

On a related note, many of the chapters necessarily commenced with a definition of “corporate governance,” much of which was naturally repetitive; this is something that the book’s opening chapter (an extraordinarily dense summary of each of the chapters that followed) could have dispensed with.

As indicated, despite the preceding criticisms, the *Handbook* undoubtedly makes a positive contribution to the ongoing debate over the interplay of corporate governance, ethics, and the very role of the corporation in modern society. I submit, however, that the publication would have been considerably strengthened had it embraced a wider notion of what constitutes the “latest research trends” and “promising avenues for future research” (3). As it stands, however, the *Handbook* probably should have been entitled the “Research Handbook on *Progressive Approaches* to Corporate Governance and Ethics.”

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Aristotle’s Economics: Ethics and Exchange

David Reisman

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David Reisman is professor emeritus of economics at the University of Surrey (UK) and senior associate at the Centre for Liberal Arts and Social Sciences, Nanyang Technological University, Singapore. He has published extensively on economics-related topics, including books on individual thinkers such as Plato, Adam Smith, Alfred Marshall, Josef Schumpeter, Sidney and Beatrice Webb, John Kenneth Galbraith, James Buchanan, and James Meade, among others.

This book is a remarkably detailed study of Aristotle’s economic thinking and its links to ethics, social thought, epistemology, and politics—all fields that contribute to a full understanding of his work on economic life. Reisman also ties Aristotle’s economic ideas to ancient, modern, and contemporary thinkers. Yet, at the same time, he fights against “the inveterate use of making Aristotle reason with the categories of the interpreter” as Gianfrancesco Zanetti puts it (1993: 20). This is relevant because Aristotle has often been interpreted to defend theses that are foreign to him.

The first chapter introduces Aristotle, his life, and his work before stating the purpose of the book. Reisman explains that Aristotle influenced modern law, politics, and economics. In the field of economics, however, Aristotle was gradually cast aside and replaced by the neoclassical approach. The book “argues that Aristotle’s approach to production, consumption, distribution, and exchange ought to be restored to its

rightful place in the house of ideas” (5). These activities differ from the neoclassical theory of comparative statics derived from individualism and scarcity. For Aristotle, the economy (*oikonomike*) is a type of human action. He conceives the economy as subordinated to politics and he considered it as a means to acquire the goods needed to live a virtuous life for human fulfilment (*eudaimonia*). Aristotle thinks that “it is impossible to live well (*eû zên*), or indeed to live at all, unless the necessary conditions are present” (*Politics* I, 4, 1253b 24–25). When Aristotle speaks about “life at all” he is referring to what is achieved at home (*oikos*). When he talks about “living well” he is referring to what is attainable in the *polis*, and it is the end of the civil community. Consequently, for Aristotle, the science dealing with the economy is a classical practical or moral science. Modern economics, instead, was born in the context of an annulation of classical practical reason. Neoclassical economics is value-neutral. For Aristotle, economics should not look for an unlimited wealth, but for the wealth necessary for a good life. Instead, for neoclassical economics the main principle is utility maximization.

The second chapter, “A Code of Conduct,” largely describes the anthropological, political, and ethical background of Aristotle’s economics. Human beings are political animals, and their goal is to achieve *eudaimonia* (human flourishing, a refined sense of happiness) through the practice of virtues. Virtue is the excellence or perfection of any being. It is the good and settled disposition of anything appropriate to itself. Every virtue or excellence both brings into good condition the thing of which it is the excellence, and causes the work of that thing to be done well. More specifically, virtue applies to people and designates those habits, such as temperance, prudence, justice, that facilitate the good actions conducting to *eudaimonia*. The way of acquiring a virtue is to habitually practice the actions in which the virtue consists. The chapter points out the role of the state concerning the economic field and the relevance of harmony and consensus in society, as well as the aim of philosophers, and the conditions needed by leaders. Practical reason also plays an important role that is not fully taken into account—in fact, *Nicomachean Ethics* is an exercise of practical reason.

The third chapter touches on the science of society. Aristotle considers empirical observations first and then the use of reason, induction, and deduction to avoid biases. Nature has its laws and intrinsic tendencies, while art completes and imitates it.

Chapter 4 looks into economic realities, starting with property. Private property is well maintained, while communal property tends to be neglected. The size of property has to be prudent—neither excessive nor deficient—and basic needs must be met first. For Aristotle, the most basic needs are healthy air and food. He even considers the possibility of establishing public places to provide food to poor people. Chapters 5, 6, and 7 deal with Aristotle’s ideas about exchange, prices, money, interest rates, and consumption. These topics are very difficult to understand by their very nature and the way in which Aristotle deals with them.

