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Agamemnon's Cluelessness: Economic rationality and the alternatives.

Chapter 7 of *The Greeks and the Rational* (provisional title)

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NOTE: This chapter remains incomplete. it lacks an introduction and conclusion; section 7.7 remains to be written; endnotes are only briefly sketched; the Works Cited is yet to come.

ABSTRACT: To come

Introduction: To come.¹

7.1 At home with the money-makers


In the opening scene of book 1 of Plato's *Republic*, persuaded by Polemarchus and Adeimantus, Socrates and Glaucon choose to retrace their steps back down into Piraeus, rather than continuing on the road up to the main city of Athens. When they arrive at the home of the wealthy metic, Cephalus, it is the elderly master of the house himself with whom Socrates begins the dialogue. The opening move is Socrates' expressed wish to learn from very old people. He notes that since they have, "traveled along a road, as it were, which we too perhaps will have to travel, I think we should find out from them what kind of a road it is: is it rough and difficult, or easy and passable?"² For Cephalus the old-age road seems relatively easy. To judge by the first scenes of the dialogue, he spends his days at home, surrounded by friends and family, and performing religious rituals. The question of whether it is Cephalus' character or his wealth that have smoothed his road leads Cephalus' to claim that wealth is merely a useful instrument that enables an equitable person (*epieikês*), like himself, to be honest in all matters (329e-330a).

Socrates then asks his host if he had inherited most (*ta pleiô*) of his wealth or made it himself.³ Cephalus takes the question to be how much (*poia*) he himself had made.⁴ Notably, while avoiding mention of actual figures, both Socrates and Cephalus talk easily in terms of quantities: they both assume that wealth can be measured, presumably by reference to a monetary standard (talents of silver or *drachmaî*).⁵ Cephalus' answer comes in the form of Cephalus' capsule history of his family's fortunes: Cephalus himself is, he says, "middling" (*mesos tis*) as an expert money-maker (*chrêmatistês*).⁶ At one end of the spectrum is his grandfather, Cephalus I, who inherited from his own father about what Cephalus II now possesses and multiplied it many times over. At the other end is Cephalus' father, Lysianas, who lost all the gains made by Cephalus I and then some, passing on to his son less than Cephalus II now possessed (and thus less than Cephalus I had started with). Cephalus concludes: "For my part I am content if I pass on to heirs not less (*mê ellatô*) but a

little more (*brachei... pleiô*) than I inherited" (330b).⁷ Thus we learn two things: the family had long been wealthy and Cephalus, like his grandfather, successfully increased the family fortune. So, although Cephalus' answer does not specify what portion of his current wealth was inherited or made, the answer to Socrates' query is, in general terms, "both": Cephalus had inherited a reduced fortune and increased it to its present size through his own efforts.

But "some inherited and some made" is not the conclusion Socrates draws. He speaks as if Cephalus had confirmed his assumption that his host's fortune was inherited. Cephalus appears to him to lack the excessive passion (*sphodra agapan*) for money typical of those who have made it themselves.⁸ The contrast is to the psychology associated with money making: "those who have made money take it seriously, as their own creation" (*hôs ergon heautôn*), as well as valuing its use, "as other people do." Socrates' comparison set for those who treat their self-made money as their own creation is poets and their poems, parents and their offspring. Money-makers (as opposed to wealth inheritors) are, Socrates states, difficult to spend time with (*chalepoi... sungenesthai*) because they can praise only wealth (*ploutos* 330c).⁹ Here Socrates seems to be a spokesman for an aristocratic attitude that regards money-making (as opposed to wealth itself), as vulgar and corrupting. Yet, it is obvious from Cephalus' short family history that each head of his family was a more or less expert *chrêmatistês*. Cephalus himself, while less expert than his grandfather, had "created," not just inherited, at least some of his current wealth, and is quietly proud of having done so.

Socrates' scorn blocks any further discussion of the creative process of money-making. Rather than correcting Socrates' false (because incomplete) characterization of the source of his current wealth, Cephalus answers Socrates' new query concerning the greatest benefit he had gained from the possession of wealth. He does so by returning to the issue of honesty: Possessing wealth allows one to avoid doing injustices (*adikêmata*). The wealthy man is in a position to tell the truth and to pay what he owes to other people and to the gods. The importance of being in a position to do what is right by the gods is underlined by the dramatic setting: Cephalus both enters and leaves the dialogue as a performer of religious ritual (328c, 331d). The greatest benefit Cephalus has gained is evidently lack of fear of punishment in the afterlife for any unjust acts he might have committed while he was still alive.



