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## Aristotle’s Principles for Modern Economic Science

In a special journal issue dedicated to the principles that pre-modern philosophy can contribute to modern economics, I cannot but think of Aristotle’s insights on economic reality and knowledge. This is because I have extensively worked on Aristotle’s economic thinking.<sup>1</sup> My interest in Aristotle’s ideas on economic life has not stemmed from a kind of archaeological curiosity but from the quest for perennial notions that may shed light on contemporary economics. When I first studied economics I had a feeling that something was wrong about it: all remains at a strong theoretical level—usually expressed in sophisticated models—that have a remote relation with the actual economy.

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<sup>1</sup> See Ricardo F. Crespo’s: “The Ontology of the ‘Economic’: an Aristotelian Analysis,” *Cambridge Journal of Economics* 30, no. 5 (2006): 767–781; “The Economic According to Aristotle: Ethical, Political and Epistemological Implications,” *Foundations of Science* 13, no. 3–4 (2008): 281–294; “Aristotle’s Science of Economics,” in *Christian Morality and Market Economies: Theological and Philosophical Perspectives*, ed. Samuel Gregg and Ian Harper (Cheltenham, UK: Edward Elgar, 2008), 13–24; “Aristotle,” in *Elgar Handbook of Economics and Ethics*, ed. Irene van Staveren and Jan Peil (Cheltenham and Northampton 2009), 14–20; “Aristotle on the Economy,” *Philosophia* 70 (2010): 39–68; *Philosophy of the Economy: An Aristotelian Approach* (Dordrecht: Springer, 2013); *A Re-Assessment of Aristotle’s Economic Thought* (London: Routledge, 2014); “Society, Markets and Virtues: An Aristotelian Analysis,” in *Handbook of Virtue Ethics in Business and Management*, ed. Alejo Sison, Gregory Beabout and Ignacio Ferrero (London: Springer, 2017), 1323–1329.



Then, I studied philosophy in a Department with a solid Aristotelian orientation and often found in his teachings useful intuitions about contemporary themes. This is why, when I decided that I would specialize in the philosophy of economics, I started by analyzing Aristotle's economic thoughts. As a consequence of this, this paper will not add more fundamental ideas than those introduced in the previous works, but will present them in another way, trying to extract principles that could illuminate today's economic science.

Modern philosophy has ignored or changed fundamental concepts of classical metaphysics and ethics. As Étienne Gilson notes, for moderns, "metaphysics and ethics had to be either ignored or, at least, replaced by new positive sciences; in either case, they would be eliminated."<sup>2</sup> On metaphysical grounds, for Kant, intellectual intuition does not penetrate the nature of things; reason has not an intuitive but a "constructivist" role, constructive of the object of knowledge through *a priori* categories and judgments. On the practical field, a rational ethics has been replaced by emotivist theories. Final causes, human virtues, and practical reason have disappeared from philosophy, or their meanings have been substantially reformed. As Gilson and Thomas Langan state:

He [Kant] limited speculative philosophy by simply beheading it . . . . By similarly depriving ethics of any objective foundations beyond the postulates of moral consciousness, Kant initiated an age of moral faith during which, from Kant to Nietzsche, ethical truth progressively lost its motives of credibility.<sup>3</sup>

Contemporary economics has naturally derived from Modern philosophy and is a good example of the practical consequences of it: mod-

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<sup>2</sup> Étienne Gilson, *The Unity of Philosophical Experience* (New York: Charles Scribner's Sons, 1950), 276.

<sup>3</sup> Étienne Gilson and Thomas Langan, *A History of Philosophy. Modern Philosophy. Descartes to Kant* (New York: Random House, 1963), xi.

els construct fictional realities in which there are dependent and independent variables that determine each other but do not cause phenomena; science does not deal with ends that are considered as given; the work of virtues has been replaced by supposed automatic processes within an institutional framework; practical reason has been eliminated and a maximizing instrumental reason has instead been applied. What is wrong in current economic theory comes from its underlying modern philosophical ideas. This is why the way to rightly reform contemporary economics is to rebuild it, grounding it on the basis of classical philosophical principles.

