

## Review

# Aristotle's Economic Thought

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**Aristotle (384-322 B.C.), the most important thinker who has ever lived, advanced a body of thought with respect to the development of the components of a market economy. He analyzed the economic processes surrounding him and endeavored to delineate the place of economy within a society that included commercial buying and selling. It follows that Aristotle's economic writings continue to attract the interest of contemporary thinkers. His economic thought (especially his value theory) is insightful but occasionally contradictory and inconsistent.**

**Keywords:** Aristotle, political economy, economic analysis.

## INTRODUCTION

Aristotle was a colossus of human intelligence. Not only because he held the number one position on philosophy but also because he extracted, science from it; which he is considered the father of Aristotle apportioned his intellectual powers in each area of philosophical thought - metaphysics, epistemology and evaluation-with inconceivable systematic conception, facility, sound judgment and harmony.

In the present commentary which is concerned with the economic ideas of the Stagiraen philosopher we will not hesitate to emphasize right from the beginning the various phenomena of Economics which he is also considered the father, of problems which occupied him and which continue to torment economists today after the passage of so many centuries. It is therefore fitting that the majority of historians of Economics, when starting out from the ancient Greek writers, particularly emphasize the work of Aristotle since in regard to economics he is much superior to the rest and also because his ideas from the past can still reach into the science of the present.

The economic ideas of Aristotle are developed mainly in the following works: "Politics", "Nicomachean Ethics", "Rhetoric", "Economics" and "Rhetoric to Alexander".

In the present commentary we will refer to ourselves mainly to "Politics" and "Nicomachean Ethics" in which he takes delight in economics in particular. Both these writings of Aristotle been translated into Latin by the end of the twelfth century in Spain and after penetrated to the Christian West.

Concerning related phenomena we referred to in his "Economics" written around the 3<sup>rd</sup> century B.C., which has wrongly been doubted to be Aristotle's work. This doubt dates from the beginning of the 19<sup>th</sup> century. Thus Niebuhr in his article "Über das Zweite Buch des Oeconomical" published in "Kleine Historische und Philosophische Schriften" (Bonn, 1828, pp. 412 - 417) maintains that the unclassical manner of writing and the historical ignorance in mentioning well - known generals of Alexander The Great, as if they were unknown, does not allow us to identify the writer, of the "Economics" as Aristotle. Andreadis, however, accepts the work as the oral lectures of Aristotle written by a student of his, since the relevant opinions are formulated briefly and unclearly.

In the "Economics" Andreadis finds rich material concerning ancient financial matters and proceeds to divide them into Royal Economy, Satrapic Economy, Tyrannical Economy and Political Economy.

Under the category of the Royal Economy he discerns the various kinds and the nature of the general expenses of the State, under the Satrapie category are provisions and currency and under the tyrannical category are found income from the earth-produce from the country's land-income from commerce, from customs, from pasturage and from various other sources.

And in his "Politics" (Book 4, VI, 4) Aristotle refers himself to financial matters, devoting pages to the tyrant's manner of administration, the demagogic nature of the tyrannies and its consequences, its great requirements and because of these the increase of income by taxing of

private property, indirect taxes, public works etc.

Aristotle analyses Economics according to ethical principles and examines it microeconomically and macroeconomically. He based economics on needs, analyzed their nature and proceeded to isolate the economic goods by which economic needs are satisfied; he talks about production and the factors involved, the distribution of labor, the significance of the primary, the secondary and the tertiary sectors, and the stages in the development of the economy. He also examines the phenomenon of economy of an area, of economic development and prosperity of the basis of the most well-thought out financial policy, using deduction and induction as the scalpel of his thudded, thereby influencing not only own times, but the Middle Ages and modern times as well, even Adam Smith himself. Nevertheless, he also included the subjective perception of value, so that the influence of his intellectual work, as is shown, continues to appear up till the present time; thus he has influenced economic thought more than anyone else throughout History. And this work of his would have been more significant if Aristotle as well as the other Greek philosophers, had not occupied himself with the host of other problems that he worked on. Moreover, we must not let the fact escape us that during Aristotle's time the ancient Greek classical work was going through a period of struggles. This is the reason why the preservation of those values on which Aristotle's triumph is founded was already being attempted from Socratic times. And therefore to the ancient Socratic philosophers science was also secondary to ethics and it is this fact which is opposed to the disease of individualism which the City-State (Polis) circumscribes through moral laws to its advantage.

