

ARISTOTLE ON RECIPROCITY, EQUIVALENT VALUE, AND THE EMBEDDEDNESS OF MARKETS

RACHEL Z. FRIEDMAN*

I

INTRODUCTION

Political philosophers and economists frequently point to reciprocity, or treating others as they treat you, as a key component of social interaction.¹ As a norm guiding personal relationships, reciprocity rests on an idea of symmetry, a give and take in which each party voluntarily responds to similar treatment by the other. As a norm guiding relations of social cooperation, reciprocity reflects the idea that each member should contribute, to the best of her ability, to the cooperative enterprise from which she benefits.² In both aspects, reciprocity is thought to rest not on explicit contractual obligations but rather on an underlying sense of balance or fairness, which motivates individuals to act without expecting a specific return. Empirical research has attested to this human tendency to respond in kind, and studies have concluded that reciprocity plays a significant role in a wide range of economic phenomena, including bargaining, employer-employee relations, and the provision of public goods.³

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* Assistant Professor, the Buchmann Faculty of Law, Tel Aviv University. Thanks to Marietta Auer, Yoav Beirach, Shiri Cohen Kaminitz, Hanoach Dagan, Christine Desan, David Grewal, Lisa Herzog, Roy Kreitner, Ralf Michaels, and Hagai Schlesinger for their helpful questions and comments on an earlier draft of this Article, and to the editors of *Law & Contemporary Problems*, particularly Brandon Avers and Olivia Cardenas, for their assistance in bringing this Article to publication.

1. Sociologists and anthropologists have long studied reciprocity and emphasized its significance to social order. For citations from these fields, as well as a brief historical overview of the scholarship, see Serge-Christophe Kolm, *Reciprocity: Its Scope, Rationales, and Consequences*, in 1 HANDBOOK OF THE ECONOMICS OF GIVING, ALTRUISM AND RECIPROCITY 376 (Serge-Christophe Kolm & Jean Mercier Ythier eds., 2006) [hereinafter Kolm, *Reciprocity*]. For the purposes of this Article, however, I focus on economic and philosophic treatments of the subject.

2. See, e.g., Brookes Brown, *Reciprocity Without Compliance*, 48 PHIL. & PUB. AFFS. 382 (2020); Shlomi Segall, *Unconditional Welfare Benefits and the Principle of Reciprocity*, 4 POL. PHIL. & ECON. 331 (2005); Elizabeth Anderson, *Welfare, Work Requirements, and Dependent-Care*, 21 J. APPLIED PHIL. 243 (2004).

3. For notable contributions to this literature, see, for example, SERGE-CHRISTOPHE KOLM, *RECIPROCITY: AN ECONOMICS OF SOCIAL RELATIONS* (2008); Dan M. Kahan, *The Logic of Reciprocity: Trust, Collective Action, and Law*, 102 MICH. L. REV. 71 (2003); Ernst Fehr & Simon Gächter, *Fairness and Retaliation: The Economics of Reciprocity*, 14 J. ECON. PERSPS. 159 (2000) [hereinafter Fehr & Gächter, *The Economics of Reciprocity*]; Avner Offer, *Between the Gift and the*

At the same time, many contemporary accounts present a categorical distinction between reciprocity and the instrumental behavior thought to characterize rational actors in the modern market.⁴ Reciprocity sets out to return a benefit already received (“balanced reciprocity”) or rests on the assumption that others will typically respond in kind (“generalized reciprocity”).⁵ While not irrational, reciprocity can be personally costly, at least in the short term. By contrast, the wealth-maximizing economic actor is motivated by considerations of personal benefit more narrowly understood. If we regard the market as an institution designed to facilitate such conduct—if it is, in Serge-Christophe Kolm’s words, “a set of purely self-interested agreements”—then the logic of the market will be distinct from, and perhaps in tension with, the logic of reciprocity.⁶

A central aim of this Article is to unsettle the assumption that reciprocity and economic exchange are categorically distinct types of human interaction. This distinction, as typically articulated, paints an overly narrow picture of marketplace transactions as motivated exclusively by wealth maximization, without regard for the ways economic activity can reflect and serve other ends. It also oversimplifies the complex relationship between reciprocity and self-interest broadly understood. To establish these points, I turn to a somewhat unlikely source: the ethical and political philosophy of Aristotle. A close reading of Aristotle’s treatment of reciprocal exchange in the *NICOMACHEAN ETHICS* (*NE*) indicates that he regarded marketplace transactions as one type of reciprocal behavior that, like all other forms of exchange, is governed by an understanding of justice or equity.⁷ Instead of categorically distinguishing the two genres, then,

Market: The Economy of Regard, 50 *ECON. HIST. REV.* 450 (1997); Ernst Fehr & Simon Gächter, *Reciprocity and Economics: The Economic Implications of Homo Reciprocans*, 42 *EUR. ECON. REV.* 845 (1998) [hereinafter Fehr & Gächter, *Reciprocity and Economics*]; Robert Sugden, *Reciprocity: The Supply of Public Goods through Voluntary Contributions*, 94 *ECON. J.* 772 (1984); George A. Akerlof, *Labor Contracts as Partial Gift Exchange*, 97 *Q. J. ECON.* 543 (1982).

4. Throughout this Article, I employ “market” in the singular to refer to the self-regulating institution frequently imagined in mainstream modern economic thought. I use “markets” in the plural or “communities of exchange” to denote the forums in which goods are exchanged via legal currency. “Marketplace transactions” or “commercial transactions” refer to the exchanges that take place within those forums.

5. The terms in parentheses are discussed in MICHAEL TAYLOR, *COMMUNITY, ANARCHY AND LIBERTY* 29 (1982), with reference to MARSHALL SAHLINS, *STONE AGE ECONOMICS* 175–76 (2017). A third type of reciprocity, identified by both authors but less relevant for our purposes, is “negative reciprocity,” which involves an attempt to get something for nothing through actions such as haggling, gambling, and theft. Elsewhere, the term “negative reciprocity” is used to refer to balanced reciprocity in a spirit of mutual harm rather than benefit. See KOLM, *supra* note 3, at 11; Fehr & Gächter, *Reciprocity and Economics*, *supra* note 3, at 845. The common element in these two definitions is that the exchange is only partially symmetrical, since one can use negative reciprocity to obtain an unearned benefit or a form of deterrence.

6. KOLM, *supra* note 3, at 40.

7. ARISTOTLE, *NICOMACHEAN ETHICS* (H. Rackham, trans., 1934) (c. 340 BCE) (including the original Greek text) [hereinafter *NE*]. Unless otherwise noted, quotations from the *NE* throughout this Article are based on the translation found in ARISTOTLE’S *NICOMACHEAN ETHICS* (Robert C. Bartlett & Susan D. Collins trans., 2011) (c. 340 BCE) [hereinafter Bartlett & Collins] with cross-references to ARISTOTLE, *NICOMACHEAN ETHICS* (Terrence Irwin trans., 2d ed. 1999) (c. 340 BCE) [hereinafter

Aristotle presents reciprocity as an overarching social principle that governs exchanges of nearly every sort.

In making these arguments, this Article joins a growing body of literature on Aristotle's discussion of reciprocity and his political economy more broadly. This literature has been particularly valuable in showing how reciprocity links the economic problem of determining value in exchange with the political problem of sustaining community in the face of difference. What the scholarship in this vein has not yet considered, however, is the close connection between Aristotle's discussion of commercial reciprocity and his accounts of other virtues, such as liberality, magnificence, and magnanimity, as well as the connection between these earlier discussions and his famous treatment of friendship later in the *NE*. Situating reciprocity in this way confirms its centrality for community, while also showing that what counts as a balanced exchange is contingent on the relevant social context, including both the parties involved and the larger community in which their exchange takes place.

Based on this interpretation, I suggest that Aristotle's account may enrich the contemporary understanding of markets in at least two ways. The first, already mentioned, lies in challenging the view that commercial exchange and reciprocity are categorically distinct. Whereas efficiency-based defenses of the market insist on separating prices from norms of justice, Aristotle suggests that prices inherently express such norms. Second, appreciating the importance of reciprocity to economic exchange might help us begin to reimagine contemporary markets in a way that better serves their underlying relational purpose of sustaining a certain kind of community.