Yet according to the still-influential work of M.I. Finley, and that of his followers, the violence and gift-exchange economy that characterized what Finley (1965) famously called “the world of Odysseus” was not meaningfully different from the economy of the classical era. If Finley’s position were correct, it would have profound consequences for our conception of Greek economic rationality. Exchanges of goods predicated on violence and gift exchange can, per above, manifest a kind of instrumental rationality. But it is not the sort of mutual-profit-driven, “creative money-making” rationality required to sustain a vibrant and growing market-based economy. The conclusion of the Finley-school argument is, in simplest terms, that because a market-based economy could not have existed in ancient Greece, given the absence of the right kind of economic reasoning, it did not exist.

Advocates of the “Finley school” of ancient economic behavior support their line of argument by reference to the sort of sentiments expressed by Plato’s Socrates (above), when he queried Cephalus on the sources of the elderly metic’s wealth. Since money-making was treated with scorn by spokesmen for aristocratic culture, so the argument goes, and since aristocratic culture defined the aspirations of most if not all Greeks, the conditions of Greek (and for that matter, Roman) society were inherently hostile to the emergence of the kind of economic thought and practice – prominently including instrumental rationality in matters of production and exchange – that could have produced efficient markets and long-term economic growth. This general approach sees little role in “the ancient economy” (Finley 1975) for profit-seeking, capital investment, or technological innovation. The Finley school approach is variously described as “substantivism” (by its advocates) or “primitivism” (by its critics) and is contrasted by its proponents to “modernizing,” “capitalistic,” or “neo-liberal” approaches to ancient economic history.³⁰

Finley’s line of argument on the ancient economy has been undermined in recent years, by a body of revisionist scholarship. That work concludes, first, that there was in fact sustained and substantial growth in the Greek economy between the ages of Homer and of Plato and Aristotle. Next, economic growth was driven by (1) efficient methods of production, predicated on relative advantage and aimed at increasing the quantity as well the quality of goods produced, and (2) by market exchanges based on voluntary contracts. Moreover, the rational Greek state (notably, but not exclusively Athens) was increasingly cognizant – through its legislative, judicial, and administrative functions (ch. 5) – of the social (and taxable) value of providing rules and infrastructure aimed at facilitating the profitable production and exchange of goods. Those revisionist conclusions are based on detailed studies grounded in various forms of evidence – some of it literary but much of it

epigraphic, numismatic, and archaeological – for individual and state-level involvement in economic activities – production, consumption, and exchange of goods – in Greek antiquity.³¹

If the “substantial growth” conclusion is correct, as I suppose it to be, it appears that in practice, at least, Greeks were quite capable of the kind of reasoning necessary to build and sustain a growing economy. That is to say, ancient Greeks, as individuals and collectives, frequently employed economic rationality, i.e. rationally instrumental reasoning in economic contexts. It is nonetheless undeniable that there is a body of classical literature that exemplifies the scorn for money-making that was emphasized by the Finley school. Those expressions of scorn underpin the theory of an essentially timeless and changeless ancient economy predicated on violent extraction and gift exchange. The many surviving works of classical-era Socratics – Plato, Xenophon, and Aristotle – figure prominently in that ancient body of evidence. While scorn for trade and commerce can indeed be found outside the philosophical corpus, absent the works of the Socratic philosophers, our sense of what “Greek literature” has to say about economic activity would be very different.³²

The question then arises: What is the relationship between Socratic philosophy and the actual thought processes and practices expressed in the economic activities of Greeks who did not leave philosophical texts to posterity? There are several possibilities:

The first possibility involves a causal argument: Philosophical literature was the primary source of everyday thought and practice on economic matters. This seems to me so unlikely as not to merit much further discussion.³³ That rejection requires some qualifications. There is certainly no reason to believe that Greek philosophers were without social influence. Nor, *a fortiori*, is there reason to believe that they lacked any interest in influencing the societies in which they lived.³⁴ Indeed, I will argue, below, that Plato and Aristotle hoped to turn their readers (and presumably their students) away from what they saw as a corrupting attachment to instrumentalism. But that is very different from claiming that the Greeks organized their businesses of production, consumption, and exchange on the basis of philosophical recommendations.