The ethical stage also dictated the mobilization to secure the defense of the City-State against invasions and internal rebellion. Thus, the Socratics had a principle contrary to that of the individualism of the Sophists considered the city-state to exist on man's behalf, man who was, according to Pythagoras, the measure of all things and society according to Hippias was constructed and did not naturally exist. For the Sophists the Republic was of secondary importance to men and that's why the local element for them ceded its position to the cosmopolitan. This is elucidated by the fact that the majority of the Sophists were emigrants practicing the trade of merchant.

The Socratic writers, as is known, placed the whole problem of the Republic basically on the ethical question connecting the economic problem to this as well. Nevertheless, the Socratics in examining economies from within ethics, were the pioneers of the path which would be followed many centuries later by Smith, Sismondi, Saint Simon and other writers.

It is a fact, however, that the final aim of the Republic was moral perfection through its political organization, its social and legal order, through which economic order

would meet with success; it was occupied more with politics than economics. Above all we must not forget the fact that the material world of the ancient Greeks did not develop as fast as their intellectual world.

According to the Socratics the whole came the part, which, however, was subject to the whole, and developed because of it, and thus the City-State alone was capable of realizing a regime of virtue and the insurance of self-sufficiency. Concerning that Aristotle characteristically said: "For the whole must necessarily be prior to the part...". "It is clear therefore that it is also prior by nature to the individual for if each individual, when separate is not self-sufficient he must be related to the whole state as other parts are to their whole." Consequently the City-State is above the individual and the family and so one can establish a condition of self-sufficiency without it.

Self-sufficiency is acceptable only when it is considered as a means toward the service of virtue, because otherwise the individual is estranged from it through his weakness, while the City-State through the laws of virtue adjusts the individual to it. Therefore, the Socratic writers, are Voluntarists. For the Socratics there are no natural laws leading to peace and order and social justice; but rather they rely on the intervention of the city-state for their achievement.

However, according to the Socratics, this economy based on morality was only able to be proposed by a certain class of men who taught virtue, the philosophers, the only ones capable of advising the Republic on what was to be done. This point of view will also be adopted by Roman writers while the Church Fathers during the Middle Ages knowing better than anyone else the world of God will be the only ones allowed to offer advice to the sovereigns from the viewpoint of Christian morality. On the other hand, because of religious reform and also because of material conditions, the mercantilist writers breaking away from the moral limitations of the Scholastics and as a reaction to their ascétisme will, between the 16<sup>th</sup> and 18<sup>th</sup> centuries advise the sovereign according to the triad, population-wealth-power. Then the founders of economic science, the Physiocrates, will appear, the economists who either through their advice to the King such as those who brought about an increase of net product, or as supporters of the law of personal interest such as the classicists or with pronouncements in favor of national economy such as List, or with revolutionary prophecies such as Marx, or by calling for the strengthening of effective demand such as Keynes.

The Socratics had peered into human nature and diagnosed its imperfections, hence they were irresolute in facing accumulation of wealth by individuals since such an individual could, if not controlled, be harmful to the Republic. And that is the reason why none of them ever attempted to distinguish between the economy of an individual and the economy of the City-State.

There are a host of harsh observations concerning speculators and those inflicting damage on the City-State

to be met in the works of the ancient tragedians but most caustically in the works of writers of comedy, such as Aristophanes.

Thus the ideas of the Socratics turned the inquiry from the plane of metaphysics to the rationalism of life through virtue. Souehon says correctly concerning that: "The Greeks did not consider Political Economy save as morality; it was a subhead of morality...". The work of the Socratics was nothing more than a clear exhortation promoting the idea, of sacrifice for the sake of the City-State.

However, we must not forget, as has been proven, that the Socratics endeavored to restore the disturbed balance of the Republic.