II

RECIPROCITY AND THE MARKET: SOME CONTEMPORARY ASSUMPTIONS

Broadly defined, reciprocity is an "in-kind response to beneficial or harmful acts," and it abounds in social interaction of all sorts.⁸ It has long been seen as one of the main preindustrial modes of economic organization and a defining feature of family relations.⁹ More recent accounts have also identified the centrality of reciprocity to liberal democratic societies and market economies. John Rawls, for example, influentially claimed that reciprocity, understood as the principle that no one should gain at someone else's expense, is implicit in the very

Irwin]; ARISTOTLE, *NICOMACHEAN ETHICS* (W. David Ross trans., 1980) (c. 340 BCE) [hereinafter Ross]; and ARISTOTLE, *NICOMACHEAN ETHICS* (H. Rackham trans., 1934) (c. 340 BCE) [hereinafter Rackham].

8. Fehr & Gächter, *The Economics of Reciprocity*, *supra* note 3, at 160. Because the discussion here focuses on economic reciprocity, it is concerned primarily with positive acts rather than so-called negative reciprocity.

9. On reciprocity in the family, see Luc Arrondel & André Masson, *Altruism, Exchange or Indirect Reciprocity: What Do the Data on Family Transfers Show?*, in 2 *HANDBOOK OF THE ECONOMICS OF GIVING, ALTRUISM AND RECIPROCITY* 974 (Serge-Christophe Kolm & Jean Mercier Ythier eds., 2006). A seminal account of the role of reciprocity in pre-market economies is KARL POLANYI, *THE GREAT TRANSFORMATION* (1944).

idea of a well-ordered society.¹⁰

Economists, meanwhile, have argued that reciprocity enables various forms of collective action. Because reciprocators contribute to public goods even when doing so is personally costly, they are less likely to “free ride” on the efforts of others, and they often enforce cooperative norms by penalizing those who fail to do their share.¹¹ Reciprocity may also support the market in various ways, for example by promoting the mutual respect for property rights that allows transactions to take place, and by ameliorating inefficiencies caused by asymmetric information, coordination problems, and incomplete contracts.¹²

While reciprocity may undergird or supplement the modern market as an institution, however, it is widely considered to be categorically distinct from the impersonal, price-driven exchange that defines interactions *within* the market. First, reciprocity is seen to emerge from internal drives rather than contractual or other external obligations.¹³ Because the initial transfer is made without any specific condition attached, the reciprocator is not legally bound to offer anything in return. Second, reciprocity often involves personal acquaintance or affinity. This is particularly clear in the case of balanced or two-person reciprocity, which requires that at least the reciprocator know who her benefactor is, yet it is also true of generalized reciprocity, which entails voluntary contributions by members of a well-defined group.¹⁴ Finally, reciprocal exchange frequently occurs without the medium of money.¹⁵ We do not assign a price to gifts—even if money can itself be gifted¹⁶—and benefits granted without condition often bring a sense of satisfaction that exceeds the value of the item and resists quantification in monetary terms.¹⁷ By contrast, the market exchanges of standard economic theory do not leave room for buyers or sellers to exchange their goods for anything other than the minimum or maximum, respectively, they can obtain.

Reciprocity thus has a complicated relationship with the modern market. It may be a necessary foundation for market functioning, and it may help to correct market failures in a variety of ways. Once a properly functioning market exists, however, altruism and gift exchange are typically seen to interfere with its workings. If the main advantage of the market lies in its use of the price mechanism, which allows for the efficient allocation of resources by conveying information to producers and consumers, then a mode of interaction that

10. JOHN RAWLS, *A THEORY OF JUSTICE* 14, 33 (1971).

11. See, e.g., Kolm, *Reciprocity*, *supra* note 1; Fehr & Gächter, *The Economics of Reciprocity*, *supra* note 3; Fehr & Gächter, *Reciprocity and Economics*, *supra* note 3.

12. KOLM, *supra* note 3, at 348.

13. *Id.* at 11.

14. Sugden, *supra* note 3, at 775. See also Barry Schwartz, *The Social Psychology of the Gift*, 73 *AM. J. SOCIOLOGY* 1 (1967), and the discussion in RICHARD TITMUS, *THE GIFT RELATIONSHIP: FROM HUMAN BLOOD TO SOCIAL POLICY* 53–71 (2nd ed., 2018), which characterizes blood donations as distinct from other types of gifts in that they are anonymous.

15. This is a central theme in TITMUS, *supra* note 14, at 132–44.

16. VIVIANA A. ZELIZER, *THE SOCIAL MEANING OF MONEY* 74–118 (1994).

17. See Akerlof, *supra* note 3, at 550–51.

sidesteps or distorts that mechanism could undermine the institution's primary rationale.¹⁸

Yet, the categorical distinction between reciprocity and market exchange appears to oversimplify both phenomena. Markets can serve a number of ends that are difficult to capture within the rubric of efficiency. These include personal choice, self-authorship, self-rule through participation in collective ventures, and the dignitary rewards of having one's skills or contributions recognized by others.¹⁹ Correspondingly, the distinction between reciprocity and market exchange assumes an overly narrow conception of self-interest, which excludes the various forms of both deferred and non-monetary reward that accompany voluntary contributions and mutual gifts. Whether these rewards accrue in the form of long-term material benefits or less tangible goods, such as recognition and regard, they often redound to the advantage of the reciprocator, making such behavior consistent with self-interest broadly understood.

In what follows, I argue that Aristotle offers an alternative account of the relationship between reciprocity and commercial exchange that has the potential to productively challenge how we understand markets today. Building on Aristotle's observation that all voluntary transactions involve a form of reciprocity, I argue that the exchange of goods through money is only one small part of the broader web of reciprocal interaction that makes community possible. The result is a two-fold contribution to understanding one of the most seminal yet controversial passages in the history of economic thought. First, I explain why Aristotle invokes a specific term, *antipeponthos*, for commercial reciprocity and different terms for other forms of reciprocal behavior. Second, I argue that the problem of judgment—or who is meant to value or honor a good and in what way—links the different discussions of exchange throughout the *NE*. Based on this interpretation, I suggest two ways in which Aristotle's account may enrich the contemporary understanding of markets: first, by underscoring the poverty of contemporary distinctions between self-interested and other-regarding behavior; and second, by showing that markets not only reflect the values of a given community, but also help to generate and sustain community.

18. On the complex relationship between gift exchange and efficiency in neoclassical economics, see Laurence J. Kranich, *Altruism and Efficiency: A Welfare Analysis of the Walrasian Mechanism with Transfers*, 36 J. PUB. ECON. 369 (1988); Kenneth J. Arrow, *Gifts and Exchanges*, 1 PHIL. & PUB. AFFS. 343 (1972). If preferences are defined in a more encompassing way, to include the sentiments or evaluations that motivate altruism and reciprocal exchange, then such transfers may be Pareto efficient. Yet this presents a host of well-known methodological problems that are beyond the scope of this Article. See, e.g., Joel Sobel, *Interdependent Preferences and Reciprocity*, 43 J. ECON. LIT. 392 (2005); Ernst Fehr & Klaus M. Schmidt, *Fairness, Incentives, and Contractual Choices*, 44 EUR. ECON. REV. 1057 (2000); Matthew Rabin, *Incorporating Fairness into Game Theory and Economics*, 83 AM. ECON. REV. 1281 (1993).

19. For a typology of markets and the distinct values promoted by each, see Hanoch Dagan et al., *The Law of the Market*, 83 LAW & CONTEMP. PROBS., no. 2, 2020, at xiii–xviii. On the satisfactions of “regard” and their relation to reciprocity, see Offer, *supra* note 3.