A first step in this article will be to describe Aristotle's thoughts about the economy. Then, I will propose the mentioned principles. These will be three: 1) *Economics should be a classical practical or moral science*, 2) *Economics should not look for an unlimited wealth, but for the wealth necessary for the good life*, and 3) *Economics should be aimed at the common good*.

### **Aristotle on the Economy**

The Aristotelian main loci for the concerned topic are *Politics*, I, 3–13 and *Nicomachean Ethics*, specially V, 5. Aristotle distinguishes two central related concepts concerning the economy: *oikonomikê* and *chrematistikê*. In the first two chapters of *Politics*, I, he introduces *oikonomikê* (the use of wealth, i.e., the economic), together with its relation to *chrematistikê* (the provision, production or acquisition of wealth). In chapters 5–7, he deals with slavery, a part of *oikonomikê*. His study on *oikonomikê*, *chrematistikê* and money starts in chapter 8 and ends with chapter 10, followed by chapter 11's look at *chrematistikê* from a practical point of view. The focus of chapters 12 and 13 is on the house owners' paternal and marital relations and slavery.

In *Nicomachean Ethics*, I, 1, Aristotle explains that every task and inquiry has an end and that the end of *oikonomikê* is wealth.<sup>4</sup> Then in *NE*, I, 2 he refers to *oikonomikê* as a capacity and practical science subordinated to politics, which indicates its end: the end of wealth has to be subordinated to the end of politics, which is the good for man. In *NE*, IV, 1 and 2, Aristotle deals with virtues associated with wealth: liberality and magnificence. In *NE*, V, on justice, he devotes chapter 5 to justice in exchange. Continnence (*NE*, VII) and prudence (*NE*, VI) are also necessary for limiting the desire of wealth.

*Politics*, I, deals with the household. It distinguishes three parts of it: the slaves, freemen<sup>5</sup> and the properties. The last are needed, “because it is impossible to live well, or indeed to live at all, unless the necessary conditions are present.”<sup>6</sup> In chapter 8, Aristotle analyzes the art of acquiring property—chrematistics, which he considers as a subordinated part of *oikonomikê*, as the former provides the latter with the things that it uses. *Oikonomikê* uses the things that chrematistics provides.<sup>7</sup> He concluded:

Of the art of acquisition then there is one kind which by nature [*kata physin*] is a part of the management of the household [*oikonomikês*], in so far as the art of household management must either find ready to hand, or itself provide, such things necessary to life, and useful for the community of the family or state [*poleôs*], as can be stored. They are the elements of true riches.<sup>8</sup>

This last sentence is relevant because it introduces another possibility. True riches, he continued, are instruments for the good life and are not

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<sup>4</sup> Aristotle, *Nicomachean Ethics*, I, 1, 1094a 9, trans. Sir David Ross (London and New York: Oxford University Press, 1954). Hereafter cited as *NE*.

<sup>5</sup> I.e., δούλων καὶ ἐλευθέρων (*doulôn kai eleutherôn*). Aristotle, *Politics*, I, 3, 1253b 4, in *The Politics of Aristotle*, ed. and trans. Ernest Barker (Oxford: Oxford University Press, 1958). Hereafter cited as *Pol*.

<sup>6</sup> *Ibid.*, 4, 1253b 24–25.

<sup>7</sup> See *ibid.*, 8, 1256a 11–13.

<sup>8</sup> *Ibid.*, 8, 1256b 27–31.

unlimited, “for the instruments of any art are never unlimited.”<sup>9</sup> This is chrematistics by nature.<sup>10</sup> Actually, in chapter 9 Aristotle speaks about another form of chrematistics, with no limits to wealth and properties and he criticizes this second form of it.<sup>11</sup> This sketchy description opens the possibility of analyzing what principles Aristotle could provide to modern economics.

