

Ancient Theoretical Approaches to the Economy

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Abstract

While earlier research looked at the question of ancient economic theories primarily from the perspective of a modern understanding of economics, more recent research has focused on understanding ancient economic theory from the perspective of its time. This article argues for the justification of both perspectives, because the interpretation of ancient texts allows for both and both can complement each other. For this, a careful and detailed reading of the ancient texts is important. This is why this article, by focusing on the 4th century BC, first distinguishes between different literary forms which offer us economic reflections. These include explicit forms such as Plato's *Laws*, Aristotle's *Politics* and Xenophon's *Oikonomikos*, but also implicit forms such as Hesiod's *Works and Days* and Plato's *Republic*. A careful interpretation of the texts makes it possible to recognize that ideas of economic regulation are the result of economic analyses to which they react, but which sometimes we can recognize only implicitly. So, we can find more as well as more diverse and more complex ancient theoretical approaches to the economy than had long been assumed in modern times. It can also be shown that the ancient world also knew the concept of *homo oeconomicus* and that a dichotomy between *homo oeconomicus* and *homo politicus* cannot be maintained.

In a second step, this article presents categories of ancient economic thought in the form of a general overview. These include an anthropological perspective that views need as a basic human situation, as well as the awareness that economics is an area of human activity that can be controlled by means of regulations and incentives. Other important categories are household, trade, market and property. Considerations on the role of the state in economic processes also play a role.

Keywords: Household (*oikos*), Literary forms of economic thinking, Market, Need, State, Trade

Resumen

Mientras que investigaciones anteriores han examinado la cuestión de las teorías económicas antiguas principalmente desde la perspectiva de una comprensión moderna de la economía, investigaciones más recientes se han centrado en comprender la teoría económica antigua desde la perspectiva de su época. Este artículo defiende la justificación de las dos perspectivas, porque la interpretación de los textos antiguos permite ambas y ambas pueden complementarse. Para ello es importante una lectura atenta y detallada de las fuentes. Centrándose en el siglo IV a.C., este artículo distingue en primer lugar entre diferentes formas literarias que nos ofrecen reflexiones económicas, incluyendo fuentes de información explícita como las *Leyes* de Platón, la *Política* de Aristóteles y el *Oikonomikos* de Jenofonte, pero también fuentes de información

implícita como los *Trabajos y los días* de Hesíodo y la *República* de Platón. Una interpretación cuidadosa de los textos permite reconocer que ciertas ideas de regulación económica son el resultado de análisis económicos a los que esas ideas reaccionan, pero que a veces sólo se pueden reconocer implícitamente. Por lo tanto, podemos encontrar enfoques teóricos antiguos de la economía más diversos y más complejos de los que se habían asumido durante mucho tiempo en la época contemporánea. También se puede demostrar que el mundo antiguo conocía el concepto de *homo oeconomicus* y que no se puede mantener una dicotomía entre *homo oeconomicus* y *homo politicus*.

En un segundo momento, este artículo presenta un panorama general de una serie de categorías del pensamiento económico antiguo, entre las que se encuentran una perspectiva antropológica que considera la necesidad como una situación humana básica, así como la conciencia de que la economía es un ámbito de la actividad humana que puede controlarse mediante regulaciones e incentivos. Otras categorías importantes son: hogar, comercio, mercado y propiedad. También se presentan algunas consideraciones sobre el papel del Estado en los procesos económicos.

Palabras clave: Casa (*oikos*), Formas literarias de pensamiento económico, Mercado, Necesidad, Estado, Comercio

1. Introduction

For a long time, modern scholars denied that ‘economics’, in the sense of theorising about economic processes, existed in antiquity, since they subscribed to a modern understanding of economics. Moses Finley even went so far as to conclude that since there is no word for ‘economics’ in Greek, the phenomena that ‘economics’ deals with did not exist either. In doing so, he adopted a modern perspective, taking ‘economics’ to reflect economic processes in the market¹. There are several reasons why Finley’s view cannot be accepted, including the fact that it is based on a fallacy and that historical research in recent years has established the existence of market processes in ancient Greece and Rome². Despite a lively discussion among researchers on this topic, systematic reflection on the question of what constitutes ancient ‘economics’ is only just beginning³. Recent work has, on the one hand, pointed out that the exclusive focus on a modern understanding of the economy, as characterised by market processes and economic ‘rationality’, obscures our view of the self-understanding underlying ancient economic reflections and, on the other hand, elaborated on the meaning of ‘economy’ in the ancient sense of ‘domestic economy’⁴. In answering the question of what ‘economics’ is, our starting point can be either a modern conception

¹ FINLEY (1999). Cf. ZOEFFEL (2006), 49-65.

² See HARRIS (2002); EICH (2006), 40-41; BRESSON (2007; 2008); HARRIS (2016).

³ Cf. FÖLLINGER (2016), 23-30.