III

ANTIPEPONTOS AND COMMUNITIES OF EXCHANGE: COMMERCIAL
RECIPROCITY IN ARISTOTLE

Many studies have focused on the interpretive challenges presented by the fifth chapter of Book Five of the *NE*.²⁰ Situated immediately after Aristotle's discussions of distributive and corrective justice, this chapter introduces the term *antipeponthos*, typically translated as reciprocity, but more literally rendered as suffering in turn, requital, or receiving good for good. The discussion that follows purports to demonstrate in mathematical terms the character of the fair exchange of goods and asserts the role of such exchange in holding communities together. A community, for Aristotle, is an association to some end, namely a shared or common (*koinos*) good. This discussion applies specifically to what Aristotle calls "communities of exchange" (*tais koinōniais tais allaktikais*),²¹ by which he apparently means the sub-political associations of individuals involved in the mutually advantageous transfer of goods through money.

Retail trade, along with the introduction of coined money, began to develop in Athens in the sixth century BCE. By the fourth century, the whole population was using coinage in retail trade and other small transactions.²² Combined with the emergence of judicial institutions that could enforce obligations across a broader swath of society, these developments, in Tazuko van Berkel's words, "make a relatively new form of exchange prevalent in Greek thought: the instantaneous disembedded transaction," or the exchange of equivalent goods outside the context of a durable relationship.²³ Putting aside the vexed historical question of whether such transactions were truly disembedded as Karl Polanyi famously used this term, Aristotle was responding to a new type of interaction and attempting to situate it within the broader web of mutualistic relations that he describes throughout the *NE*.²⁴

20. For recent contributions, see generally TAZUKO ANGELA VAN BERKEL, *THE ECONOMICS OF FRIENDSHIP: CONCEPTIONS OF RECIPROCITY IN CLASSICAL GREECE* (2020); Stefan Eich, *Between Justice and Accumulation: Aristotle on Currency and Reciprocity*, 47 *POL. THEORY* 363 (2019); Thomas C. Brickhouse, *Aristotle on Corrective Justice*, 18 *J. ETHICS* 187 (2014); Robert L. Gallagher, *Incommensurability in Aristotle's Theory of Reciprocal Justice*, 20 *BRIT. J. HIST. PHIL.* 667 (2012); Kazutaka Inamura, *The Role of Reciprocity in Aristotle's Theory of Political Economy*, 32 *HIST. POL. THOUGHT* 565 (2011); Ann Ward, *Justice as Economics in Aristotle's Nicomachean Ethics*, 4 *CANADIAN POL. SCI. REV.* 1 (2010); Todd S. Mei, *The Preeminence of Use: Reevaluating the Relation between Use and Exchange in Aristotle's Economic Thought*, 47 *J. HIST. PHIL.* 523 (2009); Lindsay Judson, *Aristotle on Fair Exchange*, 15 *OXFORD STUD. IN ANCIENT PHIL.* 147 (1997); Scott Meikle, *Aristotle on Equality and Market Exchange*, 111 *J. HELLENIC STUD.* 193 (1991). Other important commentaries are JILL FRANK, *A DEMOCRACY OF DISTINCTION: ARISTOTLE AND THE WORK OF POLITICS* (2005); RICHARD KRAUT, *ARISTOTLE: POLITICAL PHILOSOPHY* (2002); M. I. Finley, *Aristotle and Economic Analysis*, 47 *PAST & PRESENT* 3 (1970).

21. *NE*, *supra* note 7, at 1132b32.

22. VAN BERKEL, *supra* note 20, at 34–45; *see also* ALAIN BRESSON, *THE MAKING OF THE ANCIENT GREEK ECONOMY: INSTITUTIONS, MARKETS, AND GROWTH IN THE CITY-STATES* (2016).

23. VAN BERKEL, *supra* note 20, at 37.

24. KARL POLANYI, *THE GREAT TRANSFORMATION: THE POLITICAL AND ECONOMIC ORIGINS OF OUR TIME* (1944).

Much of the commentary on the fifth chapter focuses on the issue of commensurability, including whether Aristotle intended his discussion to provide a theoretical guide to calculating fair prices for objects that differ in kind. Less noted is that the discussion of *antipeponthos* implicitly refers to Aristotle's earlier discussion of liberality, magnificence, and magnanimity, and explicitly foreshadows his later discussion of friendship. Both the earlier and later discussions, moreover, include illustrations of exchanges involving incommensurable goods.²⁵ This order of discussion therefore prompts us to ask what distinguishes the other forms of reciprocal interaction from the "communities of exchange" referenced in the famous chapter on *antipeponthos*. The difference is that the former take place without legal currency as their common measure and therefore do not purport to rest on a numerical equivalency between the goods exchanged. Aristotle first identifies commensurability as a problem in the precise context in which the legal convention of money appears to resolve it.

In so doing, he indicates both the necessity and the limits of monetary commensurability. Aristotle notes that "all things ought to have a value assigned to them, for in this way there will always be exchange, and if there is exchange, then there will be community."²⁶ Gabriel Danzig, in his important article on Aristotelian reciprocity, translates *etimēsthai* here as *to be given a price*.²⁷ While I am persuaded by Danzig's argument that *antipeponthos* involves the correction of a social imbalance stemming from an initial act of transfer and by his claim that all transactions, and therefore all prices, express underlying social relations, this particular translation may obscure a crucial point. By using the verb that derives from *timaō*, meaning to honor or assess, Aristotle suggests that value is broader than price and that, while all things must be estimated to enable exchange and therefore community, many reciprocal exchanges occur without the assignment of a price in legal currency. Indeed, such is the case with the majority of exchanges that Aristotle describes in the *NE*, both before and after the discussion of *antipeponthos*. In this way, Aristotle situates marketplace transactions within a much broader web of reciprocal interactions, while at the same time delineating them as a specific type of exchange to which the presumption of commensurability is necessary and plausible.

Before turning to this broader web of reciprocity, let us consider what we know about the specific form of reciprocity described in the fifth chapter of Book Five. The term *antipeponthos* derives from the verb *antipaschō*, which means to suffer in turn. The noun can be translated colloquially as reciprocity,

25. A number of commentators have indeed noted the relevance of Aristotle's discussion of unequal friendship to his treatment of reciprocal equality. See Gallagher, *supra* note 20, at 675 n.24; VAN BERKEL, *supra* note 20. An interpretation that comes close in spirit, if not in detail, to the one proposed here is Karl Polanyi, *Aristotle Discovers the Economy*, in *PRIMITIVE, ARCHAIC, AND MODERN ECONOMIES* 78 (George Dalton ed. 1968).

26. *NE*, *supra* note 7, at 1133b15-16.

27. Gabriel Danzig, *The Political Character of Aristotelian Reciprocity*, 95 *CLASSICAL PHILOLOGY* 399, 424 (2000).

reciprocation, or requital, or technically as the reciprocal proportionality of the sides of two triangles that share one equal angle. The last meaning stems from Euclid's *ELEMENTS*, and it is from this demonstration that Aristotle's own technical treatment of reciprocal proportionality apparently draws.²⁸ In this somewhat cryptic and controversial passage, Aristotle asserts that the work of a housebuilder and that of a shoemaker—a house and a shoe, respectively—can be equalized for the purposes of exchange through a “combination that aligns with the diagonal” line between them, such that the combination of the housebuilder and the shoe equals the combination of the shoemaker and the house.²⁹ Aristotle expresses this relationship as a ratio stating that the housebuilder is to the shoemaker as a given number of shoes are to the house. The meaning of this formulation is that if the housebuilder is worth twice as much as the shoemaker, then what he gives up should be half the value of what he receives from the trade.³⁰ The result is reciprocity “in accord with proportion and not in accord with equality,” since it accounts for the differences between the parties.³¹

Interpreters of this passage have debated whether Aristotle means that goods of different types can in fact be rendered commensurable. He claims that legal currency (*nomisma*) arose for the purpose of comparing disparate entities, for “it measures everything” and thereby offers a sort of “middle term” between them.³² He quickly modifies this statement, however, noting that it is not money that renders goods commensurable but rather need, use, or demand (*chreia*), since this is what leads people into communities of exchange, and money is merely its “exchangeable representative.”³³ He then goes on to qualify this claim as well, noting that “in truth, it is impossible for things that differ greatly from one another to become commensurable, but it is possible, to a sufficient degree, in relation to need.”³⁴ Money is therefore a measure of disparate objects, but only by hypothesis or convention, “for it makes no difference at all whether five couches are exchanged for a house, or for however much money five couches are worth.”³⁵

Robert Gallagher, relying in part on Aristotle's treatment of comparability in the *PHYSICS*, notes that the incommensurable item here seems to be the work (*erga*) of the various producers, or the nature of their actions. Understood as a mathematical term, incommensurability signifies that the ratio between two things is irrational and therefore they have no common measure. Fair commercial

28. EUCLID, *THE THIRTEEN BOOKS OF THE ELEMENTS*, VOL. II 219–21 (Sir Thomas Heath, trans., 1908) (c. 300 BCE). Aristotle's treatment is found in *NE*, *supra* note 7, at 1133a6–19. Aristotle's indebtedness to this proof is noted by Bartlett & Collins, *supra* note 26, at 100.