## Aristotle's Economic Principles

### *A Moral Field*

For ancient Greeks, obviously including Aristotle, economic reality was not a separate reality, but was immersed in the social and political tasks. As defined by Aristotle, man is a political animal, and all human activities are conditioned by or subsumed under political goals, which are moral goals. Therefore, as Werner Jaeger explains, “[p]oliteia means not only the constitution of the state but the entire life of the state . . . *politeia* covers the entire content of private and public life: economics, morals, culture and education.”<sup>12</sup> Here is Ernest Barker's thought on this:

The *polis* included everything; and in the same way the theory of the *polis* included studies to which we should now give a separate existence—in particular the theory of economics. . . . There is much writing on “economics” in the fourth century. . . . Such economic theory, subordinated as it is to political theory, which in turn is subordinated to (or, perhaps one should rather say, is the crown of) ethics, admits of no isolation of the economic motive, and of no abstraction of economic facts as a separate branch of inquiry. It is a theory of the ways in which households and cit-

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<sup>9</sup> *Ibid.*, 8, 1256b 35.

<sup>10</sup> I.e., κατὰ φύσιν (*kata physin*). *Ibid.*, 8, 1256b 38.

<sup>11</sup> *Ibid.*, 9, 1257a 1.

<sup>12</sup> Werner Jaeger, *Paideia: The Ideal of Greek Culture* (Oxford: B. Blackwell, 1946), 410.

ies can properly use the means at their disposal for the better living of a good life. Wealth, on this basis, is a means to a moral end.<sup>13</sup>

According to this conception, the economy was subordinated to politics and was considered as a means to acquire the goods needed to live a virtuous life for human fulfilment (*eudaimonia*). As mentioned above, Aristotle thinks that “it is impossible to live well (*eû zên*), or indeed to live at all, unless the necessary conditions are present.”<sup>14</sup> When Aristotle speaks about “life at all” he is referring to what is achieved at home (*oikos*). When he talks about “liv[ing] well” he is referring to what is attainable in the *polis*, and this is in fact the end of the civil community.

From the previous considerations we may extract the first principle: *Economics should be a classical practical or moral science.*

Modern economics, instead, was born in the context of an annulling of classical practical reason. Adam Smith considers political economy as a branch of politics, but in the context of a different conception of it. He was an intimate friend of David Hume. It is well known that for Hume, “Reason is and ought only to be the slave of passions and can never pretend to any other office than to serve and obey them.”<sup>15</sup> Passion determines the ends, and the role of reason is to look for the means to achieve them. That is, the role of reason is rendered merely instrumental. On Hume’s conception, reason has nothing to do with the search for, and decision on, ends. Practical reason has been replaced by desires, and reason has seen its role reduced to the merely instrumental.

This position resonates with Smith. For Smith, reason intervenes in the induction of moral rules, but the content of good or evil is known by a moral sentiment. In *The Theory of Moral Sentiments*, he asserts,

<sup>13</sup> Ernest Barker, “Introduction,” in *The Politics of Aristotle*, ed. and trans. Ernest Barker (Oxford: Oxford University Press, 1958), lv–lvi.

<sup>14</sup> *Pol.*, I, 4, 1253b 24–25.

<sup>15</sup> David Hume, *A Treatise of Human Nature*, II, iii, 3, ed. L. A. Selby-Bigge (Oxford: Oxford University Press, 1968), 415.

it is altogether absurd and unintelligible to suppose that our first or most basic perceptions of right and wrong can be derived from reason, even in the particular cases on the basis of which we form general moral rules. These first perceptions can't be an object of reason; they must be matters of immediate sense and feeling. (That holds true for all experiences on which any general rules are based.) We form the general rules of morality by finding in a vast variety of instances that one tenor of conduct constantly pleases in a certain way and that another constantly displeases. But reason can't make any particular object either agreeable or disagreeable to the mind for its own sake. Reason can show that this object is a means to getting something else that is naturally either pleasing or displeasing, and in this way reason can make it either agreeable or disagreeable for the sake of something else. But nothing can be agreeable or disagreeable for its own sake unless it is made to be so by immediate sense and feeling. So if virtue in each particular case necessarily pleases for its own sake, and if vice equally certainly displeases the mind, then what reconciles us to virtue and alienates us from vice can't be reason; it has to be immediate sense and feeling.<sup>16</sup>