⁴ HELMER (2021); HINSCH (2021).

of ‘economics’⁵ or the methodological principle that ancient writings should be understood on their own terms⁶. One major difference from earlier research approaches is the departure from the Weberian dichotomy between *homo oeconomicus* and *homo politicus*, as the political dimension of the *oikos* has been emphasised⁷.

2. *Literary forms of economic thinking*

The following reflections⁸ are intended to help broaden the spectrum of what constitutes ‘ancient economics’ even further, with a focus on the classical period⁹. To this end, I think it is helpful to make the following distinctions¹⁰:

2.1. There is an ‘economic literature’ that bears the word ‘economics’ in its title, such as Xenophon’s *Oikonomikos* and the Ps.-Aristotelian *Oikonomika*. In this context, οἰκονομικὴ τέχνη/*oikonomiké téchne* denotes the doctrine or method of administering a house or city¹¹. Accordingly, when speaking of ‘economic writings’ in ancient studies¹², one is referring to ancient literature whose explicit aim is to reflect on household economics. This includes, above all, works that deal with the good and profitable management of a household¹³, such as Xenophon’s *Oikonomikos*, but also his *Poroi*, which focuses on the Athenian state budget¹⁴. Xenophon’s predecessors were probably the Sophists, but also included Democritus¹⁵. The Pythagoreans may

⁵ HINSCH (2021), 28-33, who uses the premises of modern economic models, as formulated by the economist Gary Becker, in a modified form.

⁶ HELMER (2021), 23-43, starts from an ‘emic’ reading. According to him, instead of using more modern categories one should apply ancient categories, which he sees in the tripartite division ‘acquisition’, ‘storage or preservation’ and ‘good use’ (HELMER 2021, 119).

⁷ HINSCH (2021 *passim*); HELMER (2021, 167-170).

⁸ They are based on FÖLLINGER (2021) and represent a translated and modified version of this contribution. I would like to thank Chad Jorgenson for the revision of the translation.

⁹ For an overview which also includes the Hellenistic and Roman periods, see the study on the relation of ancient philosophy and history of economics in FÖLLINGER (2023).

¹⁰ The following differentiation expands and modifies the distinction made in FÖLLINGER (2016), 5-8 and FÖLLINGER (2021), 6-10.

¹¹ On the whole complex, cf. ZOEPFFEL (2006). On *Oikonomika* II cf. BRODERSEN (2006).

¹² Some of the texts are collected in AUDRING and BRODERSEN (2008). On the history of ‘economic literature’, see the excellent study by ZOEPFFEL (2006) with its rich material.

¹³ For the individual areas of responsibility of property management addressed in these writings, see NATALI (1995), 100.

¹⁴ In the Hellenistic and Roman periods, the Epicurean Philodemus and the Neo-Pythagoreans (e.g. Theano, Melissa, Myia) dealt with questions related to good housekeeping (AUDRING and BRODERSEN 2008).

¹⁵ Cf. ZOEPFFEL (2006), 138-148.

have played a special role in the development of this area of ‘economics’¹⁶, which would explain why it became so important to the Neo-Pythagoreans.

The aim of Xenophon’s *Oikonomikos* is to explain how a householder can manage a farm in a profit-oriented manner¹⁷ through appropriate personnel management and agricultural knowledge and, in this way, also fulfil his political responsibilities, since he then disposes of the necessary means for the liturgies and - through the skilful delegation of tasks - leisure for political activity¹⁸. At a time when many ‘technai’ were being established, such as rhetoric, medicine, sculpture and so on, Xenophon introduced economics as a *technē*, the mastery of which brings prosperity not only to the individual (upper-class) household, but also to the *polis*.

2.2. There are also forms of reflection related to economic processes that can be called ‘economic’ and that can be found within the framework of texts that do not explicitly appear to be ‘economic’. Their lowest common denominator, so to speak, is that they deal with human actions that respond in some way to ‘lack’. The category of ‘scarcity’ provides a link to modern economics, which conceives of economics as a ‘theory of choice actions under conditions of scarcity’¹⁹, whereby it need not necessarily be a question of the scarcity of money and material goods²⁰. Ultimately, then, economics is a theory that aims to explain human behaviour. Thus, if one understands ‘economics’ to refer to such reflective processes, it is possible to take in account both the modern narrowing of the term to market-based processes and conceptions of economics based on a broader view of the field of economic activity that see it as closely connected with other areas of human life. This is the case, for example, in Plato’s works, especially in *Republic* and *Laws*²¹, and in the elaboration of the foundation of economics in the first book of Aristotle’s *Politics*.

¹⁶ This is the well-argued thesis of ZOEPFEL (2006), 79-98, although she is not concerned with the person of Pythagoras (on the question of what can be attributed to the historical Pythagoras, cf. RIEDWEG 2002).

