into a means for property acquisition, and results in the moral inversion of justice and reason. That is, it inverts moral virtue and practical reason by turning them into a means for business success. Virtue becomes simply another technical skill for increasing production and acquiring wealth. It converts human needs into market wants and consumer desires, and it turns the public good into private pleasure; it perverts the ideals of a moral economy and social justice into a political economy for expanded production and profits. Ultimately, it subverts the political constitution and law of a democratic polity for the ideals of market commerce and commodity exchange. Aristotle recognizes that production is not production “in the full sense but only through exchange.”<sup>18</sup> The process of production makes commodities readily available only to those who have effective demand, not those who have real needs. In a market economy, this distinction is crucial. Needs may be met within a moral economy, however a market economy demands payment of money to complete the transaction and the vital connection between production and consumption. Those without money, although having strong and unmet needs, cannot satisfy their material deficiency. The market no longer serves the more profound ethical needs of the polity but only responds to the market incentives of supply and demand. Profits motivate economic activity, not self-sufficiency and reciprocal friendship. Coinage artificially limits exchange to those possessing the ability to pay for the satisfaction of their needs. Unnatural economic activity has displaced natural needs and ethical obligations to the family and the polis, and in the process, property and profits have redefined the function of man.

In this transformed and reified economy, money becomes the telos of humanity. What was originally intended as a mechanism for the convenient measure and circulation of goods turns into a means of profit making without limit. The foundations of the family and political community weaken, as citizens are viewed as exploitable commodities. Justice and politics are displaced by chrematistics and the market in this reification of human relations. The natural law limits to wealth were viewed by Aristotle as lying in the common good along with human need and the self-sufficiency of the family and the polis. Natural law, articulated in the laws and customs of the political community, acted as the limits on the art of household management and natural growth. “For the amount of property of this kind which would give self-sufficiency for a good life is not limitless.”<sup>19</sup> To move beyond the boundaries established by nature is to undermine the foundations for communal life and the constitution.<sup>20</sup> The liberty to expand limitlessly one’s material holdings could only result in the loss of personal freedom and public happiness. This is certainly a lesson that was not lost on the nineteenth-century critics of

modernity. After reflection on the nature of the moral economy, the next stage in the analysis of Aristotle's theory of society is a consideration of his view of the values and institutions of social justice.

#### ANCIENT DREAMS OF RECIPROCAL GRACE AND COMMUNAL JUSTICE

Discussion about the nature of justice is really a deliberation about virtue and the constitution of the state. Since justice is concerned with the full development of citizens within the political community, Aristotle undertakes a more complete analysis of this theme in Book 5 of the *Nicomachean Ethics*. He distinguishes between two broad types of justice: particular and universal. Particular justice focuses on economic issues and the general disposition of the social wealth of the community, on civil and criminal law, and on fairness in market exchange. Thus, its main concern is for the distribution of the public and private wealth of the polis on the basis of merit and need, with its final goal of solidifying the possibilities of universal justice. Aristotle distinguishes among distributive (*dianemtikos*), rectificatory (*diorthotikos*), and reciprocal (*antipeponthos*) justice. Universal justice, on the other hand, concentrates on justice as a whole within politics and is concerned more with the overall structure of law and constitution, which provides the political and pedagogical framework for happiness and a virtuous life. Justice represents the institutional context within which the virtuous life is completed. Together these various forms of justice constitute Aristotle's theory of social justice.

As in his reflections on law and constitutions, Aristotle begins his consideration of justice with the empirical. That is, he starts with the commonsense beliefs about the nature of justice in the everyday world. He asks, "What do we mean by justice?" The first characteristic of justice is that it is an aspect of virtue and a reflection of the character of just individuals. He then examines the different meanings of *justice* and the "unjust man," as well as the differences between actions which are unjust and those that are unfair. He concludes that justice, considered as a part of virtue or virtue in a particular action, is concerned mainly, though not exclusively, with equality, fairness, and economic distribution of the common goods of the household and the polis. This is what he refers to as particular justice. In these cases, the just must be both law-abiding and fair. A just man is one who avoids the injustice of acting according to the moral wickedness of self-indulgence, cowardice, or anger. Alternately, justice is not simply another kind of virtue or even the greatest of virtues. Rather, Aristotle views justice, in the wider sense of political justice, as the completion of virtue as a whole, since it integrates all the different forms of virtuous action and results in the full perfection of the citizen in the public realm. A just society is one which facilitates the creation of laws which encourage the development of just