Their reform endeavors were not absent in the midst of this obscure situation and this dangerously disturbed the social balance, particularly during the Peloponnesian War, hence strengthening the tendency toward an irregular increase of profits, a psychological consequence of the hazardous enterprises during the War. On the other hand, the increase in the number of slaves set up an obstacle to those free laborers seeking employment in the cities and the countryside, so that unemployment and oppressive working conditions were the norm in labor relations from the 4<sup>th</sup> century B.C. But the particular kind of thinking that held labor to be an occupations without merit for free men, resulted in those with intellectual capabilities and material capital starting to dabble in politics, in various parasitic occupations or in the preparation of various political plots by which finally the city-state and they themselves were destroyed. Branches of production which could have been put motion remained unutilized because they did not yield the profits of more speculative endeavors.

When the Socratics started up within this environment of decline in the ancient classical world with the acute of the economic problems emerging simultaneously, the piercing mind of Thucydides emerged, to make observations regarding the state of economics at that time.

In any case, whether because of conditions or because of philosophical principles, during ancient classical times, the economy remained second in importance to the ethical perfection which prevailed in the thought of Socrates and especially of Aristotle, who developed his thoughts concerning morality at a time, when the support of healthy political demands and values had been overthrown and people performed less for the sake of the whole than for their individual interest.

This position of Aristotle is particularly emphasized today, when economists are attempting to solve the economic problem at the moment where the keenest political and ethnical problem exists. Today, everyone is seeking economists capable of confronting the economic problem forgetting that none of them are able to succeed when political and moral order has been disturbed.

Aristotle lived within a climate of decay, just as Fichte,

Kant, Hegel, Carlyle and Shelling, and he attempted during his time, to inspire a new philosophy and sociology of life, based on the Republic, with its perfection his final aim.

The basic aim of Aristotle was the study of the world, the knowledge of this on behalf of the City-State, and the promotion of values on its behalf. We must not forget that Aristotle had as an example the sacrifice of Socrates on behalf of the laws of the Republic and the preservation of values which had been created in the workshop of time.

The «Athenian Politeia», "Nicomachean Ethos" and "Politics" were written during a period when the once flowering Greek City-State was the arena of the demagogues, the embezzlers and the aforementioned speculators.

The idea of freedom ceased to have its old meaning and turbulence and anarchy replaced it while the idea of the good citizen was abandoned in favor of the lackey and the social climber.

The return of Alcibiades proved to be the high point of this decay along with the condemnation of Socrates, who was punished for refusing to obey the new order of lawlessness. Hate dominated where logic once bloomed, the struggle of the classes was intensified and the personal opposition of the politicians established even more strongly the exhortations of Socrates concerning harmony and of Plato concerning the ideal "Republic" and its "Laws".

Aristotle on his own part wanted to delimit the framework within which it would be possible to create the presuppositions for the promotion and the imposition of a new rational order based on the middle road combining and selecting values. And while he spoke out for this law he did not, however, underplay the role of the ethical consciousness of the individual nor his ethical autonomy.

The economy ideas of Aristotle spring from precisely this philosophical position of his, and on this subject we will speak immediately below.

Writers such as Ferrara, Cannan and Schumpeter wrongly dismiss as without value the economic work of the ancient Greek philosophers and that, in our opinion is because they haven't studied them as they should. In addition, they do not take into consideration, as they should, the shaping of the philosopher's economic ideas nor the manner and the environment in which they were formulated. Just because they present weak formulations does not mean that the conceptions of the ancient Greeks concerning economic phenomena are not valuable advice. We must not ignore the fact that economic theories went through a stage of development, conceptualization, grounding and completion in their shaping. Thus, Aristotle unquestionably contributed a great deal through his economic ideas.