¹⁷ For this ‘economic’ understanding of Xenophon’s *Oikonomikos* see FÖLLINGER and STOLL (2018).

¹⁸ The fact that efficiency and profit are the goals does not prevent Xenophon from presenting a reading ‘between the lines’ in the form of a certain irony on the part of his Socrates.

¹⁹ Lionel Robbins’ influential approach summarized economics as a ‘theory of choice actions under conditions of scarcity’ (MANSTETTEN 2004, 79).

²⁰ Cf. the foundational monograph by economist Gary Becker (BECKER 1976). See also HINSCH (2021), 30.

²¹ See HELMER (2010).

2.3. If we adopt this broad concept of ‘economics’ as a foundation, we can identify profound reflections in texts that are not economic *per se*, leading me to speak here of ‘implicit economics’. Thus, in literary genres like tragedy, comedy and historiography, we see the significance attributed to the economy as a field of human action, even though the examination of it in works of these genres is not, by nature, systematic, but rather implicit in the way in which, for example, tragic characters justify their actions. Research into this field of ‘implicit economics’ is only just beginning (GRUBER 2013; RECHENAUER 2016)²². Hesiod’s epic *Works and Days* (7th century BC) serves as a good example, offering explanations for the human condition and exhortations to honest and diligent work, while integrating religious interpretations, as well as a comprehensive and religiously grounded reflection on justice. While, at first glance, it makes no contribution to economics *per se*, a careful reading reveals that this poem is preceded by a reflection on scarcity and how to deal with it, i.e. by what can be considered an economic reflection - even from a modern perspective (RECHENAUER 2016). In this context, Hesiod’s critique of profit-oriented utilitarian thinking focuses on human behaviour that exhibits traits of the modern model of the *homo oeconomicus*²³, as can be seen in the figure of the addressee, Perses, Hesiod’s brother, who obviously cheated Hesiod of his inheritance, as well as in the judges who are also addressed and who obviously allowed themselves to be bribed by Perses. Hesiod also denounces the pernicious consequences that the selfish pursuit of profit has for the community.

From the beginning of Western literature, then, economic action is understood as something risky, which, precisely because of the danger that it will become independent, presents itself as in need of regulation. At the same time, however, it becomes clear, as is the case in Hesiod, that successful economic action also provides a foundation for the well-being of the individual and the community. For this reason, these texts are already significant for determining how people acted, which explicit values were decisive for them and how normative texts reacted to them. They thus show that human - as well as economic - decisions depend on various parameters and did not take place ‘in a vacuum’. Investigating these parameters is the subject of the modern economic discipline of institutional economics²⁴, which emerged in reaction to the inadequacies of the neoclassical model. For example, the neoclassical assumption that the market functions on the basis of individuals’ ‘rational’ economic

²² On the economic analysis of poetry texts, see DE GENNARO et al. (2013; 2016; 2019).

²³ For the modern *homo oeconomicus* model, see KIRCHGÄSSNER (2013).

²⁴ For an introduction, see VOIGT (2002); ERLEI (2007).

actions is contradicted not only by everyday experience, but also by the existence of companies (according to the neoclassical theory, this form of organization would be superfluous if markets were perfect). When it comes to the study of history, the new institutional economics represents a fruitful approach²⁵. By integrating cultural factors into its explanatory models, it makes it possible to examine different forms of economic action in a value-free way. This means that in order to speak of ‘economics’, one does not have to assume that the decision-maker has profit maximisation as their goal. Instead, their calculations of utility can also be based on religious ideas, social guidelines or a combination of different motives. In this way, the institutional approach to economics makes it possible to study and compare the economic processes of different epochs, without presupposing teleological models. So, Alain Bresson, who applies the approach of Institutional Economics to Ancient History, has formulated:

La tâche de l'analyste n'est donc pas de porter un jugement de valeur, d'établir une frontière entre 'sociétés de rationalité' et 'sociétés d'irrationalité économique'. Elle est d'abord de décrire la logique d'un système institutionnel et éventuellement d'établir de manière comparative son degré de performance. On voit ainsi qu'on doit donner de l'économie, comme discipline, une définition différente de celle qui avait été rappelée initialement²⁶.

2.4. Both explicit ‘economic writings’ and implicit economics, whose content can be inferred through the close analysis of fictional works, are to be distinguished from other considerations that are found within the framework of philosophical writings, but that are not labelled in economic terms. These include above all the works of Plato and Aristotle, but also those of Cicero.

The economics of these authors, in the sense of a reflection on economic processes, belongs to the realm of ‘ethical’ or ‘political’ philosophy and thus integrates the regulation of this domain into an overarching conception of the ‘good life’. However, this form of economics does not only consist of regulation and normative concepts, but also of the analysis of economic behaviour to which these regulations and normative concepts react, even if the object of the analysis, which is subject to the regulation, is sometimes only indirectly evident (e.g. when monopoly formation is criticised, or regulations are considered that are supposed to prevent excessive prices)²⁷.