A second possibility centers on faithful representation: The economic attitudes expressed in Socratic texts are reasonably accurate reflections of the background thought and practice of the Greek society in which those works were produced. If that were the case, we could make positive claims about the relevant Greek social attitudes, for example “money-making was generally scorned,” based on comments in the relevant texts: “Plato’s Socrates scorned money making.” If we were to go so far as to assume that the faithful representation of prevalent social attitudes by surviving Greek philosophical literature was comprehensive, we would feel justified in taking the silence of our surviving literary record as reliable evidence of absence. Thus, for example, the fact that Aristotle did not produce a (genuine) work on “economics” to match his detailed treatments of, say, politics, ethics, or rhetoric, would allow us to assume that there was no systematic Greek thought on

economic matters. The reliance on a faithful representation assumption, and even on “comprehensive representation,” is characteristic of those who have embraced Finely’s substantivist/primitivist conclusions.³⁵

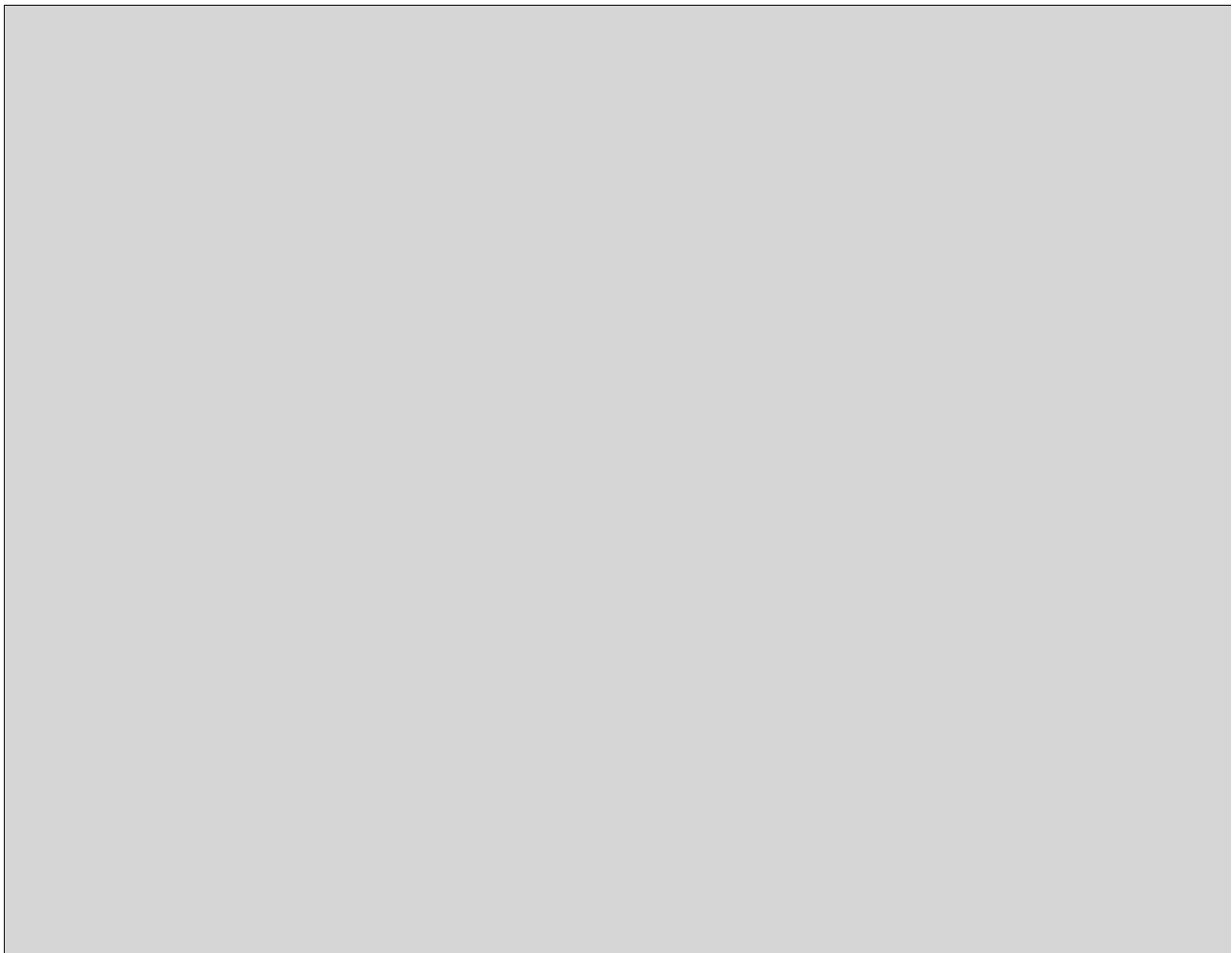
There is good reason to think that in some texts, e.g. in the empirical parts of Aristotle’s *Politics*, a classical Greek philosopher was indeed concerned with explicating the actual thought and/or practice of a reasonably broad cross section of his contemporary society: Aristotle’s “endoxic” method of establishing valid premises in areas of inquiry (like political science) that cannot be advanced syllogistically, draws on the opinions (*endoxa*) held by “most respectable people.”³⁶ Nonetheless, it is, I think, invalid to assume that in most, or even many cases, an attitude expressed in a Greek philosophical text is, or was meant by its author to be, an accurate representation of ordinary background social assumptions. The classical philosophy relevant to our inquiry is explicitly evaluative and normative rather than merely transparently descriptive. Evaluative texts critically examine existing states of affairs; normative texts express what their author supposes ought to be the case, rather than what is typically the case. Evaluative and normative texts thus engage with background beliefs and behaviors, but they do not, and do not purport to, represent them in any straightforward way. The relative uselessness of philosophical texts for establishing the attitudes of ordinary Greeks has long been recognized by historians of ancient values and ideologies. Kenneth Dover’s *Greek Popular Morality* (xx), for example, abjured the use of philosophical texts in favor of comedy and oratory.