The aim of Aristotle was the prosperity of the City-State along with its self-sufficiency and the division of labor within it of which the basic social composition was

free and slave: "Now that it is clear (he says) what are the component parts of the State we have first of all to discuss household management, for every State is composed of households; household management, for every State is composed of households; household management falls into departments corresponding to the parts of which the household in its turn is composed and the household in its perfect form consists of slaves and free men (for the state is not any chance multitude of people but one self-sufficient for the needs of life, as we say, and if any of these industries happens to be wanting, it is impossible for that association to be absolutely self-sufficient). It is necessary, therefore, for the State to be organized on the lines of those functions; consequently it must possess a number of farmers who will provide the food and craftsmen and the military class, and the wealthy and priests and judges to decide questions of necessity and interests rests". Thus Aristotle on the one hand specifies the macroeconomic (City-State) and the microeconomic (household) in the economy, on the other hand through the basic division of society into two classes he gave Marx the chance to misinterpret so that he would conceive of the two-class composition of society. The Stagirean, however, examined society and its development from a different point of view; because he tried to depict the prevailing structure and form of this society statically, while not overlooking its permanent character, while the prophecy of Marx dynamically and schematically supporting the historical process in the clash of the two, opposed classes, was not verified. Beyond that Aristotle as a voluntarist supported social balance through the intervention of the city-state, while Marx, a naturalist, assumed that the overthrow of the establishment was unavoidable due to historical necessity.

Aristotle, along with Xenophon, views the economy as a special science, defining its object thus: "But as there are numerous pursuits and arts and sciences it follows that their ends are correspondingly numerous, the end of the science of medicine is health... on of domestic economy wealth". He defined this as "riches are an article of use .... which .... "constitutes an abundance of money ownership of land and properties and further of movables, cattle and slaves remarkable for size, number and beauty".

The Object of the prosperity of the common citizen is health and that, if well-understood, means self-sufficiency. This prosperity based on health is however, powerless if it is not accompanied by virtue. Self-sufficiency is the aim and the greatest possession. "From these things therefore it is clear that the City-State is a natural growth and that man is by nature a political animal ". And the policy on behalf of the City-state is the best way to establish prosperity for all of the citizens. "But we should pronounce a state happy-he says-having regard not to a particular section of it but to all its citizens".

Consequently the position of Aristotle regarding wealth is not hostile. On the contrary, it's just that the places it within the framework of virtue and justice so that the right type of prosperity will come about; without that framework prosperity would lead to vulgar pleasure. Aristotle will emphasize that when one uses his health with seemliness he is polite and worthy, when, however, one is avaricious, a pawnbroker or a profiteer, he prefers shame for the sake of money.

The aim of the Stagirean from the beginning was to make the distinction between Economics and Wealth-getting (Χρηματιστική).

Economics refers to the natural wealth which serves the needs of the household. Wealth-getting refers to the increase of wealth for wealth's sake and without limit. This economics is worthy of praise as it is productive but not however, wealth-getting. This wealth-getting always comes about with the development of the economy and the increased exchange and is in some ways useful. Wealth-getting is also useful in case of a surplus of exchange due to the self sufficiency of the household. And that is because the economic rationale dictates self-sufficiency, directing economic activity to the most economical result through the use of the most economic means for this purpose. Life and pleasure - Aristotle says - are bound together: without pleasure there is no activity. Here we have the seeds not only of the Marginalists of the end of the 19<sup>th</sup> century (Carl Menger, Leon Walras, Stanley Jevons) but of the present day Neo-Marginalistic views of Hans Mayer, F. Hayek, P. N. Rosenstein Rodan, L. Schonfeld, L., Von Mises, L. Einaudi, R. Strigl, J. Schumpeter, François Perroux etc. Thus, according to Aristotle, economics is acceptable while wealth-getting despite its stated use is of secondary importance having no relation to virtue. Economics refers to the satisfaction of needs by farming, fishing and hunting, wealth-getting to the satisfaction of one and only one need, the pleasure from wealth.

Aristotle examined the nature and the rationale of the economic operations of the individual and the family, that is the economics of the household, that of the home. In regard to that he set forth his points of view concerning the development of the stages of the economy before the household, such as bread-winning in the nomadic, predatory and farming life, in which Condorcet will echo him, and referring to the role of exchange within the home, the town and the City-State; a distinction of stages which will later be specified by Karl Bucher.

Within the household we have from the beginning the natural division of labor between, on the one hand, the male-master and the female-mastered and the joining of these for the perpetuation of the species through the children and on the other the division of labor between the master-slaveowner and the mastered-slave, the former having put into slavery the latter as a result of conquest, a viewpoint subscribed to by historians and sociologists.

The household endeavors to acquire material goods not only for life but for the virtuous life and this is the goal aimed at by production, which aims for the self-sufficiency of the household.

