Aristotle's doctrine of the mean is his signature framework for developing a virtuous life. By canting one's behavior toward the mean between the extremes of excess and deficiency, the resulting attitudes, and the habits generated by repeating those behaviors, create virtue in the soul. Aristotle defines several different virtues along with their extremes and corresponding vices in the *Nicomachean Ethics*, including pride, justice, and courage. Here we will focus on his stance on liberality (generosity)¹, and how we can apply his thoughts above the level of the individual to build a model for a sustainable and virtuous economic system. There may be some question as to whether systems can have virtue in and of themselves, but in this context we can answer in the affirmative. The *N.E.* are designed as a complement to Aristotle's *Politics*, his larger vision being to showcase how virtue comes into being on an individual scale before discussing how those same individuals would come together to form a virtuous State. The creation of virtuous systems is the point of the exercise.

In Book IV of the *N.E.*, liberality and its attendant extremes are defined as follows:

- **Prodigality** (over-spending/giving)
- **Liberality** (generous giving/proper acquisition)
- **Meanness** (giving very little, and/or taking from improper sources)

In accordance with the doctrine of the mean regarding wealth, aiming for the balance of giving generously to the right people while not depleting one's own resources or taking from improper sources, creates the possibility of making one a liberal, and therefore virtuous, man. Why only the possibility? It is because Aristotle says that virtue requires not only that the proper acts be undertaken, in the proper degree, and toward the proper people; it also requires that acts be undertaken in the right way. That is, the acts must stem from a firm and abiding disposition to act in certain ways; one's acts must, in other words, be the results of and reflect one's character. Aristotle says that, “virtuous actions are noble and done for the sake of the noble. Therefore the liberal man, like other virtuous men, will give for the sake of the noble, and rightly; for he will give to the right people, the right amounts, and at the right time… Nor is he liberal who gives with pain; for he would prefer the wealth to the noble act.”²

Now we see it is possible to give but not be virtuous; if the gift is given grudgingly, or the amount is too much or too little, or the person on the receiving end is unworthy, the act is not that of a liberal man. The liberal man uses his wealth as a means to achieve virtue; regardless of the size of his gifts, if they are in proportion to his own resources, and

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if they confer benefit on a worthy recipient or the community as a whole, that giving or exchange is done with noble intentions and is therefore virtuous.

The first extreme to the mean of liberality we will discuss is prodigality. A prodigal man is described as "one who is being ruined by his own fault," in this case being wanton with his giving to the point that he ruins his very substance. Aristotle writes,

> For he has the characteristics of a liberal man, since he both gives and refrains from taking, though he does neither of these in the right manner or well. Therefore if he were brought to do so by habituation or in some other way, he would be liberal; for he will then give to the right people, and not take from the wrong sources. This is why he is not thought to be of bad character; it is not the mark of a wicked or ignoble man to go to excess in giving and not taking, but only of a foolish one.

So our foolish, prodigal man is not of bad character; he is good-spirited and can learn the error of his ways. If he can learn to give nobly with proper intention, he can bring himself to the mean and become a liberal, and therefore virtuous, man. Unfortunately for the prodigal, it is rarely that simple. Overextending oneself though excessive giving tends to deplete one's wealth rapidly. People to whom this happens "are forced to provide means from some other source. At the same time, because they care nothing for honor, they take recklessly from any source." When this happens, a man becomes both prodigal and mean (the opposite extreme to prodigality, not to be confused with the mean itself), resulting in behavior that is far from virtuous.

Aristotle defines meanness in terms of two parts: "deficiency in giving, and excess in taking, and is not found complete in all men but is sometimes divided; some men go to excess in taking, others fall short in giving." Thus a mean man can be a miser, hoarding his wealth for fear of bad times to come, or he can be afraid to engage in taking and giving because he fears that his own resources might be taken by others. There are also mean men who have "a sordid love of gain." These are con-men, robbers, and other people who gain through exploitation. These latter types fall deeply into the category of "excess in taking" "because they are willing to make gain from wrong sources." Meanness is an evident contrary to liberality, while prodigality can turn to virtue if managed correctly.