My own earlier work rejected the hypothesis that philosophical texts were representational in the sense sketched above. In *Mass and Elite in Democratic Athens* (1989), which was aimed at reconstructing the popular ideologies that underpinned Athenian democratic discourse and practice, I followed Dover in focusing primarily on Athenian oratory and, to a lesser extent, comedy. In *Political Dissent in Classical Athens* (1998) I argued that much of what Plato and Aristotle had to say about democracy should be understood as evaluative criticism of democratic thought and practice, aimed, at least in part, at establishing a normative basis for more choice-worthy forms of social order. Moreover, I argued that philosophical criticism of democracy ought to be read in the context of a long and engaged debate among Athenian citizens, intellectuals, and writers of texts about the problems of democracy. And finally, I suggested that classical Greek texts critical of democracy were motivated, not by Athenian democracy’s evident failure, but rather by its apparent success, when compared to other real-world forms of government known to their authors.

In a similar fashion, I would suggest a third way of relating the texts of the philosophers to the thought and practice of their contemporaries concerning economic production, consumption, and exchange – to money-making and the employment of instrumental rationality in the creation and accumulation of wealth. Per above, this third way assumes that the approach of the Socratic philosophers to economic rationality was fundamentally critical and normative. As with the case of democracy, I suppose that

philosophical criticism was motivated by the evident (and to the critics' minds, problematic) effectiveness of the relevant practices: Rational economic behavior by money-makers in the Greek world in fact often (although certainly not always: cf. Lysianas) achieved the ends desired by and aimed at by its practitioners. Those ends were pursued through deliberation, choices based on ranked preferences over available outcomes, and actions following on the choices in pursuit of maximizing value denominated in monetary terms.

In the briefest and bluntest terms, then, I suppose that the Socratic philosophers were acute observers of the behavior of economically rational agents, operating within the rules and norms established by instrumentally rational city-states, in the wider context of a rational inter-state order. Of course, per the previous chapters, that blunt characterization requires very considerable qualification: Neither individual nor collective agents ever acted in the perfectly rational way attributed to the model choice-makers of formal decision and game theories. But enough Greeks (like Cephalus I and II) and enough Greek states (like Athens) were close enough to the being reasonably expert at instrumental reasoning as applied to economic activity to provoke from the philosophers what I will suggest was a profound, and historically influential critique.



7.6. Aristotle, *Politics*

In *Politics* books 1 and 2, Aristotle takes up the normative project of critically evaluating consumption, production, and exchange, but does so insisting on the necessity of taking humans as the partially self-interested creatures that we are (1263b1). Aristotle's project is, moreover, consistently and explicitly engaged with observed practices in Greek society. In chapters 2-5 of book 2 of the *Politics*, Aristotle famously criticizes Plato's account of the lives of Guardians in the *Republic* (and thus the entire project of the dialogue) as hopelessly unrealistic: The elimination of the nuclear family ignores human nature and fails in its aim of creating the conditions of happiness. Moreover, the extension of the public domain to encompass, and thereby eliminate, all private property not only makes a fundamental category error, by modeling the polis on an *oikos*, but it also invites a commons tragedy:

That which is common to the greatest number of owners receives the least attention; people care most for their private possessions, and for what they own in common less, or only so far as it falls to their own individual share; for in addition to the other reasons, they think less of it on the ground that someone else is thinking about it, just as in household management (*oiketika diakonia*) a large number of slaves sometimes give worse service than a smaller number.⁵⁷

As we will see, however, for all his criticism of his predecessors, Aristotle is at one with Plato and other Socratics in conjoining a display of mastery of Greek economic practice with criticism of that practice.