Two factors are at work during production, nature and human activity (both intellectual and muscular) as well as various rational methods to confront scarcity and to acquire the means toward the satisfying of and the remedying of the needs which move human activity.

Here Aristotle finds the basic cause of the economic activity of man and the explanation of the reason for the birth of economic science.

Production, according to the Stagirean, involves in the beginning the creation of the world by the Gods and then the use of goods by man. The Church of the Middle Ages was to accept this, the creation of goods by God and his lending them to man.

For the production of economic goods, according to Aristotle, we have the small producer who is distinguished as follows: a) the intellectual working-man, free citizen overseeing his property or the cultivation of his farm, b) the woman-womb producing people, c) the slave-tool for the production of various material goods and services while, d) other producers or free citizens offering services constitute a special and not so acceptable social category as not being so noble.

From this we should take into consideration that in Sparta, before Aristotle, free citizens were not allowed to be professional or artisans while in Thebes it was impossible for the professional or artisan to accept public office and at one time in Athens, it was proposed they be categorized in the slave class.

Aristotle, in these ideas of his always echoes the perceptions of his time which continue to hold sway up to the Romans who distinguished these occupations: noble (*Honestae*, *Liberales*) and ignoble (*Inhonestae*, *Illiberales*).

The produced goods were divided up by Aristotle into creative organs (means production) and practical (means of consumption). The former are of two kinds: inanimate material tools and animated (slaves). Consequently we have on one hand the means of production, the tool-slave and on the other the individual – slave who executes the decisions of the master of the household so that the necessities of the family will be met. We note this distinction for Aristotle was speaking of slave-tool-organ of production, since in ancient times physical labor was the basic means of production and the slave was considered an object owned by the slaveholder. However, independent, of these, according to Aristotle, we have the division of labor into: a) Directors and b) Executors, the former taking precedence over the latter because of its organizational capacities and here Aristotle anticipates Cantillon, Quesnay, Lutgot, Say, Sidwick and Marshall.

The position of Aristotle, and in general of the Socratic philosophers, opposing physical labor and wealth-getting

is justified in its own time. First, because they were afraid that it would not assist in the moral reformation of Greek society.

Moreover, let us not forget with what contempt Xenophon speaks about coarse labor or how Plato in his "Laws" (Book IV, 704 B) suggests the establishment of the city-State far from the sea in order to avoid the vulgar professions conducted on the harbor. Aristotle distinguished value-as Smith will do as also the other classicists and Marx – in *value in use* and *value in exchange*. For each good he says – these are two kinds of use ... as they are ways of using a shoe, inasmuch as even he that barter a shoe for money or food with the customer that wants a shoe uses it as a shoe, though not for the use proper to a shoe since shoes have not come into existence for the use proper to a shoe since shoes have not come into existence for the purpose of barter». Each person through the exchange endeavors to get something more useful than which he gives and this is because his aspiration toward the exchange is called forth by the need which he has for the desired good for the sake of his self-sufficiency, goods whose degree of utility predetermines their value. «It is therefore necessary-he says-that all commodities shall be measured by some standard as we said before. And this standard is in reality demand, which is what holds everything together since if men cease to have wants or if their wants alter, exchange will go on no longer, or will be on different lines». Causes of these ideas of his concerning value, Aristotle is the forerunner of the theory of subjective value which had already been prepared by Xenophon, who formulated the point of view that only useful and scarce things have value.

So this is the law of value according to Aristotle which governs economics and χρηματιστική. However, the factor of speculation which comes into wealth-getting gives a hedonistic form to the exchange until, as is known, the stronger profits at the expense of the weaker. Just as Smith provoked misunderstanding with his work, the same thing happened with Aristotle. The Scholastics, during the Middle Ages, receiving by way of the Arabs the incursion of Aristotelian thought, based themselves on a value recognized as socially equal (*communis aestimatio*) and exchanged according to cost or utility, based on the Christian rule of life.