Having defined how the three pieces of the mean of liberality fit together as they apply to the individual, let us look briefly at some of Aristotle's view on justice, to help us gain further insight into the proper, virtuous manner in which to exchange resources. He begins Book V, Chapter 5 of the *N.E.* with an explanation of how perfect reciprocity does not fit his earlier definitions of distributive justice (in which each person receives wealth in geometric proportion to their merit) or rectificatory justice (in which a court acts to rectify any unjust distributions of wealth, thus restoring the mean) -- saying that a precise

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3 Ibid., 984.  
5 Ibid., 987.  
6 Ibid., 987.  
7 Ibid., 987-988.  
8 Ibid., 988.  
9 Ibid., 988.
eye-for-an-eye, one-for-one exchange is not always the result of a virtuous action. Instead, he says that “in association of exchange this sort of justice does hold men together-- reciprocity in accordance with proportion and not on the basis of precisely equal return. For it is by proportional requital that the city holds together.” Proportion is key here; exchanges that do not take into account the merit or virtue of the parties involved cannot yield a virtuous result. To Aristotle, it is proportionality that keeps a society together-- it is right and just that good people get more, and bad people get less.

In order to effect that kind of proportional distribution of resources, there must be a medium of exchange. Aristotle explains why in the following passage:

For it is not two doctors that associate for exchange, but a doctor and a farmer, or in general people who are different and unequal; but these must be equated. This is why all things that are exchanged must be somehow comparable. It is for this end that money is introduced, and it becomes in a sense an intermediate; for it measures all things, and therefore the excess and the defect-- how many shoes are equal to a house or to a given amount of food.

What the creation of money does is, in effect, manufacture a symbol for the demand and usefulness of a product, and therefore set a standard for all sides of an exchange to receive proportionate return for their efforts or products. Aristotle is quick to point out that currency is only a symbol, and should always be treated as such. He says “money has become by convention a sort of representation of demand; and this is why it has the name ‘money’ (nomisma)- because it exists not by nature but by law (nomos) and it is in our power to change it and make it useless.” His point here is that just exchange is the goal, and that money exists for that purpose alone. We can look at the current economic climate and see the value in that notion. Our culture values the acquisition of money for its own sake. No matter how much property we accumulate or how ostentatious our lifestyles become, the fact remains that all those material possessions have been derived from treating money not as a symbol of value with which to conduct proper exchange, but as an end unto itself. That dissonance between intended symbolism and actual use has contributed to the large imbalances in the socio-economic sphere today. Instead of making it powerless, we have rendered money all-powerful. It is no longer a tool to ensure proportional exchange; it is simply something to pursue with our appetites, rather than a symbol of a society’s dedication to just distribution and virtuous interaction. These ideas of justice plainly reinforce the same ideas of liberality, just on a more macro scale-- there must not be too much or too little taking or giving. There needs to be a means of exchange if people are to live together and build a common life, but that means must always be thought of as just that: a means toward a virtuous, just exchange of resources. If the focus shifts from that goal toward one centered around thinking of means as an end unto themselves, virtuous behavior is an impossibility.

Understanding these concepts of justice and how they deal with economic relationships on both an individual and societal level will make it easier to apply the ideas of

10 McKeon, Aristotle, 1010.
11 Ibid., 1010-1011.
12 Ibid., 1011.
Iberality to large organizations that have a direct, sustained, and powerful impact on the economy. Let’s begin with prodigality. Prodigal individuals are most likely self-indulgent; “for they spend lightly and waste money on their indulgences, and incline toward pleasures because they do not live with a view toward what is noble.” That profligate attitude is hard to tie to a nation-state or corporation as a whole, so in this context we will define prodigality as over-spending. The outcome of this vice, in this situation, is easy to see. No organization can spend more than it brings in without incurring debt, perhaps to a critical level. This applies to more than just monetary wealth; it is just as easy to squander personnel, infrastructure, and technology. At any rate, a company or State that commits itself beyond its means has three options: one, to dissolve; two, to receive funding from outside sources and pivot its business practices toward more sustainable spending; or three, to begin acquiring wealth from the wrong sources, thereby becoming mean as well as prodigal, falling into the same trap that an individual behaving in this way would. In this macro sense, acquiring from the wrong sources can take many forms, such as cutting worker pay, making a cheaper but inferior product, ignoring safety and environmental regulations to lessen cost, levying unfair taxes, not paying the proper amount of tax, even engaging in industrial or interstate espionage—any form of gathering resources that promotes a disproportionate level of exchange.

A mean organization is in no less trouble than a prodigal one. Hoarding its resources would lead to fewer goods or services provided, while excessively taking will engender a bad reputation or even legal troubles. Any exploitive practices in regard to business practices, labor relations, environmental overuse, etc., is inherently ignoble, as it serves only to increase gain, with no thought to the good.

Here we arrive at the crux of the economic issue. In a strict capitalist sense: the most surplus equates to the most good. The problem with that profit-and-loss paradigm, when seen through the lens of Aristotle’s concept of virtue, is that all the spending, giving, taking, and making is directed toward profit, rather than toward a larger purpose. Remember, liberal actions pave the way for virtuous behavior, and liberal actions are undertaken for the sake of the noble. If an organization focuses entirely on its bottom line, it will make decisions that tend toward one extreme or the other (e.g. spending a fortune on an ad campaign for a product known to be inferior, or outsourcing jobs with no regard for the local community).