29. *NE*, *supra* note 7, at 1133a6.

30. My understanding of this point is heavily indebted to Danzig, *supra* note 27, at 416–17.

31. *NE*, *supra* note 7, at 1132b32–33.

32. *Id.* at 1133a20–21.

33. *Id.* at 1133a29. As Jill Frank notes, *chreia* is often translated as “demand” or “need,” but “use” may be preferable because it invokes an element of choice. FRANK, *supra* note 20, at 86.

34. *NE*, *supra* note 7, at 1133b19–20.

35. *Id.* at 1133b29.

exchange purports to equalize the parties involved by equalizing the value of each individual together with the product he receives. Yet the work of a farmer and that of a shoemaker differ in form (*eidos*), producing changes in the underlying materials that cannot be compared using a single scale. The farmer cultivates natural elements in order to sustain additional life, while the shoemaker transforms non-living materials into objects for human use. The two occupations entail formally different actions.³⁶

This appears to explain why Aristotle characterizes the transaction in the terms that he does. Geometrically, the exchange is represented by a four-sided figure, with one producer at each of the top two corners and their products at the bottom two, beneath their respective producers.³⁷ Each diagonal correspondingly represents the transfer of one producer's good to the other or, in other words, the combination of the producer and his newly acquired good. According to the well-known proof of the incommensurability of the diagonal, recorded in Euclid and elsewhere, the ratio of the diagonal to the side of a square—in our case, the line that connects the two producers—cannot be a rational number because the identity of the latter entails a contradiction.³⁸ If we assume that the ratio is rational and reduced to the smallest possible integers, then the diagonal is necessarily greater than the side and greater than one. From Euclid, we know that the square of the diagonal equals twice the square of the side, which means that the diagonal must be even and the side odd, otherwise the ratio would not be in its lowest terms. Yet if the diagonal is even, we can also show that the side is even, resulting in a classic proof by contradiction.

Aristotle's representation correspondingly suggests that a reason the ratio is irrational is the term that links the two producers, the top line of the four-sided figure. It is therefore likely that he does not intend for this model to resolve the problem of commensurability, but rather to throw doubt on the pretense of mathematical rigor and to highlight the difficulties of achieving strict equality in commercial exchange.³⁹ In other words, the four-sided figure suggests that the problem of exchange value stems at least in part from efforts to understand the producers as a single mathematical term. Indeed, this point receives confirmation in Aristotle's explicit statement that the producers are different (*heteroi*) and unequal (*ouk isoi*).⁴⁰

The continuation of Aristotle's argument further indicates that he does not intend to offer a theoretical defense of commensurability, but rather to show how

36. Gallagher, *supra* note 20, at 675–77.

37. The figure is reconstructed by Bartlett & Collins, *supra* note 26, at 100.

38. THOMAS HEATH, *MATHEMATICS IN ARISTOTLE 22–23* (1970). My discussion of the proof follows Heath's explanation.

39. We recall Aristotle's warning at the very beginning of the *NE* that one should "seek out precision in each genus to the extent that the nature of the matter allows," and that political matters cannot be treated with mathematical exactitude. *NE*, *supra* note 7, at 1094b25; see also Danzig, *supra* note 27, at 418; D. G. Ritchie, *Aristotle's Subdivisions of "Particular Justice,"* 8 *CLASSICAL REV.* 185, 186 (1894).

40. *NE*, *supra* note 7, at 1133a18.

goods can be made practically equal in the context of particular transactions.⁴¹ In clarifying his initial claim that money renders all things commensurable, he notes that it is not money, but need, use, or demand (*chreia*) that in fact “holds all things together.”⁴² Need joins people together by leading them to seek out from others what they cannot supply for themselves. It further leads them to assign a value to the other’s product based on how they intend to use it and the extent to which that use is advantageous to them. Insofar as they can then agree on a price—say, the number of shoes that each house is worth—their products are commensurable “to a sufficient degree.”⁴³ Their agreement, while grounded in the objects’ intended uses, is conventional and therefore limited in its scope.

The specific examples that Aristotle invokes further underscore the limits of commensurability in commercial exchange. After discussing the housebuilder and the shoemaker, Aristotle speaks of doctors and farmers, noting that “no community comes into existence out of two doctors but rather out of a doctor and a farmer and, in general, out of those who are different and not equal.”⁴⁴ The difference between the doctor and the farmer is even more profound than that between the shoemaker and the housebuilder. In the *POLITICS*, Aristotle excludes farmers from the best or prayed-for regime.⁴⁵ By contrast, he often refers to doctors as models of good judgment, equal or even superior to political rulers in this regard.⁴⁶ As we will see below, the question of judgment casts into doubt even Aristotle’s “sufficient” resolution of the commensurability problem by way of need, use, or demand (*chreia*). In this context, the example confirms that the aim of commercial reciprocity is not to formally equalize the goods in question but rather to allow for the preservation of community in the face of—often significant—difference.

Having raised the possibility of community between doctors and farmers, Aristotle quickly returns to the housebuilder and the shoemaker. It is here that he introduces the need for money (*nomisma*). Money exists “not by nature but by law [*nomos*],” rendering equal by convention what is not equal in fact.⁴⁷ This is what ultimately allows for communities of exchange, since it facilitates comparisons not only between shoes and a house, but also between shoes and food or food and a house. By subtly introducing a third item here, Aristotle suggests that the model of direct barter does not capture all that we seek in

41. This question has been a source of significant debate. My argument follows the general track of Danzig, Frank, and Mei in concluding that Aristotle did not set out to offer a theoretical defense of the fair price of different goods, but rather to show how conventional agreements about equivalence can hold communities together. See generally Nicholas J. Theocarakis, *Antipeponthos and Reciprocity: The Concept of Equivalent Exchange from Aristotle to Turgot*, 55 INT’L REV. ECONS. 29 (2008) (discussing the concept of equivalent exchange).

42. NE, *supra* note 7, at 1133a27.

43. *Id.* at 1133b20; see also FRANK, *supra* note 20, at 89.

44. NE, *supra* note 7, at 1133a16-18.

45. ARISTOTLE, *POLITICS* 1328b37-1329a3 (C. Lorde trans., 2013) (c. 350 BCE).

46. See *id.* at 1281b35-1282b1 and NE, *supra* note 8, at 1102a22; 1137a17; 1180b13.

47. NE, *supra* note 7, at 1133a30.

marketplace transactions. The multiplicity of human needs requires that there be another term that measures everything and facilitates the exchange of various goods at various times. As a result, while at first the discussion of reciprocal proportionality highlights the differences between the two producers, the introduction of money shifts our attention to their products.⁴⁸ The same numerical quantity can represent shoes, a house, or food, and it makes no difference who is involved as long as the amount paid is the accepted price.

Indeed, this is a key difference between communities of exchange and political communities. On one hand, as Danzig persuasively argues, the parties' valuations of the traded goods implicitly reflect social judgments about their makers.⁴⁹ This reading makes sense of Aristotle's claim that the relationship between the housebuilder and the shoemaker is reflected in the values attached to their products, as well as the fact that the ratio expressing proportional reciprocity explicitly allows for inequality between them. On the other hand, these values pertain only to the social estimation of the producers' *work*. The introduction of money does not change the fact that the prices of goods reflect their makers' relative worth, but it underscores that such estimations pertain only to what they produce, not to their merit in any broader sense.

