

in other words not government by one individual (monarchy), or by the majority (democracy), but by a select class, who are privileged because of some real or alleged superiority to the rest. Government by a class, if it possessed no such superiority, was not aristocracy but oligarchy (government of the few). Such are in the main the distinctions of ARISTOTLE (*Politics*). Aristocracy, however, has come to mean in our own day simply that class in society which is, or claims to be, superior to the rest, with or without any special power in the government. Historically, therefore, there have been as many forms of aristocracy as there are forms of excellence amongst men. There were aristocracies built on a superiority of race and birth, aristocracies of culture (such as a caste of priests); aristocracies of age and experience (senatus, *γερονσία*); military aristocracies, territorial aristocracies (of proprietors of land), and finally aristocracies of wealth (*equites*, merchant princes). It is of the last that Cicero recorded his opinion: "Nec ulla deformior species est civitatis quam illa in quâ opulentissimi optimi putantur" (*Rep.* I. 34). The popular notion of aristocracy changes with the popular standard of excellence; and the changes have clearly been, on the whole, for the benefit of civilisation. Between the actual equality of men in barbarous societies, and the endeavour after equality in the most civilised, there are intervening stages where society is necessarily composed of privileged and unprivileged classes. The relative justification of slavery, for example, lies in the sparing of the conquered, the training of them to habits of industry, and the securing to their masters of the leisure for the acquisition of science and culture. But if these were the conditions of the beginning of progress, they are not necessarily the conditions of its continuance.

In the same way an aristocracy of birth has been the means of reducing a people to military and political discipline, as in the Roman republic and mediæval Europe. The republic of Venice grew strong and wealthy under a governing council filled entirely by sons of office-holders. But the lessons once learnt, the teachers are dismissed. In Venice, *e.g.*, the closing of the *Libro d'oro* in 1309 was the suicide of the governing class. In modern times the two types of most importance in economical and social development have been the territorial and the commercial aristocracies. The aristocracy of feudalism became territorial when the reward of victory was the grant of lands. Land was in those times "the means not of subsistence merely, but of power and protection." Such customs as PRIMOGENITURE and ENTAIL preserved the estate to the lord's family; to divide the land would have been to lessen the power. But by thus endeavouring to maintain their own power, the lords were giving security of person to their dependants, and to their country

a continuity and stability of institutions which every country in Europe needed above everything in those times. In addition they introduced a rule of conduct (*noblesse oblige*) which had in many ways a real superiority to that of common folk. Nevertheless the growth of absolute monarchies, of towns, guilds, and commerce, not only made the feudal institutions unnecessary as guarantees of stability, but revealed the fact that they might be hindrances to progress. Economical causes worked, among others, to free the dependants and to raise up formidable rivals to the power of the nobles. Politically their exclusive privileges may be said to have lasted in France till the Revolution of 1789. In England territorial nobles tempered the hostility of the merchant princes by admitting many of the latter from time to time within their ranks; and they thus saved their privileges for another half century. The aristocracy of wealth, which at first rivalled and then conquered the aristocracy of birth in England, will no doubt give place in its turn to a successor when its work is done. It is of a nature to invite the odium of those who are excluded from it, in proportion as fortunes seem to be due to chance and speculation more than to industry and talent. The recognition of its superiority is often the confession of weakness in presence of strength rather than reverence before admitted excellence. The latter feeling is not only consistent with modern democracy, but is an imperative condition of its health. Democracy claims a fair field for the exercise of all the powers of men, and anything like a hereditary caste of privileged persons would never be willingly created, and is very reluctantly maintained by it. But it recognises an inequality of ability, an aristocracy of genius, and an aristocracy of labour. The differences in talent between individuals, and the effect of heredity in intensifying them, will remain a constant factor of economical and social development (see also EQUALITY; FEUDALISM; HEREDITY; INHERITANCE, ESTATE OF).