²⁵ Cf. NORTH (1988; 1992); RUFFING (2012), 12-13; VON REDEN (2015), 91, 102-104.

²⁶ BRESSON (2007), 31. Cf. RUFFING (2012), 13.

²⁷ Cf. below 3.4.

It is through the juxtaposition of this integrative view of ancient economics with contemporary economics that their differences become visible. Thus, the classical thinkers always assume that man is a *homo oeconomicus*, but that his rationality has other facets as well, meaning that he can change his behaviour not only in response to changing incentives, but also through the autonomous exercise of reason. Since this capacity should be trained from an early age if possible, education is accorded a high priority. This fulfils the prerequisite that the individual be able to distinguish the ‘true’ benefit, as Plato has the legislators of his *Laws* formulate it in thoroughly economic language, from the only apparent benefit (XI 913b 3-8)²⁸.

3. *Categories of Ancient Theoretical Approaches to the Economy*

3.1. *The anthropological perspective: need and lack of self-sufficiency as a basic human situation*

‘Need’ (*χρεία/chreía*) is a central category in economic considerations, both implicit and explicit. As a basic condition of human life, it is already found in Hesiod (RECHENAUER 2016)²⁹. According to both Plato and Aristotle, human economic action is a result of the situation of scarcity to which humans are exposed. Scarcity is the reason for man’s lack of self-sufficiency (*autárkeia*), which leads to cooperation, exchange and trade, as well as the formation of the state (FÖLLINGER 2016, 33-38).

But this existential lack is exacerbated by another lack, namely the need for ever more, *pleonexia*, because human needs are unbounded. Filling a lack in this second sense, which is accompanied by ever new needs, is a threat to both the individual and society, leading to war (Pl. *R.* II 373d 4-e 1). For Plato, therefore, economic activity, and especially trade, is not something negative *per se* (Pl. *Lg.* XI 918a 8-c 3) but belongs to the nature of man. It becomes precarious when it enters into a risky relationship with human *pleonexia*³⁰.

Aristotle, too, in the first book of his *Politics* (I 1-2), develops a conception of the economic realm as something that is fundamentally characteristic of human existence. For in his analysis of the state, which he attempts by breaking it down into its component parts and within the framework of which he presents a kind of ‘primordial genesis’ of the πόλις/*pólis*, the central explanatory category is lack and the concomitant absence of self-sufficiency. Man as an individual, according to Aristotle, is not self-sufficient, since he cannot exist on his own. This deficiency is remedied,

²⁸ See FÖLLINGER (2016), 42-43.

²⁹ Cf. above 2.3.

³⁰ For more details see FÖLLINGER (2015) and FÖLLINGER (2016), 33-48. Cf. below 3.4.

among other things, by the pairing of male and female, which together with other groupings of individuals form the ‘house’. The house is a community (κοινωνία/*koínōnía*) constituted in order to meet daily needs. The village, which is composed of various houses, also arose out of need, namely the need for things beyond what is needed on the necessities of daily life. In Aristotle’s analysis, which is at the same time a model of development, only the *polis* truly grants people self-sufficiency.

3.2. *The economy as a sphere of human power and economics as part of the science of the ‘good life’*

The idea that economics is a field that can be learned and brought under human control is by no means self-evident. It is already found in Hesiod, for otherwise the appellative character of his poem would make no sense. But while, in his case, it is situated within a religious frame of reference, this is not true of the philosophers. Rather, religion only comes into play when it is a matter of motivating people to act in the right way - as a strategy, so to speak, of ‘getting the word out’ about normative behaviour. This is the purpose of the religious framework that Plato outlines in his *Laws* (NOACK 2020) and which, together with other incentives, is supposed to encourage the citizens of the state that has been constructed in thought to act correctly. On the whole, it is quite astonishing that the economy was seen as something that gains independence, for example in the formation of prices, but that, for this very reason, must - and can - be influenced by humans. At the same time, it is precisely in the economic sphere that justice becomes apparent, and it is to this domain that ancient philosophers after Plato and Aristotle linked individual questions of what is just and fair. Thus, Cicero’s numerous examples of guile and fraud connected with the economic sphere (*Off.* III 58-71) provide insight not only into Cicero’s ideas about regulation, but also into contemporary practices, which were characterised by the rationality of *homo oeconomicus*. Cicero’s examples mainly concern conflicts of interest between ‘individual utility’ and ‘common property’, and thus a question that is original to economic history³¹. The question of the ways in which traders can deliberately exploit information asymmetries is also addressed.