By contrast, the political community takes a more holistic view of the citizen, considering each person's overall contribution to the city's ends. Because political goods such as security, wealth, and friendship cannot be translated into a common currency, and because the same person may contribute to more than one, the art of politics requires identifying those contributions and distributing authority and honor in a way that reflects and rewards each.⁵⁰ Insofar as the reciprocity involved in political rule thus recognizes the full spectrum of citizens' contributions, as well as the differences between them, it is more encompassing and more enduring than the form of reciprocity that characterizes communities of exchange.

This point in turn relates to an unresolved difficulty in Aristotle's discussion of *antipeponthos*. At the moment of exchange, the housebuilder and the shoemaker are present not only as producers of their respective goods, but also as future users of the other's product. In the *POLITICS*, Aristotle notes that users are often better judges of a product than its maker, and he singles out houses as an example, since the inhabitants of a home are best situated to know whether it serves its intended purpose.⁵¹ While the perspectival difference between benefactors and beneficiaries is clearly a part of all exchange, commercial transactions involving money—with their pretense of commensurability—render

48. See also VAN BERKEL, *supra* note 20, at 423 (discussing the shift of attention from the producers to their products).

49. Danzig, *supra* note 27, at 423–24. This point is also discussed in STEFAN EICH, *THE CURRENCY OF POLITICS: THE POLITICAL THEORY OF MONEY FROM ARISTOTLE TO KEYNES 35–37* (2022).

50. See STEPHEN G. SALKEVER, *FINDING THE MEAN: THEORY AND PRACTICE IN ARISTOTELIAN POLITICAL PHILOSOPHY 145–46* (1990) (noting the incommensurability of political goods).

51. ARISTOTLE, *supra* note 45, at 1282a17–23.

especially stark the question of how people who stand in different relationships to the product can nevertheless agree about its worth. As we will see, Aristotle only fully resolves this question in the context of friendship, revising his earlier treatment and underscoring the limitations of price as a measure of value.

In fact, I wish to argue that the problem of judgment, namely who is meant to value or honor a good and in what way, mandates examining commercial reciprocity within the broader account of reciprocity that runs throughout the *NE*. Communities of exchange rely on the individual judgments of buyers and sellers—on their ability to assess their own needs, to evaluate others' goods, and to use their property well, all while taking neither too much nor too little for themselves. In other words, such communities depend on the various virtues that enable and sustain social life. Aristotle's treatment of these virtues begins in Book Four and continues through his discussion of friendship in Book Nine. The account of *antipeponthos* in chapter five of Book Five is thus preceded by an extended discussion of other exchanges involving incommensurable goods, and is completed only by the account of reciprocal exchange that takes place within the friendship of virtue.

IV

COMMERCIAL RECIPROCITY IN CONTEXT

Aristotle's discussion of *antipeponthos* directly follows his treatments of distributive and corrective justice. Although he says that reciprocity accords with neither type of justice, there is significant debate about what exactly this means.⁵² Rather than wade into those waters here, I note that *antipeponthos* shares features with each type, and that reciprocity more broadly can encompass both. Like distributive justice, *antipeponthos* entails a form of proportionality that accounts for the qualities of the parties involved, not only for the harm or benefit done to them.⁵³ Like corrective justice, its purpose is to rectify an imbalance by restoring the parties to a state of equality, in this case one that was disturbed by the initial act of transfer.⁵⁴ Aristotle maintains in both the *NE* and the *POLITICS* that reciprocity preserves communities, including associations for exchange and entire cities.⁵⁵ In addition, unlike corrective and distributive justice, which are administered primarily through the institutions of government, reciprocity is demanded of ordinary citizens in their daily interactions with one another. In its broadest sense, then, reciprocity permeates social life and implicates nearly every form of interpersonal excellence of which human beings are capable.

This point is confirmed by a close reading of Aristotle's discussion of the

52. For a selection of views on this question, see Danzig, *supra* note 27, at 404; see also VAN Berkel, *supra* note 20, at 416–17 n.58; Judson, *supra* note 20, at 149; Meikle, *supra* note 20; Ritchie, *supra* note 39; FRANK, *supra* note 20, at 82–83 (to which mine is the closest).

53. *NE*, *supra* note 7, at 1131a25.

54. *Id.* at 1132a5–10.

55. ARISTOTLE, *supra* note 45, at 1261a30–35.

virtues of social interaction in Book Four of the *NE*, together with his treatment of the various forms of friendship in Books Eight and Nine. Such a reading offers a much more complete picture of the workings of reciprocity than Book Five alone and also helps to clarify the distinctive promise and limits of economic exchange in sustaining community. For example, perhaps because many contemporary treatments of reciprocity in the *NE* have focused on Book Five, they have not faced the question of why Aristotle uses the term *antipeponthos* in the context of monetary transactions—and later in the context of friendships—but not when referring to other forms of exchange.

The answer to this question cannot be that *antipeponthos* has a strictly technical meaning, as might be inferred from the geometrical model of the four-sided figure. First, as already suggested, this model serves more to point out the limits of commensurability than to exhort technical precision in matters of transactional justice. Second, Aristotle later uses the same verb, *antipaschō*, in a non-technical sense, notably in his discussion of friendship, where he refers to the reciprocated good will of friends⁵⁶ and to the nobility of rendering a service without expecting it to be requited.⁵⁷ Since neither usage presumes numerical precision in the relationship between the good bestowed and that received, or between the individuals involved, it does not appear that *antipeponthos* has a particular mathematical meaning that other forms of reciprocity lack.

Aristotle also employs several other terms to refer to various forms of reciprocal exchange, including *antipoieō*, meaning to do in return; *antapodidōmi*, meaning to give back or repay; and *apodidōmi*, meaning to render, restore, or return.⁵⁸ Strikingly, he uses the first of these to describe what holds the city together in general: “For the city stays together by means of proportionate requital (*tō antipoiein gar analogon summenei*).”⁵⁹ Although some translations of this passage do not distinguish explicitly between the two verbs, I read Aristotle as making two distinct points here.⁶⁰ First, he explains that communities of

56. *NE*, *supra* note 7, at 1155b34.

57. *Id.* at 1162b35.

58. *Apodidōmi* appears in a variety of contexts, including in the account of justice and in the later discussions of friendship. See *id.* at 1135b7; 1160b35; 1162b4; 1163a6. What appears to distinguish it from commercial reciprocity, particularly in the latter examples, is that they involve the bilateral exchange of goods that are incommensurable, but without any pretense of a common measure such as money.

59. *Id.* at 1132b34. Here I adopt the translation of Ross, *supra* note 26, at 88 to emphasize the difference between the two verbs that Aristotle employs.

60. In their translation, Bartlett and Collins write, “But in communities concerned with exchange, the just in this sense—reciprocity in accord with proportion and not in accord with equality—holds them together, for the city stays together by means of proportional reciprocity.” Bartlett & Collins, *supra* note 26, at 99. Rackham translates the two sentences as, “But in the interchange of services justice in the form of reciprocity is the bond that maintains the association: reciprocity, that is, on the basis of proportion, not on the basis of equality. The very existence of the state depends on proportionate reciprocity.” Rackham, *supra* note 26, at 281. Ross’s rendering goes further by translating “*antipoiein*” as “requital” rather than “reciprocity.” Ross, *supra* note 26, at 88. Indeed, because the two sentences rely on different verbs, I interpret the first as referring to the sub-type of reciprocity (*antipeponthos*) relevant to communities based on commercial exchange, and the second as referring to the more general form of reciprocity that holds political communities together.

exchange depend on proportional rather than equal reciprocity. In other words, they require returning to each in accordance with an equal ratio of goods to givers, not merely equality in the benefit or harm received. He then goes on to make a more general point, that the city stays together by means of proportional reciprocity. In this passage, we therefore learn that there is a broader form of reciprocal behavior, *antipoiēō*, that holds political communities together. Indeed, it seems to be *antipoiēō* that distinguishes the behavior of free citizens in the *polis*, since Aristotle employs the same verb when noting that men “seek to reciprocate harm for harm—if they do not, that is held to be slavish.”⁶¹ *Antipoiēō* appears again in the context of someone who, “because he suffered some harm, also reciprocates [or retaliates] the same thing” and is therefore not considered unjust.⁶² Whereas *antipeponthos* links people together in commercial transactions, *antipoiesis* appears to describe the freely chosen action for the sake of justice that characterizes citizens and keeps the city as a whole together.