[Bluntschli, *Staatslehre*, II. x. and VI. xix. (1875).—Stahl, *Philosophie des Rechts*, vol. ii. p. 103, *Der Adel* (1878).—Ad. Smith, *Wealth of Nations*, bk. iii.—G. C. Lewis, *Use and Abuse of Political Terms*, § 8 (1832).—Montesquieu, *Esprit des Loix*, II. iii., III. iv.]

ARISTOTLE. By *Æconomic* (*οικονομική*) Aristotle meant the practical science, or art, of household management—practical wisdom (*φρόνησις*) applied to the household (*Eth. Nic.* VI. 8 § 3), the household (*οικία*) including the three relations of husband and wife, father and child, master and slave, and obviously requiring property for its maintenance (*Pol.* I. 2). The two disconnected books called *The Economics*, which have come down to us among Aristotle's writings, are certainly not his, but works of the Peripatetic school, the first being earlier and of

more value than the second (Zeller, *Phil. der Griechen*, Ed. 3, Theil II., Abtheil. II. p. 944). The first book of the *Politics* constitutes his own contribution to the subject (cp. *Pol.* I. 3, § 1; and III. 6, § 3), and is, indeed, summarised under the title of *περὶ τοῦ οἰκονομοῦ*, i.e. *Concerning the Economist*, in the epitome by Arius Didymus (?) preserved in Stobæus (*Ecl.* II. c. 6).

*Χρημαστική*, the science or art of wealth, is, he tells us, by some considered identical with household management, by some regarded as the most important part of it (*Pol.* I. 3, § 3). He treats of it in chaps. 8-11; and in these chapters, taken along with *Eth. Nic.* V. 5, §§ 6-16, we have what would now be called the "political economy" of Aristotle. Both households and states require means for their support. WEALTH (*πλοῦτος*) is, therefore, defined as "a quantity of instruments for the household or state" (*Pol.* I. 8, § 15). This definition MILL (*Pol. Econ.* "Preliminary Remarks") would consider "philosophically correct," though like other English economists he prefers to define wealth in terms of EXCHANGE. In *Eth. Nic.* IV. 1, § 2, Aristotle defines, or rather describes, property (*Χρήματα*) as "everything whose value is measured by money;" but the more scientific definition of the *Politics* serves him as a basis for his opinion about the true relation of *χρημαστική* to *οικονομική* and *πολιτική* (as we should say "of economics to politics"). A science of instruments or means is obviously subordinate to a science of ends.

Aristotle uses *χρημαστική* in the widest sense as equivalent to *κτητική*, the art of acquisition in general; but in a narrower sense it is limited to the art of acquiring that wealth which is only rendered possible by exchange and, on any considerable scale, by MONEY. The kinds of acquisition are distinguished as "natural" and "unnatural," the latter arising through the introduction of exchange. "Natural" wealth is to the household just what nature's provision of food is to animals, e.g. mother's milk to the young, or its ordinary food to the graminivorous or carnivorous animal. And so hunting, either of wild animals for their flesh or skins (fishing would fall under the same head), or of slaves to serve as "living tools," is named among the "natural" modes of acquisition. The "nomadic" life of those who rear sheep and cattle, agriculture (including the cultivation of fruit-trees), the keeping of bees (important when sugar was little known), and the rearing of fowls and fish—all these are considered "natural" ways of supporting life. Intermediate between these and the "unnatural" class, Aristotle places wood-cutting and mining: the man who grows corn is in immediate contact with nature, but the man who makes the spade, or plough, or procures the materials for it, is a step removed from nature—such, at least, seems to be his line of thought. Exchange