individuals and political happiness, as well as a virtuous attitude toward others. This is what Aristotle calls “the exercise of virtue as a whole” for the common good. Although he begins with a review of the general disposition of character and the complete form of virtue, Aristotle is quick to shift away from the abstract and philosophical consideration of a virtuous community to a more detailed analysis of the social conditions which facilitate that kind of political association. This initial general reflection on the nature of justice as a whole is a preparatory move in his more detailed analysis of particular justice and his consideration of the underlying fairness of the institutions that organize the economy and distribute the material products of society. Aristotle views the relationship between particular and universal justice as that between the part and the whole.

The first form of particular justice is *distributive justice*, which centers on issues of fairness and equality. It involves the relative and proportional relationship between individuals and the ethical allocation of the economic and social benefits of society. The main issue is the distribution of public property and offices within the polis. How are the public wealth, communal booty, economic prizes and imperial rewards of conquest and treaties, collective economic enterprises in silver mining and grain trade, political offices, and social honors to be shared among the citizens? To avoid any internal social unrest and conflict, Aristotle suggests that they should be divided among the citizens equally. But the question remains: according to what ethical criterion is the equal distribution to take place? Who are equals in the ancient polis? The answer comes quickly to Aristotle. Distribution of the common honors and social wealth of the state among its citizens should be based on the measurement (*axia*) of merit or status. This response is provocative but does not easily resolve the problem. It only offers us a direction for further inquiry. In Book 3 of the *Politics*, Aristotle will emphasize the political dimension of distributive justice—the sharing of political power, honors, and administrative offices—and its relation to the social contribution of the individual to the common good. Here it is a question of who is a citizen and who should participate in key public offices, the Assembly, the Council, and the law courts.

According to Aristotle, public awards and common possessions are to be distributed to full citizens justly in accordance with the communal standard of merit. The latter is defined differently according to the social context and constitutional arrangements of the polis organized around democratic, oligarchic, or aristocratic principles. Merit and citizenship are characterized in a democracy by the activities of the freeman, in an oligarchy by the status of wealth and power or noble birth, and in an aristocracy by the accomplishments of virtue and moral excellence. Injustice involves an unequal and unfair arrangement in this process, whereby unequals are given equal treatment and rewards. Equality, on the other hand, is the intermediate condition between persons and things that determines the proportion in

which honors, offices, and property are to be distributed among individuals. In this way human dignity is ensured and maintained. In different societies equality will be defined differently between individuals. In a democracy, it will be universal among citizens, but in both an oligarchy and an aristocracy, equals will be limited by particular claims to wealth or virtue. Equals are those who participate as equal citizens in defining the law and legislating within the political process. Thus, the issue of merit in distributive justice, though initially defined in the discussion of particular justice in Book 5 of the *Nicomachean Ethics*, is closely tied to the broader issues of law and the correct constitutions of a democratic polity, monarchy, and aristocracy in Books 3 and 4 of the *Politics*. In these famous portions of Aristotle's work on ethics, distributive justice is related to the definition of citizenship and equal participation within different forms of political constitutions.

Distributive justice is defined in terms of the correct mathematical balance between equal citizens, although it may not necessarily be an equality of abstract numbers. Aristotle is not always clear, but he seems to suggest that distribution is just, not if everyone gets a specific equal amount or number of goods but if everyone gets goods in proportion to their perceived status within the community. Person A will be awarded prize B and person C will be awarded prize D. The proportional relationship between the persons and their awards is determined by an institutional community standard. As Aristotle says, "The conjunction, then, of the term A with C and of B with D is what is just in distribution, and this species of the just is intermediate, and the unjust is what violates the proportion."<sup>21</sup> Justice is geometrically proportional and communally relative to the political status or merit of each individual established by the cultural principles and institutional relationships of the constitution. Injustice violates these proportions and principles by giving unequals equal amounts and equals unequal amounts. In this process, one person has too much and another has too little of the good. Aristotle likens this form of justice to the manner of redistribution of the common funds found in an economic partnership. Proportionate distribution is determined on the basis of initial contribution to the business enterprise. The more one person invests, the more that person receives from the final dispersal of the profits.