This social computation, whether concerning utility or concerning cost, would be valid for the medieval market. Later between the 16<sup>th</sup>-18<sup>th</sup> century this just price would be considered by the mercantilists as subject to fluctuations according to power so what the one loses the other gains (relative surplus value), which for the international market would mean a commercial tragedy, while the just price for the physiocrats would be only that arising from free trade. The followers of Smith will glorify the free competitive market based on the law of individual self-interest, maintaining that only thus does the just price arise adjusted to the least cost for the individuals and for

the society since the sum total of this least cost also means the least cost for the market. In the international market free competition will bring about a world-wide distribution of labor for cosmopolitan and at the same time peaceful society. On the other hand, however, writers and the fiercest critic of the system, Marx, will dispute this fair price since the entire product of the labor of the worker does not come to him. And this doubt will also be put forth by the writers on monopolistic competition (J. Robinson, A. Lerner) stating that the price for the worker does not coincide with the marginal cost and through him the marginal natural product becomes larger than the marginal productivity.

An Aristotle also examined the case of the monopoly. Since he observed that the formulation of price is influenced by the offerers (the makers) and the seekers (receivers) and that change in demand basically influences prices, he also maintained that a price fluctuates under monopolistic situations.

Aristotle referring to Thaïes of Miletus speaks of the inspiration that came to him: he foresaw that there would be a large crop of olives, so he rented all the olive presses of Militos and Chios, for minimal rent, so when the time came for the harvest he could sub-let them to the oil factory owners at a high price. And as Aristotle says, «Thaïes is then reported to have thus displayed his wisdom, but as a matter of fact this device of taking an opportunity to secure a monopoly is a universal principle of business».

Here Aristotle, backed by his principles, admires the creative spirit of the philosophers and justifies this monopoly as not having any relation to the wealth-getting one. Continuing, he refers to the Sicilian speculators on one hand, reiterating everything about monopolies. «There was a man-says-in Sicily who used a sum of money deposited with him to buy up all the iron from the iron foundaries, and afterwards when the dealers came from the trade in centers he was the only seller, though he did not greatly raise the price but all the same he made a profit of 100 talents on his capital of 50.» and on the other hand, siding with the behavior of Dionysius, they tyrant of Syracuse, who viewed the act of speculation as not good for the City-State and forbade it. However, Aristotle does not neglect to emphasize that the monopoly practiced under the City-State offers revenue and as such is acceptable. «for many states need financial aid and modes of revenue like those described (he says); just as household may but in greater degree».

Aristotle, however, did not simply examine production, exchange and the shaping of value by this, but also the medium of exchange, the currency which did not creep into exchanges during the first stages of barter in society. Then, however, exchanges increased and the distances lengthened, so money gained strength facilitating the exchanges and as a means of measuring values. These characteristics of currency are due to its ease of trans-

port, its easy handling, its symmetry, its portability, its homogenousness, its distinctness, its divisibility and the way it can be regulated by law. Hence it is a medium of exchange but not, however, a medium for the storing up of value, even though it seems to indicate this idea.

So Aristotle on the one hand opens the way to Hildebrand helping him to distinguish stages of natural, monetary and credit economy while on the other hand he denies money any internal value. Maintaining that it receives its value from the law, nevertheless he does not entirely deny the internal value of money, allowing for the fact that it does not preserve this value exactly though it has the tendency to remain stable. Also noteworthy is that Aristotle maintained that this value arises from the State which thus opens the road to the catallactic theories of modern times as was maintained by Knapp, Bendixen etc. On that Aristotle says epigrammatically: «...this is why money is called 'nomisma' (legal currency) because it does not exist by nature but by law (nomos)» ...and «...but at other times on the contrary it is thought that money is nonsense and entirely a convention but by nature nothing». «Money, it is true, is liable to the same fluctuation of demand as other commodities, for its purchasing power varies at different times; but it tends to be comparatively constant. Hence the proper thing is for all commodities to have their prices fixed; this will ensure that exchange and consequently association, shall always be possible. Money then serves as a measure which makes things commensurable and so reduces them to equality. If there were no exchange there would be no association, and there can be no exchange without equality, and so equality without commensurability. Though therefore it is impossible for things so different to become commensurable in a strict sense, our demand furnishes a sufficiently accurate common measure for practical purposes. There must therefore be some one standard and this is accepted by agreement (which is why it is called nomisma, customary currency); for such a standard makes all things commensurable, since all things can be measured by money».