Aristotle's hierarchical, naturalized ethical teleology saw "living well" (*eu zên*), in other words *eudaimonia*, as the point of human existence. Other features of the phenomenal world (e.g. animals that could be domesticated or hunted), in common with other aspects of human existence (gaining and using the resources necessary to live), were subsidiary to ("for the sake of") that final, highest end. Living well was a demanding goal. Aristotle's works on ethics and politics seek to survey the difficult terrain and to map a road through it, one that would allow the student to arrive at the proper end. Book 1 of the *Politics* focuses, first, on antecedent material conditions necessary for at least some humans to live well, and, next, on the natural forms of authority necessary for establishing and maintaining those conditions. That is, for Aristotle, ethics and politics must take into account "merely living" (*zên*) as the foundation for the end of living well (*eu zên*) in a state of self-sufficiency (*autarkeia*). It must do so in a way that is fully cognizant of the kinds of expertise necessary for living, without losing sight of the ultimate goal of living well. The domain of expertise that is concerned with natural material conditions and forms of authority (especially master-slave) required by the end of self-sufficiency is designated *oikonomia*. But the definition of *oikonomia* and especially its relationship to money-making (*chrêmatistikê*) is, Aristotle says, contested (125ab14-16 and below).

Among the many goals of *Politics* book 1 is to put *chrêmatistikê* – as expert knowledge of a particular relationship among production (*poiêsis*), exchange (*allangê/metablêtikê*), and consumption/possession (*ktêsis*), all characteristically involving coined money - into the normatively correct place in his naturalized hierarchy of value. The critical conclusion is that *chrêmatistikê* (or one specific type of *chrêmatistikê*) is a subordinate part of *oikonomia*. It is not "according to nature" (*kata phusin*) but rather a *technê* arising from practical experience (*empeiria*). It aims the possession and increase of wealth, at accumulation of money, as an end. That accumulation is by its internal logic unbounded and unconstrained, insofar as wealth denominated in monetary terms has no natural limit. *Chrêmatistikê* thus is a matter of maximizing a single resource (one thought to give access to all other resources), rather than optimizing or satisficing in respect to other values. It is at once contrary to the true end of human existence, a prevalent approach to the management of material goods, and (at least potentially) an essential instrument for both the *oikonomos* and the *politikos*. Among the delicate tasks of book 1 of the *Politics* is, then, to demonstrate that Aristotle knows enough about this dangerous and vulgar (*phortikon*) instrument to specify its proper uses, while avoiding appearing to honor it as a science worthy of a detailed treatment.

Much of *Politics* book 1.8-11 is devoted to sorting out the contested relationship between *chrêmatistikê* and *oikonomia*. The goal is, first, to elucidate the necessary and natural form of production, exchange and possession/consumption and, next, to

distinguish that necessary and natural form from its unnecessary and unnatural doppelgänger. The confusion between the two types of economic activity arises because of their practical similarity and analytic proximity. The confusion arising from similarity and proximity is, I will suggest, a matter of intense moral concern for Aristotle: The right (necessary and natural) kind of economic rationality played an essential role in the achievement of *eudaimonia*. The wrong kind of economic rationality (aimed at unbounded accumulation) rendered its practitioners incapable of living well. Unfortunately, that wrong kind of economic reasoning was, Aristotle recognized, not only prevalent in his own society but hegemonic in its tendency to colonize other domains of human expertise and activity. This is part of the context for Aristotle's "best achievable" polis, described in *Politics* books 7 and 8. That "polis of our prayers" is characterized by norms and rules that sustain, for the citizens, the right kind of economic rationality and push back against the disruptive intrusion of the wrong kind.

Aristotle begins his discussion of economics by rejecting the claim of those who see the *oikonomos* as engaged in the just same activity, albeit on a smaller scale, as the *politikos* (1.1, 1252a11ff.). This seems to contradict the line of argument developed by Xenophon in *Memorabilia* book 3 (above). Aristotle emphasizes, at 1.3 (1253b 1-11) and throughout book 1, that *oikonomia* is primarily concerned with hierarchical relations of authority within the household. But he notes that some say that the greatest part of it is actually, "what is called *chrêmatistikê*" (1252b14). After (*inter alia*) establishing that production (*poiêsis*) is subordinate to use (*chrêsis*; because making is "for the sake of" using), and an extended discussion of the natural slave-master relationship, Aristotle returns at 1.8 (1256a1) to the examination, "by our usual methods," of matters concerning all forms of possession and *chrêmatistikê*. He rejects the notion that *oikonomia* and *chrêmatistikê* are the same thing, by pointing out that the latter concerns supply (*porisasthai*) the former usage (*chrêstasthai*) of necessary goods (1256a10-11). And yet, acquiring goods is an essential first step in using them, so some acquisitions – those arising from (e.g.) hunting, pastoralism, and farming, turn out to be natural and necessary. Such naturally acquired things make up "genuine wealth" (*alêthinos ploutos*: 1256b30-31). This sort of wealth is aimed at self-sufficiency and the good life; it is not limitless (contra Solon). And so "it is clear that there is a natural expertise in acquisition/possession" (*ktêtike*: 1256b38-39).