This paragraph clearly shows the reduction of the role of reason to an instrumental purpose. This ethics of sentiments is at the root of the modern economic conception of an essential element of it: preferences. Economic preferences, which are the ends of economic actions, are treated as substantially subjective. They comprise all kinds of not scrutinized goals or ends put under an undifferentiated concept of preference or utility. Economics takes them as given and considers it not legitimate to reason about them: a role assigned to ethics, while economics is a "positive" science. This is the historical process by which economics has stopped being a moral science. The only aim of modern economics is to determine the best use of means in order to attain the maximum possible level of undefined preferences.

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<sup>16</sup> Adam Smith, *The Theory of Moral Sentiments*, VII, III, II, The Glasgow Edition of the Works of Adam Smith (Indianapolis: Liberty Fund, 1984).

The modern reduction of reason to instrumental reason has been highly influential in the social sciences, and especially in economics. In fact, I repeat that modern economics is no more than an application to real life of the ideas of philosophers such as Hume and his tradition. Raymond Boudon very well describes the situation:

In general terms, the equation that assimilates rationality and instrumental rationality is so influential that social sciences' most literature on rationality almost exclusively deals with instrumental rationality. . . . At most, they recognize that rationality can also take the form of an exigency of coherence or transitivity of objectives or preferences. But they avoid applying this category to the contents of preferences or objectives.<sup>17</sup>

Modern thinking has tended to reduce reason to an instrumental role, and this view has influenced the social sciences, running alongside and consistently with the proclamation of the value-free ideal as a requirement for true science: this has been one of the main principles of modern economics.

Lionel Robbins, who coined what is today the most used definition of economics, distinguishes “economics,” the economic value-free science, and “political economy,” a “branch of intellectual activity” which is not science and which includes value judgments.<sup>18</sup> For him,<sup>19</sup> “welfare economics” (a Twentieth-century form of normative economics) includes values judgments: he consequently dismisses it as not a science. Robbins concludes that ethics has no place in economics. John Maynard Keynes disagrees with him: “As against Robbins, economics is essentially a moral science and not a natural science. That is to say, it

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<sup>17</sup> Raymond Boudon, “Théorie du choix rationnel, théorie de la rationalité limitée ou individualisme méthodologique: que choisir?,” *Journal des Economistes et des Etudes Humaines* 14, no. 1 (2004): 57.

<sup>18</sup> Lionel C. Robbins, “Economics and Political Economy,” *American Economic Review* 71, no. 2 (1981): 9.

<sup>19</sup> See *ibid.*, 1–10.



employs introspection and judgments of value.”<sup>20</sup> However, Keynes’ position has not prevailed.

### *The Limited Character of Wealth*

The idea of limited means appears in several passages of Aristotle’s corpus. For example, in *Politics*, VII, he stated, “external goods have a limit, like any other instrument, and all things useful are of such a nature that where there is too much of them they must either do harm, or at any rate be of no use.”<sup>21</sup> I introduce the second Aristotelian principle: *Economics should not look for an unlimited wealth, but for the wealth necessary for a good life.*

According to Aristotle, the second kind of chrematistic has no limits (*peras*), it is not natural (*ou physei*), unnecessary,<sup>22</sup> and makes an improper use of objects.<sup>23</sup> This last characteristic paves the way to considering two possible uses for objects as well as the role of money. Take a look at this passage by Aristotle, taking into account that, when he mentions chrematistics (using this or other names—for example “the art of getting wealth”), he refers to this second kind of chrematistics:

Of everything which we possess there are two uses: both belong to the thing as such, but not in the same manner, for one is the proper, and the other the improper or secondary use of it. For example, a shoe is used for wear, and is used for exchange; both are uses of the shoe. He who gives a shoe in exchange for money or food to him who wants one, does indeed use the shoe as a shoe, but this is not its proper or primary purpose, for a shoe is not made to be an object of barter. The same may be said of all possessions, for the art of exchange extends to all of them, and it

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<sup>20</sup> Letter to Roy Harrod, 4 July 1938, in John Maynard Keynes, *The General Theory and After: Part II. Defence and Development*, The Collected Writings of John Maynard Keynes, Vol. XIV (London: MacMillan, 1973), 297.