The same conclusion emerges from the *POLITICS*, where Aristotle uses the middle-passive form of *antipoiēō* to describe the activity of making claims to power or honor. One such use appears immediately after his reflections on the incommensurability of the virtues: if being taller or faster than others meant that one also had a greater claim to rule, this would mean that all virtues could be measured in terms of height or speed, which is obviously not true. Instead, citizens make claims to rule based on the distinct virtues that contribute to the city’s ends: “the well born, the free, and the wealthy lay claim (*antipoiontai*) to honor” because without these a city cannot exist.⁶³ Later, Aristotle notes that while “all men lay claim (*antipoiontai*) even to virtue, and suppose themselves capable of ruling in most offices,” in fact the city comprises different groups with distinct merits, and the nature of the regime results from the preeminence of one group or another.⁶⁴

What unites these passages from the *NE* with those from the *POLITICS* is that in both sets of examples, *antipoiēō* is an intrinsically political activity. The failure to stand up for oneself after being harmed is slavish because it is inconsistent with self-rule. Similarly, laying claim to one’s share of honor or power in the city is the essence of what citizens do, and its outcome defines the character of the *polis*. Aristotle thereby calls our attention to the close relationship between *antipoiēō* and justice, including both its corrective and its distributive varieties. His examples also suggest that unlike *antipeponthos*, doing in return or reciprocity in

61. *NE*, *supra* note 7, at 1133a1. The structure of the sentence is unclear, and the Rackham text includes *ei mei antipoiēō* in brackets.

62. *Id.* at 1138a23-24. Rackham translates *antipoiēōn* here as “retaliates.” Rackham, *supra* note 26, at 319.

63. *ARISTOTLE*, *supra* note 45, at 1283a16-17.

64. *Id.* at 1291b6-10. The form of the verb used in these passages is the middle passive, which means to exert oneself or seek after something, rather than the active, which concerns reciprocity specifically. Yet the meanings of the two forms are related, since to make a claim in the political sphere entails asserting that one merits power or honor on the basis of a substantive characteristic or contribution to the common good.

this broader sense does not purport to rest on a common measure among heterogeneous goods. In fact, the two points are connected: politics is the art of combining the distinct and unequal contributions of citizens to promote the good life that is the purpose of the city. It requires that citizens make claims for themselves in terms of those contributions—wealth, freedom, judgment, virtue—and receive in return an amount of honor or influence that accords with their worth.

This is not to say, however, that *antipeponthos* is somehow apolitical in character. On the contrary, Aristotle’s treatment suggests that fairness in commercial exchange is highly political, albeit indirectly so. First, he locates the discussion of reciprocity in exchange after his accounts of corrective and distributive justice, both of which are types of partial or particular justice. This means that *antipeponthos* is part of the discussion of justice within the political community.⁶⁵ Second, the determinations of value of the various goods involved in commercial exchange are themselves politically shaped, containing within them judgments about the relative social worth of the different professions. This is further suggested by Aristotle’s use of *axia* to mean “worth” both in the sense of merit in the context of distributive justice,⁶⁶ and in the sense of equivalent value in the context of marketplace exchange.⁶⁷ Both valuations will change depending on the political context. In the case of distributions, all agree that justice should accord with merit but disagree about what type of merit should be determinative, leading to the different political regimes. In the case of commerce, two producers will stand in different relations to one another depending on how esteemed their professions are within their community. Reciprocity in economic exchange therefore represents a subset of reciprocal behavior that differs in important respects from political reciprocity but is nevertheless deeply linked to political life. Aristotle lays the groundwork for this point in his account of the virtues of social interaction in Book Four.

V

EXCHANGE AND THE VIRTUES OF SOCIAL INTERACTION: RECIPROCITY BEFORE *ANTIPEPONTOS*

Although rarely examined together with the account of *antipeponthos*, Book Four of the *NE* is replete with examples of reciprocal exchange, in particular, exchanges of heterogeneous goods that lack a common measure or currency. This discussion barely mentions any of the specific terms for reciprocity that appear in Book Five and thereafter.⁶⁸ Nevertheless, Aristotle repeatedly uses the term

65. *NE*, *supra* note 7, at 1134a25-30.

66. *Id.* at 1131a24-30.

67. *Id.* at 1133b25.

68. One exception is his use of *antapodidōmi*, meaning to give back or repay, in the discussion of gentleness, the virtue pertaining to anger. *Id.* at 1126a15-23. Since we know that reciprocity holds the city together, the absence of these terms prior to Book Five seems to indicate that the virtues discussed in Book Four address the problem of commensurability in a less than fully political way.

axia—meaning value, worth, or merit—which confirms that one of his central preoccupations here, as in Book Five, is the question of fair exchange value. In fact, the challenge of determining the worth of various contributions or goods directly links the social virtues discussed in Book Four—liberality, magnificence, greatness of soul, and an unnamed virtue concerning honor—with both *antipeponthos* and the account of friendship in Books Eight and Nine. Seen in this broader context, *antipeponthos* is a midpoint in the development of Aristotle’s argument about how benefits conferred in one form are returned in another and what, if anything, provides the measure of their value for the purposes of such exchange.

Book Four starts with two sets of related virtues. The first set comprises liberality and magnificence, both of which concern the use of wealth. The second comprises greatness of soul and an unnamed virtue, both of which concern the love of honor. Each set of virtues involves a good that one can value or desire appropriately or inappropriately, and each is primarily defined by the ability to properly value that good. The liberal person spends her wealth well and, in so doing, does not “look out for [her]self” but prefers to give aid to others.⁶⁹ The magnificent person also spends well, and in particular spends “great amounts in a suitable way.”⁷⁰ In both cases, the giver receives something in return: the liberal person receives affection, praise, and gratitude,⁷¹ while the magnificent person receives honor.⁷² In both cases, the relevant virtue is what allows her to rightly appraise the value of what she gives and of the heterogeneous good she receives. As if to underscore the incommensurable character of the goods exchanged, Aristotle explicitly defines wealth (*chrēmata*) here as “all those things whose worth (*axia*) is measured in legal currency,”⁷³ thereby highlighting the difference between what is bestowed, which has common measure, and what is received, which does not.

The great-souled person, meanwhile, correctly appraises two different incommensurable goods: his own character and the honor it evokes from others. Aristotle defines the *megalopsychos* as someone who possesses all of the other virtues and knows that he possesses them. While he does not strive for honor, since he knows “there could be no honor worthy of complete virtue,” he “will take pleasure in a measured way in great honors and those that come from serious human beings . . . inasmuch as they have nothing greater to assign to him.”⁷⁴ “Worth” (*axia*) and the related verb “to deem oneself worthy” appear frequently in Book Four, but perhaps nowhere more than in the chapter on greatness of

69. *Id.* at 1120b6. Aristotle’s term for this person, *o eleutherios*, derives from the word for freedom, and can also mean to act or speak like a free person.

70. *Id.* at 1122a35.

71. *Id.* at 1120a16-22.

72. *Id.* at 1122b35.

73. *Id.* at 1119b26.