And yet there is another kind of *ktêtike*: "that they particularly call, and rightly, *chrêmatistikê*, on account of which there is no limit (*peras*) of wealth or possession" (1.9.1256b40-1257a1). It is this limitless *chrêmatistikê* that is considered by many (*polloi*) to be same as *oikonomia* because of their proximity (*geitniasis*: 57a1-2). Although Aristotle concedes that the two are indeed "not far apart" (*porro*), he insists the many are wrong to identify the one with the other: *Oikonomia* is natural; *chrêmatistikê* is not. The latter arises only from experience (*empeiria*) and *technê* (1257a4-5). This seems to me to be a key moment in Aristotle's critical/descriptive account of economic relationships: the deceptive and dangerous proximity of natural, bounded, *oikonomia* to unnatural, unbounded

chrêmatistikê leads to their conflation and thereby lures people off the road to living well, into the morally dangerous terrain in which accumulation of wealth was unbounded and aimed at no end beyond itself.

Aristotle reiterates the main points: exchange itself (*metablêtikê*) is not against nature, but arises necessarily, from the fact that human communities, beyond the level of the *oikos*, have a surplus or shortfall of certain material necessities due to the uneven distribution of natural resources (1256a14-30). *Chrêmatistikê* arose logically (*kata logon*) from those conditions (1256a30-31). As imports and exports of surplus increased (*epleonazon*), money, and then coinage came into being in order to facilitate the necessary exchanges. Then, with the increased money supply, the “other kind” of *chrêmatistikê* came about: retail exchange (*to kapelikon*: 1257b1-2),

which at first no doubt went on in a simple form, but later became more highly organized (*technichôteron*) as experience discovered the sources and methods of exchange that would cause most profit (*kerdos*). Hence arises the idea that *chrêmatistikê* deals especially with money, and that its function is to be able to discern from what source a large supply can be procured, as this art is supposed to be creative of wealth and riches.⁵⁸

And thus, *chrêmatistikê* came to be associated with money, especially coined money (*nomisma*), “and to have as its function (*ergon*) the ability to discern (*dunasthai theôresai*) what will provide a given quantity (*plêthos*) of riches (*chrêmata*: 1257a5-7).

After noting that in certain ways coinage seems unnatural and useless, Aristotle returns to the original kind of *chrêmatistikê* that is natural, i.e. “limited” *oikonomia*, and its difference from *kapelikê-chrêmatistikê*. The latter is productive of riches only through exchange (1257b22), is unlimited, and has as its end “this sort of wealth and the possession (*ktêsis*) of riches” (1257b29-30). Thus, while in one way there is a necessary limit to wealth,

“yet looking to what actually happens, we observe that the opposite takes place; for all people engaged in wealth-getting try to increase their money to an unlimited amount. The reason of this is the close affinity (*sunengus*) of the two... So, some people suppose that this [increase of wealth] is the function (*ergon*) of *oikonomia*, and they proceed in this way believing that what is demanded is either to safeguard their property in the form of money or to increase it to an unlimited amount...”⁵⁹

Here again, and with specific reference to the difference between his own theory and the actual conditions of his time, Aristotle raises the issue of dangerous proximity – the definitional confusion that leads people off the road to *eudaimonia* into the morally corrupting practices of unconstrained increase in wealth for its own sake. The root cause is the confusion of mere life with living well: Having an unlimited desire (*epithumia*) for living, “they” also desire unlimited productivity (*poiêtikon*: 1258a1-20).