The philosophers of the classical period assume that people can be motivated to act in a certain way by certain incentives. This is particularly clear in Plato’s *Laws*, in which many incentives are considered in connection with the regulation of the state that could be used to induce people to act in the right way. These incentives are rooted

³¹ Cf. VIVENZA (2001), 388.

in general human characteristics that should be taken in account. Aristotle also takes a certain view of human beings as the foundation for his reflections, for example when he considers the abolition of private property to be an unsuitable incentive for awakening a sense of responsibility in people (Arist. *Pol.* II 5). Xenophon, for his part, elaborates a system of incentives in the *Oikonomikos* and the *Poroi*. This common feature of these different accounts makes clear the existence of paradigmatic conceptions of human beings that are present in the works of all three authors, even if they are not always explicitly expressed. These do not so much focus on individual differences but are rather based on common characteristics of all people or certain groups of people. Insofar as all of them assume that people are generally oriented towards their own benefit, traits of the modern *homo oeconomicus* model can be found in all the different accounts, even though the anthropologies of Plato and Aristotle are not fundamentally congruent.

3.3. *The 'household' (oikos)*³²

The 'oikos', in the sense of the individual household, represented an important category not only in 'economic literature', but also in Aristotle's analysis. Aristotle discusses the relationships between the members of the household and the importance of acquisition as essential components. The *oikos* also stands at the centre of Xenophon's *Oikonomikos*, whose guiding question is how the head of a household from the Athenian political elite can manage his estate profitably. The character of Ischomachus³³ reflects on the ability of the head of the household to instruct all the members of the household, such that they regard welfare and profit to be an essential element out of their own interest. Therefore, communication with his (much younger) wife and instructing her in her tasks is his primary role, as her function is essential for economic success (FÖLLINGER-STOLL 2018). However, the text also describes how to instruct the caretaker and the housekeeper, as well as how to deal with slaves. Crucial here is the behaviour of the householder and his wife, which is characterised by ἐπιμέλεια/*epiméleia* - the 'active taking care of something' - and which should serve as a model. The goal is to create an atmosphere of trust that allows the head of the household to delegate tasks and thus free up time for him to fulfil his political and social obligations without harming the household. The aim of this text is thus to convey ideas of regulation, although not so much of a moral nature, as was often

³² See also the studies by HELMER (2021) and HINSCH (2021).

³³ Cf. above.

thought, but rather of an economic one, as the phrase ‘increase the house’ (αὐγεῖν τὸν οἶκον/*augein ton oikon*), which is used as a leitmotif, makes clear³⁴.

While Xenophon’s text, with its explicit introduction of an economic τέχνη/*technē*³⁵, valorises the importance of theory-based expertise for the profitable management of a household, as well as clarifying its significance for the well-being of the *polis*, in Plato’s analyses it is seen rather as a threat to the well-being of the state. His position is based on the view that those on whose shoulders political responsibility rests should, so far as possible, be freed from anything that might prevent them from dedicating themselves to this task (FÖLLINGER 2016, 127-130). This leads to the radical model developed in the *Republic*, according to which the leading groups of philosophers and guardians must have neither family nor property.

But beyond this demand for the separation of economic and political functions, which is intended to enable the guardians and philosophers to concentrate entirely on their proper functions within the state, Plato’s political thought is underpinned by the desire for the ‘unity’ of the state. In this context, individual households appear as potential sources of heterogeneity that could be detrimental to the unity of the state (FÖLLINGER 1996, 101-104).

For Aristotle, by contrast, the *oikos* is the fundamental constituent part of the *polis* (*Pol.* I 3). Since his methodology requires that one understand a whole by examining its parts (*Pol.* I 1), the enquiry into the *oikos* comes first (BOOTH 1981).

The fact that the *oikos* is an institution that cannot be ‘explained away’ is emphasised by Aristotle in his critical discussion of Plato’s conception of the state in the second book of *Politics*³⁶. Underlying this view is Aristotle’s anthropological analysis, according to which man is a ζῷον οἰκονομικόν/*zōon oikonomikón*, a ‘living being who engages in housekeeping’ (*EE* VII 10, 1242a 22-26). According to Aristotle (*Pol.* II 5, 1264b 4-6; FÖLLINGER 1996, 206-217), this criterion, which distinguishes humans from animals³⁷, also makes it impossible to justify the abolition of the division of labour within the household on the basis of comparisons with animals, as the Platonic Socrates did by proposing that men and women of the Guardians should have the same functions (*Pl. R.* V 451c-457b).

³⁴ See FÖLLINGER (2006) and FÖLLINGER and STOLL (2018).

³⁵ Cf. above 2.1.

³⁶ Cf. also KOSLOWSKI (1979), 65.

³⁷ In Arist. *HA* IX (VIII) 37, 622a 4, the octopus is called οἰκονομικόν/*oikonomikón*, by which, however, only its ability to store items is meant.