Like Xenophon and Aristophanes, Aristotle considers the demand for currency inelastic. Hence when he refers to the household economy of the Aristotle is not worried that the money factor can cause disturbances.

In the wealth-getting one however, something like that could happen and create an anomaly in its function, because money is established as the aim of commerce (wealth-getting) and of small trade (momqers-κάπηλοι). Indeed wealth is often assumed to consist of a quantity of money because money is the thing with which business and trade are employed». Trade means the most profitable and the most secure while Aristotle maintains, as is that wealth-getting is unnatural enrichment and thus, «this wealth-getting has no limit in respect of its end».

Here Aristotle is the pioneer of the following Marxist theory that is that the accumulation is seen from the dual

consideration of the economy by Marx, when he discerned that in the economy of the simple production of goods we have C-M-C, with money mediating in the cycle of goods-goods and that this developed into the cycle M-C-M, when at the end of the cycle arises the surplus value M-C-M'. Indeed, Marx paid attention to this side of Aristotelian thought.

Based on these ideas of his concerning currency Aristotle examined the institution of interest and was of the opinion that money is by nature unproductive and is used only as a medium of exchange toward the satisfaction of the needs of the consumer in the purchase of goods and as such the «taking of interest is not natural», «so that (he Says) this form of business of getting wealth is of all forms the most contrary to nature». Leading at interest always constitutes, after trade the second kind of wealth-getting, and it illicitly augments wealth which is not the supreme product which we seek to acquire. Thus Aristotle proved superior to his teacher because Plato finally allowed that in the case whereby someone wishes to buy an object and does not pay for it within a year he should pay interest of one obol a month for "every drachma owed".

And the Fathers of the Medieval Church, were to be influenced by Aristotle and would condemn the charging of interest, but when the idea of «Nullus Christianus debet esse mercator» was abandoned then interest would become accepted even if secretly under this the Church had collected interest. Anyway, Luther did not accept the charging of interest and only Calvin would justify it.

A third kind of wealth-getting, according to Aristotle is the exploitation of timber products and the minerals beneath the earth, and to this category also belongs paid labor.

The ancient Greeks were primarily interested in salaried labor. Because despite the slave-owning establishment there were a minimal number of free laborers and clerks although they usually existed without a contract for payment of work; there was also a labor market with town criers which played the role of «employment agencies».

Aristotle examines the problem of payment for labor, on the one hand for slave labor and on the other for freely offered labor. Generally, according to him there is a difference of compensation because otherwise the crafts would have disappeared.

But why did Aristotle correlate physical labor with wealth-getting? Because when the purchaser of labor hired someone he had in view the acquisition of profit, or during the bargain the one offering labor sold it at a price lower than its value so that the one who hired got rich?

From the texts of Aristotle the latter supposition is excluded, the former, however, has some basis since he who sold his own labor in order to procure the means of life was not able to acquire anything beyond those means or to speculate. Consequently paid labor means only

being hired out for the acquisition of wealth through service.

The labor of the artisan, who plans on enriching himself, is included under wealth-getting because it has no relation to virtue and is vulgar, and has no relation with the mind. And only agriculture, the fundamental form of ownership was held to be acceptable by Aristotle at that time even though he did not consider it appropriate for the development of virtue and for political acts. Anyway, according to Aristotle, the various professions were necessary because they helped toward self-sufficiency.

Aristotle also first spoke about the substitution of the factors of production and especially of labour via capital, demonstrating the significance of the transference of craftsmanship from the animate to the inanimate tools, also emphasized the significance of the place an enterprise was founded, the professional orientation and the most profit - making type of enterprise.

Also, Aristotle starting from constancy (ἐνδελέχεια), that is, the process which progressively leads to perfection through the energy and action existing in the inner structure, spoke of economic development and the just distribution of wealth, by which the City-State was able to secure its prosperity, thus becoming the pioneer of the "welfare economics. Furthermore, the economics of today who support esogenip will base their ideas on constancy also referred to as "constants" seeking in the inner structure of the system the inlying energy and action. Furthermore he based this development on the social balance of the City-State and determined that the regime suited to this could not be that of common ownership. And on this subject he employed criticism against Plato, Thales of Chalkidonis and Hippodamos of Mytilos.