Ominously, even those who do aim at living well seek bodily pleasures, which are available only through possessions. Thus, their concern is only with money-making

(*chrêmatismôn*), and this is how the other (unnatural) form of *chrêmatistikê* has arisen.⁶⁰ This insight sets up a critical payoff:

For as their enjoyment is in excess, they seek expertise productive of enjoyable excess; and if they are unable to supply it by *chrêmatistikê*, they attempt this by some other means, employing each of the capacities (*dunameis*) in an unnatural way. For it belongs to courage not to produce *chrêmata*, but confidence; nor to generalship (*stratêgikê*) nor to medicine (*iatrikê*), but it belongs to the former to bring victory and to the latter to cause health. Yet these people make all these *chrêmatistikê*, as if this were the end, and that everything must march towards it.⁶¹

Here, *chrêmatistikê* of the wrong, unnatural sort has become totalizing. Operationalized through the driving force of human desire, it colonizes and displaces other forms of worthy human endeavor – Aristotle recurs to the standard Socratic examples of medicine and generalship. What is left is the narrowly instrumental logic of unbounded growth and wealth as an end in itself. The similarity to 21st century critiques of “neo-liberal” economic rationality is striking.

After further rehearsing the now-familiar distinction between praiseworthy *oikonomia* and blameworthy *chrêmatistikê*, Aristotle notes that money-lending at interest (*obolostatikê*) is most reasonably hated because what it produces is from the operation of money (*nomisma*) itself and not the exchange of other goods. Interest (*tokos*) charged on a loan, he notes, actually just creates more (*poiei pleon*) money. In a passage reminiscent of Plato on the similarity of money-making to child bearing, Aristotle claims that just as *ta tiktomena* (offspring) are similar (*homoia*) to parents, “so too *tokos* is money born of money.”⁶² So, he concludes, this part of *chrêmatistikê* is especially contrary to nature (1258b2-8).

Having completed the part of his economic discussion concerned with knowledge (*gnôsis*), Aristotle turns to matters concerned with practice (*chrêsis*), noting that experience in such things is actually necessary (1.11.1259a1). After a discussion of livestock and farming, the “most proper” (*oikeiotatê*) parts of *chrêmatistikê*, Aristotle turns to exchange, especially its major part: *emporía*. The relevant parts of *emporía* are, first, ship-provisioning, transport of goods, and marketing (*parastasis*) – these sub-parts, he says, differ from one another in that some are safer and others more remunerative.⁶³ Here there is a clear implication that, since risk is closely correlated with potential profit or loss, and profit is the goal of trade, the expert practice of trade requires careful estimation of relevant probabilities. The second primary part of *emporía* is money lending at interest (*tokismos*). The third is wage labor. Switching from description to criticism, Aristotle notes that, “detailed and exact discussion would be useful for the practical workings (*ergasiai*) but to spend too much time on such things is crude (*phortikon*).”⁶⁴ Here it is clear enough that there is no meaningful attempt at what I have been calling faithful representation. And yet, “it is also necessary to collect the scattered accounts of methods by which certain

practitioners of *chrêmatistikê* have been successful. All these methods are beneficial for those who honor *chrêmatistikê*.”⁶⁵

This observation leads to the story of Thales’ demonstration of philosophical acumen in business: Having, by his astronomical methods, predicted a bumper olive crop, Thales leased in advance all the presses in Miletos and Chios. He was able to do so at a low rate, due to lack of competition for the leases in the winter, long before the harvest. When the bigger-than-usual crop duly came in, his monopoly allowed him to charge whatever he wished for pressing the oil (1259a5-14). Aristotle’s final point is descriptive and political and it seems to soften his initial criticism of those who urge the identity of *oikonomia* and *politika*: It is useful for *politikoi* to be familiar with these things, for many poleis need expertise in business (*chrêmatismos*) and revenues, just as does an household, but even more so (*hôsper oikiaî, mallon de*). Indeed, he notes, there are even some persons, among those concerned with politics, who are exclusively concerned with these (economic) matters (1259a33-36). Here, the previous worry about the hegemonic tendency of economic instrumentalism to intrude on other domains seems to be balanced against a recognition that financial expertise has indeed become an essential part of the organization of real-world poleis.

Aristotle’s well-informed and sharply critical analysis of economic activity in book 1 of the *Politics* isolated *chrêmatistikê* (of the sort concerned with money) as a prevalent, but strictly unnecessary and unnatural subsidiary part of the natural and necessary domain of *oikonomia*. As such, *chrêmatistikê*, while potentially useful for householders and statesmen, given certain contingent circumstances of Aristotle’s world, could be dismissed as vulgar and unworthy of detailed treatment. His conclusions on this score enabled Aristotle to account for the empirical fact of what we now call economic growth, evident in increased consumption, by attributing it to the unconstrained creative production and accumulation of wealth. Growth was made possible by the invention of a medium of exchange aimed at addressing the natural necessity of efficiently redistributing essential resources in a world of interdependent people and poleis whose natural end was *autarkeia*. But growth for its own sake was neither desirable nor worthy of closer attention in a body of work devoted to ethics and politics.