3.4. *Trade: its opportunities and the risks of the 'market'*

For Plato, trade is fundamental to man as a living being who is not self-sufficient on the individual level. It becomes problematic, however, when it is used to satisfy an unbridled need. Thus, wholesale trade (ἐμπορία/*emporía*) develops from exchange (371a), which, in turn, depends on sales in the *polis*. This gives rise to the market (ἀγορά/*agorá*), the use of money (νόμισμα/*nomisma*) and the institution of retail trade (κάπηλοι/*kápeloi*), as Socrates explains in his account of the genesis of the *polis*. However, the city itself is not self-sufficient either, but rather requires imports. And in order to import, it must export, which presupposes the production of a surplus (R. II 371a-f).

For Plato, therefore, regardless of the specific political structure in place, exchange, the economy, the market and money are all proper to human beings by virtue of their *physis*. This is why he does not view economic processes and money as negative *per se*. On the contrary, the function of the merchant, namely “to make it possible for all to have help for their needs and equality of possession”, and the function of money, namely as that “which makes inadequate and unequal possession of any goods into an equal and adequate one”, are even decidedly positive (Lg. XI 918a 8-c3). Trade and money become risky, however, in virtue of the fact that they - unlike any other human activity, one might say - strengthen *pleonexia*, which is a negative human trait. For when the opportunity to acquire wealth presents itself, few will be able to resist (Lg. XI 918c 9-d 8). Plato’s critique and corresponding attempts at regulation are grounded in the observation that traders exploit situations of increased demand for their own benefit, i.e. they are quite capable of recognising ‘market laws’, to put it in modern terms. Thus, in Plato’s *Laws* (XI 918a-920c)³⁸, a critical account is given of the behaviour of a hostel owner who exploits the isolated position of his establishment to charge usurious prices, i.e. profits from the needs of others.

In Xenophon’s *Oikonomikos*, too, the skill of merchants in exploiting situations of scarcity is thematised. Here, Socrates ironizes about the ‘love of agriculture and labour’ (20, 25: διὰ τὴν φιλογεωργίαν καὶ φιλοπονίαν/*dià tèn philogeorgían kai philoponían*), which Ischomachus cites as the motivation behind a behaviour engaged in by his father that nowadays would be called ‘land speculation’. By having Socrates ironically compare this behaviour with the ‘love of grain’ (20, 27: φιλόσιτοι/*philósitoi*) exhibited by merchants who particularly like to sell their products in places where there is great need, Xenophon points to a behaviour that is

³⁸ Cf. FÖLLINGER (2016), 14-17.

generally oriented towards winning a profit and commercially exploiting situations of scarcity, which is based on the disposition towards utility anchored in human beings (20, 29).

Aristotle's assessment of trade is ambivalent, due to the fact that he starts from a specific premise, namely that of the 'naturalness' of an activity. Correspondingly, in the first book of the *Politics*, he distinguishes three forms of chrematistics³⁹ (i.e. the art of acquiring money): the first form is a 'natural' (I 10, 1258a 37: *κατὰ φύσιν / katà phýsin*) mode of acquisition whose profit is derived directly from work on and with nature (e.g. agricultural acquisition), while the second form is a non-natural chrematistics in which intermediaries appear between nature and consumers who do not extract a profit from nature itself, but only through their intermediary activity (i.e. the merchants). The third form is interest lending, which according to these criteria is particularly far removed from nature and therefore evaluated negatively by Aristotle - albeit not because of the possibility of usurious interest (SCHÜTRUMPF 1991, I 349-353)⁴⁰. According to Aristotle, therefore, "the unnaturalness of trade lies in the fact that traders would make profit in the relations of supplier of a commodity - trader - buyer; this would arise through business relations between these persons" (SCHÜTRUMPF, 1991, I 351)⁴¹. Aristotle thus views trade, thanks to his philosophical presupposition that 'proximity to nature is good', more negatively than Plato, who recognises its distributive function and anchors the problems to which it gives rise in human *pleonexia*.

Nevertheless, Aristotle's reflections on trade and chrematistics are nuanced⁴². Elsewhere, he points to the benefits of trade (*Pol.* I 9, 1257a 23-30) and views wealth creation through trade as a strategy the people of Athens and Attica could use to combat their poverty (*Pol.* VI 5, 1320a 35-1320b 1). He also makes clear that a state is dependent on acquiring wealth (*Pol.* I 11, 1259a 33-36), even if wealth is not the

³⁹ On the Platonic background of Aristotle's distinction, see BALOGLOU (2012), 17.

⁴⁰ Cf. SCHEFOLD (1989), 38-39. Aristotle's negative valuation of interest was particularly influential (cf. ISSING 1992, 117-119). KAZMIERSKI (2012) explains that, according to Aristotle, negative chrematistics threatens the orientation towards a proper use of money, which corresponds to the nature of man.

⁴¹ Cf. SCHÜTRUMPF (1991), I 351: «vielmehr liegt der Grund für die Widernatürlichkeit des Handels in der Tatsache, dass die Händler in den Beziehungen von Anbieter einer Ware - Händler - Käufer Gewinn machen; dieser entsteht durch geschäftliche Beziehungen dieser Personen untereinander».