Aristotle examined ownership either as common ownership of the land or the product or ownership of both the land and the product. Because the common ownership of the land would create problems in relation to the compensation of each one according to his contribution to the production of its products, generally the owners of common goods would more frequently come into collision with each other, more that is that the citizens who had separate interests.

So under the system of common ownership the people's lives would become unbearable and the result of the living together would be negative because it would resemble musical harmony with unison of a rhythm with a single foot. "And it is just -he says- to state not only all the evils that men will lose by adopting communism, but also all the good things; and life in such circumstances is seen to be utterly impossible... just as if one turned a harmony into a unison or a rhythm into a single foot". At the same time human faults would appear while human joys would disappear.

However, it is true, Aristotle suggests, that the use of ownership contributes to the interests of all and is as

advantageous as common ownership. For it will possess the merit of both systems, by which I mean the advantage of property being common and the advantage of its being private". The equality will succeed when the necessary compensation is given to the one who surpasses the others and who is worth it.

Thus Aristotle endeavors to find the middle road, by which the wealth of the citizens of the City-State will be apportioned according to a manner which excludes social polarity due to the differentiation of property, taking into account at the same time the entirety of its citizens. Because for a City-State to save all its members must desire its existence and the preservation. When, however, the population seeks to overthrow this desirable condition then to avoid the disturbance of the social balance on behalf of the prosperity of the City-State, emigration must be adopted. In this Aristotle agrees with the point of view of his teacher Plato extending his influence up to modern times.

Furthermore, on behalf of social balance Aristotle presents us with the need of regulating the income, which will bring about corresponding changes in political thought, because the powerful are indifferent to truth and justice while the poor demand for themselves equality and justice. Here is he given the opportunity to emphasize the significance of agriculture to which people dedicate themselves for the necessities of life, not coveting the property of others.

Aristotle proceeding with the formulation of his ideas determined that a flourishing city-state not only that which sustained a large population which he accepted as necessary, but that which sustained a harmonious correspondence between the extent of the land or other natural resources and the number of citizens. The natural circumstances needed excellent exploitation, because the City-State is not large or small by reason of the number of inhabitants but by reason of its strength which coincides with self-sufficiency. "It follows that the lowest limit for the existence of a state is when it consists of a population that reaches the minimum number that is self-sufficient for the purpose of living the good life after the manner of a political community".

Aristotle characteristically says: "Very much the same holds about its territory. As to the question what particular kind of land it ought to have, it is clear that everybody would command that which is most self-sufficing (and such is necessary that which bears every sort of produce, for self-sufficiency means having a supply of everything and lacking nothing) in extent and magnitude; the land ought to be of a size that will enable the inhabitants to live a life of liberal and at the same time temperate leisure". Thus self-sufficiency and prosperity are the final aims of the City-state, as Plato maintained elsewhere. And Plato, as is known, in the "Republic" sought for the City-State to be situated far from the sea, in order to avoid trade and small commerce (κάπηλος) and the

vulgar behavior accompanying it thus creating a climate of opposition to politically just government, because frequent communication with strangers would bring about their influence on the laws in force etc.

Aristotle, however, did not go along with this distinction, observing that being in the neighborhood of the sea would be useful to the City-state and the fact must not be ignored that, "the merchant marine along with naval power made the state more powerful". And because the City-State would be able to get defensive help from land and the sea and also because it could procure the necessary goods which might be lacking and export the excess. "And the importation of commodities that they do not happen to have in their own country and the export of their surplus products are things indispensable; for the state ought to engage in commerce for its own interest, but not for the interest of the foreigner. People that throw open their market for the world do so for the sake of revenue, but a state that is not to take part in that of profit-making need not possess a great commercial port".

Though wealth must constitute the strength of the City-State it must also be accompanied by virtue. And it is only the joining of wealth and virtue which gives to economics the character of moral science, a point of Aristotelian thought which the late Professor Dertilis justly emphasized.

These are here the economic ideas of Aristotle who is considered to be the only one who penetrated also so deeply into the material organization of the life of man.

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