74. *Id.* at 1124a5-9.

soul.⁷⁵ What renders this trait an “ornament of the virtues,” it seems, is precisely the self-knowledge that allows its possessor to recognize and accurately assess his own worth and therefore to appreciate that no amount of honor or other external good could serve as its equivalent.⁷⁶

The last virtue in the quartet is an unnamed virtue concerning honor. This virtue bears the same relation to greatness of soul that liberality bears to magnificence, meaning that it is concerned with moderate honors rather than great ones.⁷⁷ The analogy confirms that honor, like money, is a form of currency used to reciprocate contributions that are not returned in kind. Both the magnificent person and the *megalopsychos* are especially concerned with assessing the worth of noble works in terms of the honor they receive.⁷⁸ In fact, the *megalopsychos* is so attuned to the value of his virtue that he may sacrifice his life for it, since “life is not worth living at every price.”⁷⁹

Like the four virtues just discussed, the remaining excellences enumerated in Book Four are also defined by an ability to rightly judge when to give what and to whom, whether it be anger or retaliation,⁸⁰ approval,⁸¹ pleasure,⁸² truth,⁸³ or wit.⁸⁴ Aristotle notes by way of conclusion that all these virtues “are concerned with certain speeches and actions related to community.”⁸⁵ We already know, thanks to our reading of Book Five, that reciprocity is what sustains community. Although Aristotle does not explicitly claim that these virtues allow for reciprocity, his reference to community is a powerful clue that they do and that the various forms of social exchange they enable are necessary for harmonious social life.

Book Four thus sets the stage for Aristotle’s treatment of reciprocity in Book Five. First, it highlights the many distinct goods that define social life, along with the need for practices that value and compare them. Second, it indicates that these valuations are dependent on their social context, meaning both the particular relationships involved—for example, in the gratitude or affection given to the liberal person by those she benefits—and the broader political context, as in the honor given to those who perform magnificent public works.⁸⁶ Third, this discussion shows the importance of virtue, including the particular virtues in

75. Bartlett & Collins, *supra* note 26, at 75 count more than thirty appearances of the verb and its cognates in this chapter alone.

76. NE, *supra* note 7, at 1124a1.

77. *Id.* at 1125b3-5.

78. *Id.* at 1122b15; 1123a19; 1123b13-21.

79. *Id.* at 1124b9. This passage is arguably ambiguous and translations vary. Here I adapt that of Rackham, *supra* note 26, at 221, which is similar to Irwin, *supra* note 26, at 58.

80. NE, *supra* note 7, at 1125b32-33.

81. *Id.* at 1126b12-15.

82. *Id.* at 1126b31-33.

83. *Id.* at 1127a20-25.

84. *Id.* at 1128a9-16.

85. *Id.* at 1128b6.

86. Aristotle illustrates magnificence with reference to public services undertaken by wealthy citizens in Athens and other Greek cities. *Id.* at 1122a23-25; 1122b19-24.

question and the capacity for good judgment more generally, in enabling the valuation and comparison of goods. Finally, insofar as this discussion focuses on only one side of the exchange—that is, on the initial acts or contributions of those who possess the virtues in question—it underscores the need to account for the other side and therefore the need for justice. In other words, Aristotle’s treatment of the virtues in Book Four indicates that the exchange of incommensurable goods permeates social life, but it does not yet provide us with a standard for evaluating whether and when such exchange is just.⁸⁷ Rather, the problem receives its fullest resolution in the context of friendship.

VI

FRIENDSHIP AND THE STANDARD FOR RECIPROCITY

Aristotle’s account of the various types of *philia*—typically translated as “friendship,” but more accurately rendered as affection or, perhaps, affectionate association⁸⁸—takes up the same questions of equivalent value and just exchange that emerge in Books Four and Five.⁸⁹ As with the discussion of *antipeponthos*, the treatment of friendship and its three varieties—of utility, of pleasure, and of virtue—has been amply explored by commentators. I therefore focus here on Aristotle’s argument that friendships of virtue are the longest-lived form of association because they avoid the disputes about value that characterize other types of community. In other words, where the treatment of *philia* advances on the discussions we have considered so far is in its claim that the standard for reciprocity is the friendship between two people who, thanks to their good judgment (*prohairesis*), are able to converge on a true estimation of the value of the goods they exchange. Aristotle’s discussion of friendship thus offers a revision and completion of the earlier accounts of reciprocity, confirming that judgment—and in particular, the ability to properly assess the value of one’s contribution to a friend’s good—is key to resolving the question of equivalent value that runs throughout the treatise.

Books Eight and Nine of the *NE* effectively present a hierarchy of friendships based on how well each type promotes lasting community between the friends. While all communities involve *philia*, the character of the community determines

87. The *megalopsychos* returns service done to him with interest, since this will make him the benefactor and the other his beneficiary. *NE*, *supra* note 7, at 1124b13. Only in the context of justice does *antipeponthos* take place, and only in the context of friendship does the *magalopsychos* come to regard another as his equal. *Id.* at 1124b30.

88. See MALCOLM SCHOFIELD, *SAVING THE CITY: PHILOSOPHER KINGS AND OTHER CLASSICAL PARADIGMS* 74–76 (1999); A. W. PRICE, *LOVE AND FRIENDSHIP IN PLATO AND ARISTOTLE* 159–60 (1989) (discussing Aristotle’s account of the various types of *philia*).

89. Stephen Salkever notes that for Aristotle, *philia* applies to “all instances of living together that involve some degree of reciprocity, enough equality to make reciprocity possible . . . and some degree of *prohairesis*,” or thoughtful choice. Stephen Salkever, *Taking Friendship Seriously: Aristotle on the Place(s) of Philia in Human Life*, in *FRIENDSHIP AND POLITICS: ESSAYS IN POLITICAL THOUGHT* 53, 63 (John Von Heyking & Richard Avramenko eds., 2008). On his reading, therefore, Aristotle stresses mutuality and reciprocity as essential elements of *philia*. *Id.*

the type of friendship manifested therein.⁹⁰ For example, communities of exchange entail friendships of utility,⁹¹ which tend to dissolve as soon as one of the parties ceases to find the friendship advantageous, and which are prone to dispute because “those who use each other with a view to some benefit always want more and suppose they obtain less than what is proper.”⁹² Friendships involving heterogeneous goods tend to be unstable as well, since the goods involved may not last, in which case the friendship will dissolve. Finally, where the two parties are unequal in some way, such as a parent and her child, friendship can arise and persist only so long as “friendly affection accords with merit,” such that the more virtuous or useful friend is loved more than she loves.⁹³

By contrast, friendships among those who are equal in virtue are inherently stable and long-lasting. For one, they are less prone to disputes than friendships of utility, since a virtuous friend will correctly perceive the value of her contributions. In such friendships, therefore, “the choice made by the person performing the benefaction is like a measure, for what is authoritative in matters of virtue and character resides in the choice involved.”⁹⁴ Moreover, in reciprocally pursuing one another’s benefit, such friends enjoy the most choice-worthy and longest-lasting good of all, namely acting well and observing the other do the same.

To make this point, Aristotle invokes an illuminating analogy. Just as artisans are fond of their products, he explains, benefactors are fond of those whom they benefit, “for what has received the benefit is their own work.”⁹⁵ If the beneficiary is merely the passive recipient of these efforts, then each party obtains something different from the transaction: the beneficiary receives what is pleasant or profitable (*sumpheron*), while the benefactor engages in something noble (*kalon*).⁹⁶ In the case of virtue friendship, however, both friends are simultaneously like the artisan *and* her product, in that each acts nobly for the benefit of the other. Recall that in the case of the four-sided figure used to illustrate *antipeponthos*, what rendered the ratio of the two terms irrational was the different natures of the artisans’ work. We can now see that reciprocity among virtuous friends obviates this problem, because the work of the two *philo*i is essentially the same—namely, the activity of choosing and living well.

This in turn clarifies an important difference between justice and friendship. Both justice and friendship characterize community, and both are necessary in different ways and to different degrees in every human association. Yet, while justice entails apportioning goods in accordance with merit or worth first, and “quantity” (*poson*) second, friendship apportions its goods according to quantity

90. NE, *supra* note 7, at 1159b25-27; 1160a28-30; 1171b33.

91. *Id.* at 1158a22.

92. *Id.* at 1162b17-18.

93. *Id.* at 1158b27.

94. *Id.* at 1163a22-24.

95. *Id.* at 1168a4.

96. *Id.* at 1168a10-12; *cf.* 1169a30.

first and merit second.⁹⁷ As Jill Frank explains, equality of quantity refers to the resemblance between the two friends insofar as each is characterized by acting well. Although each will exercise her virtue differently—and this, indeed, is what draws the two together—they are alike in this most defining of features.⁹⁸ Unequal distributions according to merit are therefore unnecessary in their partnership. By contrast, when friends differ in merit, equality requires that they receive different quantities of shared goods. Apportioning affection or any other good in this way reflects a deviation from the best form of friendship, undertaken only where equality in virtue is lacking.