⁴² For a discussion, see SCHÜTRUMPF (1991), I 321-335 and SCHEFOLD (1998). On the historical background of Aristotle's evaluation of chrematistics, see KOSLOWSKI (1979), 76-78.

sole aim of the state but must be embedded in the broader goal of securing a ‘good life’⁴³.

3.5. *The function of money, chrematistics, and the critique of wealth*

Both Plato and Aristotle see the function of money as making different goods comparable and thus rendering trade frictionless, a function which is viewed positively in the *Laws*. Thus, in the context of the genesis of the *polis* presented in the *Republic*, money is already an element of the ‘healthy city’, i.e. it is not a sign of a degenerated economic system that has already deviated from the natural condition⁴⁴. Aristotle, who reflects more extensively on the functions of money, also understands its purpose in terms of enabling comparison, but distinguishes between three different functions: money serves as a means of exchange (Arist. *Pol.* I 9, 1257a 4-28), a store of value (*ENV* 8, 1133b 10-20) and a unit of account (*ENV* 8, 1133b 20-28; ISSING 1992, 113-115).

The critique of wealth advanced by both philosophers is not simply grounded in the fact that wealth corrupts character. Rather, their rejectionist stance is politically motivated⁴⁵, because the unequal distribution of wealth has a disruptive effect on the state and society (SCHÜTRUMPF 1991, I, 231-232; FÖLLINGER 2016, 127-130)⁴⁶.

3.6. *Property*

Property, as a profoundly economic problem, has been a topic of enquiry since Hesiod’s *Works and Days*. There was an awareness that unequally distributed property, in conjunction with wealth, can become a disruptive factor in political and social systems. This awareness is reflected in the archaic period above all in the figure of the Athenian legislator Solon, whose laws aimed to eliminate the excessive ‘social gap’. The fantasy of eliminating private property acted out in Aristophanes’ comedy *Ekklesiazusai*, perhaps performed in 391 BC, may also have influenced Plato’s conception of his *Republic* - as well as the idea of a gynocracy - in which the two upper classes, the guardians and the philosophers, are not allowed to own private property. Moreover, even in the late dialogue the *Laws*, a state with purely communal

⁴³ Flashar speaks of approaches to a ‘national economy’ (FLASHAR 1992, 82-83). On the economic policy of the Greek *polis*, see RUFFING (2012), 69-72. Cf. VON REDEN (2015), 31-32.

⁴⁴ *Laws* XI 918a 8-c 3

⁴⁵ On Aristotle’s political motivations, see also PRIDDAT (1989).

⁴⁶ For Plato’s critique of wealth, see also SCHRIEFL (2013). See also HELMER (2016).

property is seen as ideal, albeit an ideal that cannot be realised due to the peculiarities of human beings (*Lg.* V 739b-740a).

Aristotle, by contrast, expresses strong reservations about the Platonic idea that the abolition of private property leads to an improvement of the state and social situation. He points out that the abolition of private property and the communitarianisation of property generally lead to more strife than unity (*Pol.* II 5, 1263b 15-29). Since humans are by nature more careful with their own possessions, it is generally advantageous to retain private property. Here, too, Aristotle argues on anthropological grounds: he calls it a human trait to take pleasure in doing good to those close to one using one's possessions (*Pol.* II 5, 1263a 40-1263b 7). He sees the solution to the problem in the education of character, which should work towards encouraging people to make use of their property for the common good. In his opinion, this is a task for legislators, a point he supports by referring to successful historical examples (*Pol.* II 5, 1263a 21-40). The view that people would accept a kind of moral obligation on the basis of a good upbringing and through reason is more optimistic⁴⁷ than the risk-averse attitude of Plato's *Laws*, in which human behaviour is to be safeguarded by a multitude of institutions⁴⁸.

Subsequently, reflections on the legality of private property, on the relationship between private property and common property, and on the question of how property should be properly used were also important issues in the economic philosophy of Hellenism and in Cicero (VIVENZA 2008). For Cicero, a violation of the inviolability of property is not simply an offence against man-made rules, but an offence against the human community (*Off.* I 21: *violabit ius humanae societatis*) and thus, since it is based on nature, against nature (III 21). Furthermore, he even goes so far as to justify the inviolability of property with a theory of the state (II 73), according to which states arose in the first place to protect property.

3.7. *The task of the state*

By this point, it has become clear that the philosophers of the Greek classical period identified functions of the state in the area of economic processes. Their efforts are bound up with historical developments - Solon's attempts to find socially acceptable regulations in his role as Aisymnetes are well known - and circumstances, such as the fact that, in Athens, market activity was controlled by officials with various functions (MÖLLER 2007, 373-375; BRESSON 2008, 22-44; VON REDEN 2015, 127-128).

⁴⁷ Cf. also KOSŁOWSKI (1979), 80-81.