The second form of particular justice is *rectificatory* or *corrective justice*. It, too, is concerned with equality, redistribution, and the application of a correct mathematical proportion to rebalance the effects of unjust actions in the area of civil and criminal law. Its purpose is to rectify injuries resulting from unjust behavior in economic transactions involving the voluntary sale or purchase of goods, loans, pledges, deposits, and other activities of economic exchange. It also responds to injuries resulting from involuntary interaction between individuals, such as theft, adultery, poisoning, assault, murder, robbery, or abuse of slaves. The law abstracts from consideration of the specific character of the individuals involved in the transaction and

deals only with the particular nature of the injury under consideration. Whether the people involved are moral or evil, good or bad is irrelevant to the resolution of the legal transgression. The judge, who treats everyone involved in the lawsuit with equal respect and concern, attempts actively to return the situation to the way things were before the economic transgression or personal injury. By intervening in the situation, he thus attempts to mitigate the advantage resulting from the unjust action, reestablish a lost equality by penalizing the advantage of the aggressive party, and reward the disadvantaged with damages. This, too, requires a redistribution of goods or action. In cases involving personal injury and violence, the pain and suffering are redistributed to establish justice and rebalance inequality.

Rectificatory justice is the intermediate or mean between loss and gain, greater and less, or good and evil. The extremes are moderated to establish the natural balance that existed before the injustice took place. It is a variation of one individual having too much and another having too little. Aristotle was critical of *pleonexia*, or the state of greediness and the passionate desire of wanting more goods than others. With fair judgments, equality is restored, the original share is reestablished, the initial immoderate advantage of one person over another is negated, and the arithmetical proportion is reaffirmed. According to Aristotle, the judge (*dicastes*) is one who takes the original two equal parts as they were before the infraction and proceeds to judge and bisect (*dichastes*) the whole amount. In this way, he redivides and redistributes the illegal advantage by adding to one and subtracting from the other. Justice here involves an intermediate and arithmetical proportion by which the original relationship is reconfirmed. It does not involve any other type of redistribution based upon the broader needs of the citizen or community. Aristotle summarizes this type of justice by writing, "But when they get neither more nor less but just what belongs to themselves, they say that they have their own and they neither lose nor gain."<sup>22</sup>

The third form of particular justice is *reciprocal* or *commutative justice* and expresses the natural fairness within economic exchange between farmers, workers, artisans, and foreigners (*metics*).<sup>23</sup> Unlike the use of common goods within a household and the mutual sharing (*metadosis*) between households, Aristotle now considers economic activity between citizens in the agora. If love and kindness are the basis of exchange among family, friends, and neighbors, he searches for the basis of exchange among citizens and strangers in the city market. As he first considers the issue, he asks whether the idea of reciprocal justice refers to the returning of pain and injury. He states the ethical position of both the Pythagoreans and the mythical Rhadamanthus, found in the work of Hesiod, who argue for justice as "suffering-in-turn" or retaliation of wrong-doing. Aristotle quickly rejects these passionate and negative positions and begins his analysis with a reflection on the role of the Temple of the Graces in economic exchange.<sup>24</sup> It is reciprocal justice and mutual sharing which in associations of exchange are responsible for

providing communal solidarity and social obligations which integrate the parts and hold the city together (*summenousin*). This is to be the foundation of economic exchange in the urban marketplace. Prices are determined on the basis of reciprocal proportion and not precise equal return.