How can we build organizations that will trend toward the mean, that will use their resources wisely and with virtuous intent? If profit is the only motivation, there seems little hope. Creating policy that encourages economic virtue is an impossible task unless the laws put into effect would enforce macro concepts in tune with the more particular ideas of individual virtue; namely, the previously mentioned concepts of distributive and rectificatory justice. If the laws in place are more about the rules of the game than bringing about a virtuous end, the State that enforces such laws ceases to be a good actor in this milieu. Such a State would be at the mercy of the doctrine of the mean itself and thus responsible for any extremes its legislation caused. Any organizations within the State (e.g. a business, charity, social club, school, etc., that functioned under the umbrella of nomos imposed by the State) could be punished or shut out of mainstream life if they chose to pursue their noble goals rather than following the lines of behavior drawn by the State.

13 McKeon, Aristotle, 987.
We can see that in action within our society today—within a ruleset designed to encourage consumerism and the free market, organizations that wish to pursue the good (charities, arts programs, youth enrichment, etc.) find most of their resources from private sources, not State institutions.

It is in those who work toward the good regardless of dissonance with the prevailing culture where we can find hope for creating an economic system that functions to improve society rather than divide it. The individuals charged with the distribution of resources (public or private) must themselves be virtuous, and guide the organizations under their charge toward the mean of liberality. Even in this larger context, the virtue of individuals is necessary to achieve a good and noble outcome. These virtuous individuals would be responsible for keeping the organization on course; making sure it was directed toward a noble end and correcting any deviance toward a viscous extreme.

This virtue-driven option is by no means inimical to profit or what we would call a stable economy. Remember, a virtuously liberal man does not have a problem making money; he will just view that money as a means to a noble end, rather than an end unto itself. A virtuous man in business will take pride in crafting a superior product, or being a valuable asset to his community. He will give and spend for the right reasons, at the right time, and will take from the right sources. He will treat his workers fairly, he will ask the appropriate price for his goods and services, and he will not exploit the environment or other people to replenish his resources.

The same idea can be applied to the state as well. If those in power are virtuous, the state's resources will be directed in accordance with distributive and rectificatory justice. There will be appropriate distribution between education, defense, infrastructure, health care, etc., and a focus on proper development of resources in order to provide a stable and prosperous economy for its citizens. These concepts of justice are the State's iteration of the doctrine of the mean, while individuals and organizations within the State follow the mean by habituating themselves with virtuous behavior, illustrated in these economic terms by the virtue of liberality. As Aristotle said:

\[\text{...the just man is said to be a doer, by choice, of that which is just, and one who will distribute either between himself or another or between two others not so as to give more of what is desirable to himself and less to his neighbor (and conversely with what is harmful), but so as to give what is equal in accordance with proportion; and similarly in distributing between two other persons.}^{14}\]

One person, one hundred people, or a whole nation— the number doesn't matter, the idea is still the same. If there are virtuous individuals in power, who see the giving and taking of wealth as a means toward a noble end, both the individuals themselves and organizations they direct will increase their habituation toward the good, toward the virtuous.

In our culture, economic success has been defined only by the amount of wealth one attains, not by how it is obtained or how it is put to use. Our laws are designed to enforce that *laissez-faire* ideal. The tax code is a mess, and serves to perpetuate the ideal that those who gain the most are the ones who work the hardest and therefore deserve to hoard it; and rarely do we see prosecutions for financial crimes unless the victims happen to be

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wealthy themselves. Legality offers no avenue toward the good in this current iteration. Our treatment of monetary wealth as the goal itself rather than as a symbolic means of virtuous exchange has lead to a society with zero equity of resources. “In the unjust act to have too little is to be unjustly treated; to have too much is to act unjustly.”15 Proportion can be violated in either direction. In our society today, those who have too much are the ones with easier access to more, and for those that have too little the disparity is too great to overcome given the lack of opportunity. This system is not sustainable, practically or ethically. The way forward is to be able to rely on virtuous individuals to take responsibility for the acquisition and distribution of resources, and so develop a fair and equitable economic culture that strives toward the mean of liberality; this will help habituate individuals and organizations at all levels of society toward practices that spend the right amount, at the right time, and replenish themselves in the right way; creating the foundation for an economic system that is virtuous, profitable, and sustainable.

WORKS CITED


15 McKeon, Aristotle, 1012.