Reisman explains that Aristotle upholds the need for double equality—for producers and products—in exchanges, while he seems to lean toward a labor cost theory. Concerning demand, rareness stands as the apparent ruling criterion. Reisman thinks that Aristotle feels more comfortable with two-person exchanges than with the general anonymous market. The latter realizes that the simple commodity-commodity (C-C) exchange is facilitated by money (C-M-C), a change that he considers as a natural process. Nonetheless, this process might fall into a M-C-M' pattern that pertains to a "wicked chrematistic": the means (money) becomes the end. In addition, while he notes that Aristotle is against interest, Reisman finds that he would have arguments to approve of it. The good life requires a minimum supply of necessities. However, here the notion of sufficiency applies—not too little, but not too much—and social consensus influences the determination of the proper amount. The temperate man wants what he needs—not more, not less. While contemporary economics focuses only on means, Aristotle deals with means and ends.

Chapter 8 addresses the position of the self in the dynamic nature: "It is not easy to be an I in the flux" (104). Regarding growth, Reisman thinks that Aristotle was both a conservative and a reformer, as Aristotle realizes that change is everywhere. What we need is a "good" growth, a growth that satisfies the necessities required for the good life.

In chapter 9, Reisman describes the Aristotelian view of the state. An organicist and a holist, Aristotle viewed the state as ontologically prior to the individual. Both Plato and Aristotle thought of a small polis, with friendship as a key for the polis union. Thus, anonymity is not good for the polis. A statesman must have special qualities and virtues: "He must listen to the consensus and learn from the scholarly" (127). However, it is more relevant to have good rules than good rulers. Chapter 10 provides two examples of potential areas for state intervention: poverty and education. Concerning the former, the best policy is to make it possible for poor people to acquire land or to start a business. While cash payments should be avoided, supplying meals proves necessary. Regarding education, the state has to furnish people with skills and good habits. Chapter 11 analyzes the healthy and unhealthy types of constitutions, with kingship, aristocracy, and a "compromise" case illustrating the former; and tyranny, oligarchy, and democracy, the latter. Democracy stands as the least bad, the most moderate option.

Chapter 12 brings the book to an end, summing up its conclusions. First, "this book has shown that Aristotle could not have been the founding father of utility-seeking, profit-making freedom of exchange" (156). On the contrary, he opposes this perverted form of chrematistics. "It does a great injustice to Aristotle to situate him in an unbroken chain of economic analysis that culminates in the present-day undergraduate text" (156). He can be placed within the ethics-related tradition of economics considered by Amartya Sen. Second, Aristotle views the economy as embedded in

the broader whole of the polis, and the author remarks that it is St. Paul's and the Historical School of economics. When he claims, "Economics, like philosophy, is about the good life" (85), Reisman depicts Aristotle's thinking with notable accuracy.

References

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Welfare for Markets: A Global History of Basic Income

Anton Jäger and Daniel Zamora Vargas

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There is a certain mythical history of the Universal Basic Income (UBI), especially common among its most ardent supporters. According to this history, the UBI is a timeless idea—one that is discovered, forgotten, and then rediscovered by subsequent generations. The timelessness of the idea is suggestive of a certain kind of power. People keep coming back to the UBI, presumably, because there is something importantly *true* about it, even if that truth has yet to be fully realized in a large-scale, permanent public policy. The UBI is an idea whose time is perpetually coming.

In their new history of the UBI, Anton Jäger and Daniel Zamora Vargas admirably eschew this mythology in favor of a history that is more complicated, more contextualized, and more accurate. The main problem with the mythical history, they point out, is that it assumes a continuity that does not actually exist. It is true that many different individuals throughout history—from Thomas More in the sixteenth century, to Milton Friedman in the twentieth—have suggested that the government should give people cash. But it is a gross overreach to describe all of those proposals as the same idea. A transfer that is conditional upon recipients working or trying to find work, or that is limited to families with children, is not the same thing as a *universal* basic income. Different thinkers in different historical contexts were attracted to cash transfers in order to address different sets of particular social and economic problems. And while ignoring those differences might bolster the historical pedigree of the UBI, it obscures our understanding both of the idea itself, and of people's reasons for endorsing, or rejecting it.

One of the central themes of the book is that for much of the twentieth century in Europe and the United States, the UBI was seen as an attractive way of reconciling government provision of social welfare with the broader logic of a market economy.