As in the case of particular justice, economic relationships are embedded in a complex web of ethical obligations and political goals that preclude exchange itself from setting the moral principles for the economy or polity. Similar to Aristotle's standards for economic allocation based on merit and the common good in his analysis of distributive justice, the definition of terms is open to public debate. What he means by proportional requital or economic reciprocity is not always clear. The same set of questions reappear: what are the ethical and political standards for the correct or just proportion in a market exchange, and are they the same as the standards for merit and distribution of public goods? What is the relationship between the public and private within the polis, and is this a real distinction in classical antiquity? If Aristotle is setting out to answer the question of the ethical foundation for social solidarity and the distribution of material goods within the community, he does not provide sure footing in his response. Ultimately grace is translated by him into the institutional form of need and friendship, and it is these two ethical norms which are institutionalized in economic exchange.

The Temple of the Graces was a religious institution intended to reinforce the need for economic justice. It was located on the Acropolis, but there were also smaller roadside shrines throughout Athens to remind the people of the need to be generous to others who had shown kindness and generosity to them. Aristotle sees these shrines as important reminders to encourage proportional reciprocity and kindness in economic exchange. He says, "This is why they [the Greeks] give a prominent place to the temple of the Graces to promote the requital of services; for this is characteristic of grace—we should serve in return one who has shown grace to us, and should another time take the initiative in showing it."<sup>25</sup> The Temple serves as an expression of the objective memory and ethical standard for the direction of the economy. Exchange is not to be based on market prices, profits, economic advantage, supply and demand, subjective desires, or marginal utility. Rather, economics is simply a means to maintain the all-important social solidarity that integrates the community for its common efforts and pursuit of happiness. Grace, gift-giving, and hospitality, rather than chrematistics and money accumulation, are the foundation for economic exchange among citizens in the market.<sup>26</sup> Exchanges do not result in a balanced and equal exchange of one good for another. It always results in one side of the exchange receiving a little more since its original goal was kindness and not profits. After the exchange is completed, the recipient of grace should seek opportunities to return the favor or gift at another time by initiating a similar kindness. If grace and gratitude are to facilitate economic exchange and reciprocal justice, what is the original reason for this kind of economic activity?

Aristotle delves into the idea of proportionate return in more detail in order to uncover the real bases of material exchange in the city. The exchange is now between skilled and unskilled workers, as well as between artisans and metics who inhabit the center of urban life in the ancient polis. Aristotle sets up his famous model of exchange between a house builder and a shoemaker. If A is the builder, B the shoemaker, C a house, and D a shoe, what is the basis for the exchange of so many pairs of shoes for a house? How are shoes and a house to be made equal so that a fair exchange is possible? This has been at the heart of a debate in Western thought from the ancients down to the present day. How are the two commodities made commensurable so that they could be exchanged fairly? This concern for proportionate equality is difficult, especially in a market where goods to be exchanged are the product of different types of work and workers. There are differences in the quantity and quality of the workmanship, the time expended in labor, and the status of the workers—farmer, artisan, and doctor, or freeborn and slave, or citizen and foreign resident. Some artisans work harder and are more efficient, while others are more concerned with detail, quality, and beauty. There are goods produced which satisfy our basic physical needs and others which contribute to the public good.

What is the mechanism by which these different individuals and different products are mixed in exchange and made comparable and equal to produce a proportionate equality between them? Social worth, quantity, and quality deserve some measure of consideration in the determination of price.<sup>27</sup> Tradition passed down within the community accomplishes this over time. In the end, it is grace, articulated by Aristotle as need and friendship, which navigates these differences and makes exchange possible, equal, and fair. Need is similar to wants in that they both express some aspect of human survival. However, the former is a natural aspiration to the fulfillment of a material, aesthetic, or ethical deficiency, while the latter are subjective desires connected to the market and a competitive economy. Needs are those things which are necessary for life and communal well-being—the good—while wants are artificial and contingent drives open to manipulation and distortion by wider market forces and advertisement. Needs differ from subjective wants and desires because they refer to physical, ethical, and political requirements for the continued existence and self-sufficiency of the household and the polis. They are not connected to the subjective basis for market activity because the latter can be artificially stimulated and unnaturally maintained. These subjective wants are more closely connected to unnatural property acquisition that Aristotle considers in the *Politics*. Needs are the natural and moral conditions necessary for the fulfillment of a virtuous and good life; they are the physical and spiritual side of the powers and capabilities of social beings which promote the avoidance of excess. There are personal and communal dimensions to human need,