(*μεταβλητική*), as already said, introduces the "unnatural" kind of acquisition. Aristotle distinguishes, as Adam SMITH did again long afterwards, between the VALUE possessed by anything in *use* and its value in *exchange* (*Pol.* I. 9, § 2). If a shoe be worn, that is according to nature; if it be used to purchase other commodities, that is not "natural," though still a use of the shoe *quod shoe*; for the person who takes it in exchange takes it because it is a shoe. Exchange only comes to be needed when we pass outside the limits of the household. In early stages of society, "as among many barbarians still," it took place by simple BARTER (*Pol.* I. 9, § 5). The introduction of money (*νόμισμα*)<sup>1</sup> makes no difference in the character of exchange (*Eth. Nic.* V. 5, § 16), but facilitates it enormously by supplying a measure of value (*πάντα ποιεῖ σύμμετρα*, "it makes all things commensurable," *Eth. Nic.* V. 5, § 15) and a convenient medium of exchange. Money is defined as "a conventional exchangeable representative of demand" (*ἀπάλλαγμα τῆς χρέως κατὰ συνθήκην*, *Eth. Nic.* V. 5, § 11). GOLD and SILVER serve this purpose best; being useful themselves, they are at the same time easily carried about (*Pol.* I. 9, § 8), and, although liable to change in value, they do so less than other commodities (*Eth. Nic.* V. 5, § 14). At first they were always weighed, afterwards a stamp was imposed (*Pol.* I. 9, § 8). This brings out the *conventional* character of CURRENCY, so that a change in the currency will make the old coins useless (*Eth. Nic.* V. 5, § 11). About money there are two opposite errors: (1) that wealth consists in a quantity of money (*Pol.* I. 9, § 10); (2) that it is something utterly valueless—(here he doubtless alludes to the pseudo-Platonic *Eryxias*), as are maintained in the pseudo-Platonic *in-*

The "unnatural" kind of *χρημαστική* includes (1) Trade (*ἐμπορία*, commerce, and *καπηλική*, retail trade), different forms of which are ship-owning, the carrying-trade, shopkeeping; (2) Money-lending (*τοκοσμός, ὀβολοστατική*), which is even more unnatural, for it is a perversion even of the natural use of money to make money breed money, instead of simply facilitating exchange; (3) LABOUR for wages (*μισθοπρία*); for while, in Aristotle's view, there are slaves by nature, the hired labourer, whether skilled or unskilled, is something contrary to nature—

<sup>1</sup> A remarkable proof of the force with which this conception has been impressed on modern thought is found in the reference made by MIRABEAU to Aristotle at the session of the National Assembly, 12th December 1790 (see Dana HORTON, *Report on International Monetary Conference*, Paris, 1878, p. 29 (art. BI-METALLISM).

The same influence is also exemplified in the statement made by recent bi-metallists, "that the greater part of the value of *νόμισμα* (money) is given it by *νόμος* (law), to which it, as Aristotle says, both etymologically and actually owes its origin" (see letter to the *Times* of Chrysargyros, 26th May 1881), and in the remarks of H. Cernuschi, "Money is instituted by law: *nomos*, law; *nomisma*, money" in his work, *Bi-metallism in 15½ a necessity of the Continent, for the United States, for England*, by H. Cernuschi, London, P. S. King, 1881.



something for which he can find no proper place in his political ideal. Regarding wealth as an instrument to life, and therefore as a means and not as an end, Aristotle rejects the money-making life as one that no rational man would choose (*Eth. Nic.* I. 5, § 8, ὁ δὲ χρηματιστῆς [sc. βλος], βλαβὸς τῆς ἐστῆς, "The money-making life is" either "unnatural" or rather "chosen only under compulsion," "as a mere necessary" —a passage of which the mistranslation, "The money-maker is a violent person," determined the position of the users in Dante's *Inferno*, canto xi.) But is Aristotle quite consistent in holding, as he does, that the city state is "prior by nature," and so higher in type, than the village community or patriarchal family, and yet condemning as unnatural all the more complex economic conditions of city civilisation? His economic views are really dependent on the ethical principle that conduct (πράξις), and not the production of commodities (ποίησις), is the end for man. This and the prejudices of a slave-holding society prevented him, perhaps, from sufficiently understanding the economic structure even of the very society in which he was living.