Among the results of Aristotle’s quarantine of *chrêmatistikê* as an unnatural part of the natural whole of *oikonomia* is that those dedicated to *chrêmatistikê* appear to stand outside the natural authority relationships of the *oikos* and polis. As a result, those involved in the money-making need not be citizens, and indeed, need not be sharers in the polis or constituent “parts” of the polis proper. In the “polis of our prayers,” all the vulgar aspects of production and exchange are to be handled by metics or foreigners, and their activities will be isolated in a commercial agora separate from the political agora.⁶⁶

More surprisingly, perhaps, *chrêmatistikê* seems not to involve the slave-master relationship in any natural or necessary way. *Oikonomia* is, as Aristotle emphasizes throughout book 1, centrally concerned with expertise in ruling over and using the labor of

slaves (e.g. 1.7.1255b30). He notoriously spends a great deal of space arguing for the naturalness of slavery.⁶⁷ But insofar as *chrêmatistikê* stands outside the natural order of economic activity, it need (in theory) have nothing to do with ruling others. *Chrêmatistai* (like, for example, Cephalus and his relatives) may, like shoemakers and others engaged regularly in “banausic” activities, bring upon themselves a sort of self-enslavement through practice (1.13.1260b1 ff). If that is so, the relationship of a money-maker master to his slave would presumably be, like the barbarian *oikos*, lacking in any natural ruling element (1252b4 ff). Aristotle surely does not envisage money-making as a realm of freedom in a Hayekian sense (Hayek xx). But it is a realm in which the naturally constrained and constraining relations between free and slave are functionally irrelevant.

Aristotle’s apparent bracketing of *chrêmatistikê* from natural authority relations in some ways tracks the earlier work of Xenophon in the *Oikonomikos* and *Poroi*: Xenophon, like Aristotle, saw *oikonomia* as the realm of naturalized authority relations in respect to appropriately bounded wealth-getting activity in an *oikos*. Like Aristotle, Xenophon put a great deal of emphasis on the proper management of household slaves. Consideration of how Aristotle brackets *chrêmatistikê* in the *Politics*, may help us to make more sense of the different approaches taken in various passages of Xenophon’s *Poroi*: The sections advocating the purchase by the state of a large number of slaves to work in the silver mines extends the logic of the prosperous slave-owning *oikos* to the financially-strapped polis. Those sections are, therefore, based on the appropriate deployment of military forces to maintain a status-based social and economic order (*Poroi* xx). The sections advocating legal and infrastructural changes to increase the level of trading in Athenian markets, by contrast, concern what Aristotle called *chrêmatistikê*. Those sections are directly concerned with the material incentives of metics and foreign money-makers. They are, consequently, unconcerned with force or with slave-master relationships.

Aristotle’s bracketing of *chrêmatistikê* was, moreover, realistic in that it tracked certain fourth-century BCE Athenian legal innovations according to which slaves involved in commercial activities were, in certain specified ways, treated on par with free persons, and metics and foreigners with citizens. In Athenian banking, in the commercial activities of the agora, in certain forms of legally binding contracts, the distinction between free and slave, foreigner and citizen, seems to have been elided in favor of what can plausibly be understood as economic efficiency and financial advantage.⁶⁸ On the one hand, public and private inattentiveness to the kinds of status distinctions that were, in some (although not all) other domains of Greek life, highly salient, surely led some Greeks with traditionally or philosophically aristocratic attitudes to (further) despise economic activity outside the circumscribed domains of *oikos* and polis.⁶⁹

This brings us back to the distinction between representation of social reality and critique in Greek philosophical texts. And to M.I. Finley’s view of Greek society as fundamentally predicated on fixed and formalized status roles, especially the free-slave and citizen-foreigner distinctions. For Finley and his followers, just as for Aristotle, Xenophon,

and traditional Greek aristocrats, although for very different reasons, the failure of the realm of *chrématistikê* to conform to norms of status distinction rendered it essentially superfluous. For Finley and his school, social status remained foundational; any activity that was *not* grounded in status, and in the power relations thought to inhere in status relations, was, consequently, unmoored and ephemeral. Economic activity aimed at increasing productivity, innovations aimed at increasing efficiency, and increased consumption – rather than securing the status of the relevant actors – were, thereby, rendered more or less invisible – and in any event, unworthy of detailed study. The result was, so I suppose, both a misunderstanding of the relevant texts and a misrepresentation of the underlying social reality.