In the case of justice, on the other hand, distribution according to merit is paramount. It is not clear what Aristotle means when he says that distribution by quantity comes second in matters of justice, but here the account of *antipeponthos* may offer a clue. As we have seen, Aristotle suggests that the value attached to goods in the marketplace will embody social judgments about the value of the professions involved, such that the relative worth of the housebuilder and the shoemaker is reflected in the prices of the items they exchange. In other words, in expressing “what quantity (*posa*) of shoes are equivalent to a house,” the transaction also reflects what the shoemaker should receive in comparison to the housebuilder.⁹⁹ While distribution according to merit sets the hierarchy of values in the city as a whole, marketplace transactions take place according to quantity, typically expressed as a monetary value.¹⁰⁰

Aristotle’s discussion of friendship thereby offers a recap and revision of his earlier treatment of reciprocity. First, we learn that there is a form of community that stands above both the marketplace and politics, and with it a way of allocating or exchanging goods that is more choice-worthy than justice. In its best form, friendship renders commensurable and equally shared what each friend contributes and what each receives: each “contributes” virtuous activity, and in return, each enjoys seeing her friend’s flourishing and her own virtue mirrored therein.¹⁰¹ Second, the reason that their reciprocal exchange allows for equal sharing of the good is that the friends’ virtue, and specifically their good judgment, enables them to truthfully value the worth of their shared activity.

With this last point, Aristotle addresses the question of judgment that he implicitly raises but does not resolve in Book Five. There, we were prompted to ask how the shoemaker and the housebuilder could agree about the price of their respective products when neither had yet used what he stood to acquire. Revisiting this question in Book Nine, Aristotle notes that in a transaction involving heterogeneous goods—for example, the exchange of a service for a

97. *Id.* at 1158b30-33.

98. FRANK, *supra* note 20, at 157–59.

99. NE, *supra* note 7, at 1133a22; 1163b35-1164a1. Here I adapt the Rackham translation, *supra* note 26, at 283 for consistency with the preceding paragraph.

100. See NE, *supra* note 7, at 1164a1-3.

101. *Id.* at 1169b30; 1170a3. For further discussion of this point, see Rachel Z. Friedman, *Friendship as a Non-Relative Virtue*, 20 J. ETHICS & SOC. PHIL. 30 (2021).

fee—there is a question about who should assess the worth of the traded item. Where the giving is “done on some condition” rather than spontaneously, the opinion of both parties should determine the item’s worth.¹⁰² Where they cannot agree, the recipient should decide, and as long as “the giver receives as much as the recipient is benefited . . . the giver will have received what was merited.”¹⁰³ In the case of a gift bestowed without any condition, the beneficiary should “make the repayment accord with the choice (*prohairesin*)” of the giver.¹⁰⁴ This means that while it is up to the recipient to determine the value, the amount she selects will accord with the giver’s intention—since the latter aimed at her good—and the two will converge on a true estimate of the object’s worth.

Books Eight and Nine therefore shed new light on the limits of reciprocity in every type of community aside from friendships of virtue. We saw that the one-sided account of giving in Book Four pointed toward the need for justice. Yet, the account of reciprocity in exchange did not solve the problem of how two people with different experiences and expertise could agree on the value of an object that one made and the other had yet to use. Money provides a necessary but limited and conventional measure of value, which means that reciprocity within the marketplace, while a form of justice, does not reflect any good’s true worth. Only in the account of virtue friendship do we find a resolution of this problem. Virtue, and in particular deliberate choice (*prohairesis*), is what allows the giver to select wisely for his friend and the friend to correctly appraise that selection. Even if few communities will exhibit such convergence in practice, the friendship of virtue provides the standard for reciprocity against which all other accounts should be judged.

VII

CONCLUSION: ARISTOTLE AND THE MARKET

If the interpretation advanced here is correct, Aristotle’s account of reciprocity could contribute to our own understanding of markets in at least two ways. First, it indicates the poverty of contemporary distinctions between self-interested and other-regarding behavior, along with the value of reciprocity as a category that better captures the complexity of human motivation and interaction. For example, although the actions of a virtuous friend resemble what modern economic accounts call altruism, in that they are performed without condition and for the good of another, Aristotle calls this person a “self-lover” in the truest sense, since he obtains “the greater good” by allotting “more of the noble to himself.”¹⁰⁵ By contrast, those who “allot to themselves the greater share of money, honors, and bodily pleasures” are self-lovers in a misguided way, since

102. NE, *supra* note 7, at 1164b6.

103. *Id.* at 1164b10-13.

104. *Id.* at 1164b1.

105. *Id.* at 1169a29, 35.

in effect they attribute a greater value to these goods than they are worth.¹⁰⁶ The distinction between the two types ultimately rests on how well each is able to assess the value of the goods in question, which is the same capacity that underlies the various forms of reciprocity.

Moreover, Aristotle's argument indicates that while marketplace transactions are aimed primarily at advantage, they cannot be divorced from considerations of justice. Unlike efficiency-based defenses of the market, then, Aristotle indicates that prices always reflect norms of equity or fairness. This is not to say that there exists a single just price for any given good or an objective way of determining its economic value. Rather, Aristotle's point is that marketplace activity and its associated version of reciprocity will necessarily express socially embedded judgments about the relative worth of goods and their producers.

At the same time, in highlighting the situatedness and conventionality of these judgments, Aristotle reminds us that prices are malleable, subject to change in light of shifting political configurations and the hierarchies of value they embody. This should mitigate concerns that an Aristotelian political economy would replace the apparently neutral criterion of efficiency with something more conservative or coercive. Situating commercial reciprocity *vis-à-vis* the standard provided by character friendship shows that the former can, and likely will, get its valuations wrong. Yet, it also shows that we can critique commercial valuations by appealing to a better form of judgment, one that is oriented toward the good of the particular parties involved. Seen in this light, Aristotle's view appears no more conservative or coercive than the market of modern economic theory, in which prices are determined by the aggregate effects of subjective preferences. On Aristotle's view, as I have understood it, prices already contain within them communally shaped assumptions about value. His account simply invites us to place those assumptions and their sources at the forefront of our concern, rather than bracketing them off as irrelevant to economic analysis.

In this way, the argument advanced here joins the call made by several other contributions to this volume for a more contextualized approach to the study of markets. For example, Lisa Herzog points out that focusing only on the moment of exchange between producer and customer often obscures the epistemic infrastructure of market transactions.¹⁰⁷ Without contesting this claim, my reading of Aristotle suggests that the moment of exchange can also be a source of epistemic and normative insight, provided that we interpret it correctly. David Grewal proposes a way of thinking about political economy that focuses on contestation and cooperation about the institutional foundations of economic life, rather than one that translates distributive conflict into the language of cost, as general equilibrium theory does.¹⁰⁸ Aristotle's account presents marketplace

106. *Id.* at 1168b15-20.

107. Lisa Herzog, *The Epistemic Preconditions of Markets and Their Historicity*, 86 LAW & CONTEMP. PROBS., no. 4, 2024, at 111.

108. David Singh Grewal, *The Epicycles of General Equilibrium Theory*, 86 LAW & CONTEMP. PROBS., no. 4, 2024, at 25.

valuations as a reflection of the political community and therefore of the contestation and cooperation that politics entails.

Finally, Aristotle's account of reciprocity underscores that the social significance of markets extends beyond their capacity to satisfy material wants. Like all forms of reciprocal exchange, marketplace transactions set out to render commensurable, albeit imperfectly, some of the diverse goods that define a worthy life. As such, they not only reflect the values of a given community but also help to generate and sustain community. If contemporary markets are failing in the latter task, one reason might be that we have lost sight of their primary aim, namely to foster a certain kind of ongoing reciprocal association. Perhaps Aristotle's account could be a spur to reexamine and reshape the judgments of worth expressed in marketplace valuations—to better serve our relational needs alongside our material ones.