To return to the original question, his answer is that only the natural kind of χρηματιστική is a part of household management. The other kind is subordinate or subservient (ὕπηρετική, *Pol.* I. 10, § 3); and, because concerned with mere means and instruments of living, both kinds are to be pursued only to a limited degree. Thus those are wrong who identify household management with amassing wealth, and statesmanship with finance.

While thus laying the foundations of a special science of wealth, Aristotle never treats the subject apart from ethical and political considerations. In *Eth. Nic.* V. 5, he seems to consider that the value of commodities is, in some way, determined by the value of the producers. Fair exchange is reciprocal action regulated by proportion (τὸ ἀντιπεπονηθὸς κατ' ἀναλογίαν), e.g. as the farmer to the shoemaker, so must be the quantity of shoes that the farmer receives to the quantity of corn that the shoemaker receives. Money, as already said, makes commensurability and so equalisation possible between such incommensurable quantities. We may perhaps make his idea intelligible to ourselves by thinking of the amounts to be given in exchange as in the *inverse ratio* to the value of an hour's labour of each producer.

Aristotle was fully alive to the close relation between social or political institutions and economic conditions. In *Pol.* I. 8, he points out that, just as the food of animals determines their habits as gregarious or solitary, etc., so are men's lives different in the pastoral, the hunting and fishing, and the agricultural stage (or in various combinations of these). The pastoral is here placed first, not as being the rudest, but as

that which leaves most leisure. And so in *Pol.* VI. (= VII. in the changed order of St. Hilaire, etc.) 4, when grouping the different types of democracy according to economic conditions, he considers a pastoral democracy less stable than an agricultural, because there is more leisure for political interests; while, again, an industrial population, living in a city, develops the most extreme form of democracy.

COLONIES are referred to as a remedy for overpopulation (VI. 5, § 9). The nature of a MONOPOLY (with the use of this term) is illustrated in I. 11. In criticising Plato's COMMUNISM Aristotle uses the argument, often repeated since, that "the magic of property" is needed to ensure due care of anything. Not abolition of all private property, but equalisation of property among the free citizens, along with the maintenance of a nearly equal population, constitutes his own ideal state on its economic side (*Pol.* VII. = IV. in order of St. Hilaire, etc.)

Most of Aristotle's economic discoveries may be said to have lain dormant, and to have required rediscovery in modern times. His influence, however, was directly exercised as one of the factors in the mediæval abhorrence of usury (cp. Ashley, *English Economic History*, I. pp. 145, 152. See CANON LAW; USURY).

[Newman, *The Politics of Aristotle* (Oxf. 1887), i. pp. 125-138; ii. pp. 165-208.—Jowett, *The Politics of Aristotle* (Oxf. 1885), vol. ii. pp. 24-37, especially p. 35, where will be found a convenient table of the various divisions of κτηνική, which we are permitted to reproduce here in English:—

The art of acquisition (κτηνική; but χρηματιστική is sometimes used in this wide sense).

1. Hunting (a) of wild beasts (b) of those who are "by nature slaves."
2. Χρηματιστική (c. 9, § 1), the science or art of wealth.
  - (1) Natural, including
    - (a) keeping of cattle, flocks, etc.
    - (b) agriculture (including cultivation of fruit trees).
    - (c) bee-keeping.
    - (d) keeping of fish.
    - (e) keeping of birds.
  - (2) Intermediate,
    - (a) wood-cutting.
    - (b) mining.
  - (3) Unnatural (= μεταβλητική, exchange).
    - (a) trade (commerce and retail trade).
      - 1st, ship-owning.
      - 2d, carrying-trade.
      - 3d, shopkeeping.
    - (b) money-lending (usury).
    - (c) labour for hire.
      - 1st, of the skilled artisan.
      - 2d, of the unskilled.] D. G. R.

ARITHMETIC, POLITICAL. Economic inquiry was sometimes styled thus during the early development of the study of economics, the best known example being found in the works of Sir William PERRY, who, writing in the latter half of the 17th century, speaks of