⁴⁸ For a discussion, see SCHÜTRUMPF (1991), II 188-192.

However, they developed a systematising approach to the problems and thought them through from an anthropological and ontological perspective.

At the same time, the proposed solutions regarding how the state should intervene on the regulatory level are quite diverse. Plato has the interlocutors of his *Laws* - which unlike the *Republic* allows for property - design a variety of institutions for the newly founded state, with ‘institutions’ being understood here as ‘rules provided with sanctioning measures’⁴⁹. In this context, not only do we find rules that are to be codified and backed up by state sanctions, but also an emphasis on the importance of rules that arise through habituation and that are punished by social measures, such as censure⁵⁰. A good example is the regulation of sexual behaviour which combines different institutions (*Lg.* VIII 835b-842a)⁵¹. The laws proposed by the Athenian are ‘positive law’. But the “best law”, which excludes homosexuality and monogamy, is not monitored by the state; instead, an implementation measure that is actually part of ‘internal institutions’ (institutions which are not codified) is to take effect: tabooing and religious punishment. In the “second-best law”, which the Athenian considers in order to anticipate all eventualities, the rule is to be implemented through shame (αἰσχύνη/*aischýne*). Explicitly, the enforcement of the rule in this way is seen as the result of behaviour that has become a “fixed custom” (νόμιμον/*nómimon*) due to habit (ἔθος/*éthos*) and the “unwritten statute” (ἄγραφος νόμος/*ágraphos nómos*) on which the habit is based is regarded as an institution, which has the “force of law” (νομισθέν/*nomisthén*) (but is not a codified law!). But obviously the Athenian does not want to rely solely on the power of the internal institution, because it is replaced, as it were ‘in the aftermath’, by control measures that are part of an external institution. In the event of a violation of the commandment to conceal a heterosexual secondary relationship, the man in question should lose his civil rights and also receive no state honours, because, according to the Athenian’s reasoning: such a man is “indeed a stranger” (VIII 841e 4).

So, these institutions are intended to safeguard correct behaviour. But education from early childhood also plays an important role, which is supposed to enhance cognitive ability and personal responsibility through habituation and training of insight.

Significantly, however, individual responsibility is seen as less trustworthy in the realm of trade. This is shown, among other things, by the fact that the *Laws* develop

⁴⁹ See above 3.6.

⁵⁰ For the various forms of institutions see FÖLLINGER (2016), 20-21 and 109.

⁵¹ See FÖLLINGER (2016), 107-109.

a detailed set of rules for this area, for example that only metics, but not citizens are allowed to trade (IX 919c), that freedom of price is restricted (XI 917c), that there is no legal state protection for loans (XI 915d-e)⁵². In contrast to these regulations, in other cases the interlocutors explicitly avoid going into detail, such as when it comes to the question of how to proceed when suing officials (VIII 846b-c).

The main aim here is to separate political accountability from economic striving, which is linked to a profit motive (FÖLLINGER 2016, 127-130). Because, in the mixed constitution of the *Laws*, all citizens bear political responsibility, the rules stipulate that citizens, apart from working in agriculture, may not take on any economic functions and therefore may not engage in trade. These functions are instead left to metics, foreigners and slaves (FÖLLINGER 2016, 142-146). By contrast, Aristotle, who rejects Plato's ideas about property and family, sees the task of the legislator as influencing the character formation of the citizens and thus boosting acceptance of the communal use of private property⁵³. Xenophon, too, in his *Poroi*, emphasises that the quality of the *polis* depends on the quality of the men who lead it, but he also outlines a concrete programme of incentives that Athens should use to encourage the metics to be more economically active, as well as the ways in which the state should become directly economically active (3, 9).

4. Conclusion

If one examines the theoretical economic approaches offered by antiquity with a value-free view and a broad concept of economics, one recognizes the great diversity of reflections. For example, reflections on dealing with scarcity can already be found in one of the first works of Greek antiquity, Hesiod's *Works and Days*, albeit implicitly, as they are hidden behind his proposals for regulation. The economic philosophy of classical Greece, represented by the philosophical literature of Plato and Aristotle, to which the specialist literature of Xenophon can be added, is based in its economic considerations on categories that also characterize modern economics, such as scarcity and the question of how to deal with it. In line with the ancient cultural conditions, reflections on the household as a central economic unit play a role. But the thinkers also reflect on the handling of property and the problems of market processes. In doing so, they are based on a conception of man that has traits of the modern *homo oeconomicus* model. However, unlike modern economics, they see economic processes in a wider context of a 'good life', even if they are aware of the

⁵² For details see FÖLLINGER (2016), 142-150.

⁵³ See above 3.6.

independence of market economy processes, or perhaps better: because they are aware of it. What the theoretical approaches of the 4th century BC have in common is that they always see the economic well-being of the individual in the context of the well-being of the state.

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