<sup>21</sup> *Pol.*, VII, 1, 1323b 7–9.

<sup>22</sup> *Ibid.*, I, 9, 1258a 15.

<sup>23</sup> *Ibid.*, 9, 1257a 5–10.

arises at first from what is natural, from the circumstance that some have too little, others too much. Hence we may infer that retail trade is not a natural part of the art of getting wealth; had it so been so, men would have ceased to exchange when they had enough. . . . This sort of barter [retail trade] is not part of the wealth-getting art and is not contrary to nature, but is needed for the satisfaction of men's natural wants.<sup>24</sup>

That is, Aristotle was not against commerce in general, but only when it goes beyond satisfying human needs, as this entails a use of objects not according to their nature. This often happens when money is involved. Aristotle first introduced the use of money by explaining how it originated: as a practical way of exchanging things that were “intrinsically useful and easily applicable to the purposes of life”<sup>25</sup>—first weighing or sizing them, and then putting a stamp “to mark the[ir] value.”<sup>26</sup> Aristotle did not object to this use of money, but to using it to produce unnecessary, unlimited wealth: “when the use of coin had once been discovered, out of the barter of necessary articles arose the other art of wealth-getting.”<sup>27</sup>

In other words, money is actually, though not necessarily, closely connected to the second kind of chrematistics: “it is thought to be concerned with coin; for coin is the unit of exchange and the measure of limit of it. And there is no bound to the riches which spring from this art of wealth-getting.”<sup>28</sup> Aristotle noted that, in the arts, there is no limit to the end, “for they aim at accomplishing their ends to the uttermost,”<sup>29</sup> but there is a limit to the means. What happens is that the second chrematistics takes money as an end and not just as a means, as the first

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<sup>24</sup> *Ibid.*, 9, 1257a 6–18 and 28–30.

<sup>25</sup> *Ibid.*, 9, 1257a 38.

<sup>26</sup> *Ibid.*, 9, 1257a 40.

<sup>27</sup> *Ibid.*, 9, 1257b 1–3.

<sup>28</sup> *Ibid.*, 9, 1257b 22–24.

<sup>29</sup> *Ibid.*, 9, 1257b 28.

chrematistics and *oikonomikê* do. The source of this confusion is that all three have money as an instrument.<sup>30</sup> Delving more deeply,

some persons are led to believe that getting wealth is the object of household management, and the whole idea of their lives is that they ought either to increase their money without limits, or at any rate not to lose it. The origin of this disposition in men is that they are intent upon living only, and not upon living well; and, as their desires are unlimited, they also desire that the means of gratifying them should be without limit.<sup>31</sup>

The focus of Aristotle's criticism is not an intrinsic evil in money but its wrongful use. When wealth is sought unlimitedly, it is for the sake of a rudimentary life, not of the good life, "for the amount of property which is needed for a good life is not unlimited."<sup>32</sup> A life hinging only on desires is the life of an irrational animal. Moreover, this second, "justly censured"<sup>33</sup> kind of chrematistics infects other behaviors, as unlimited desire leads to an unnatural use of things:

using each and every capacity in a way not consonant with its nature. The proper function of courage, for example, is not to produce money but to give confidence. The same is true of military and medical ability: neither has the function of producing money: the one has the function of producing victory, and the other that of producing health. But those of whom we are speaking turn all such capacities into forms of the art of acquisition, as though to

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<sup>30</sup> *Ibid.*, 9, 1257b 35.

<sup>31</sup> *Ibid.*, 9, 1257b 37–1258a 4. This unlimited desire is called *concupiscentia* by Aquinas: "[Q]uia homines student ad vivendum qualitercumque, non autem ad vivendum bene, quod est vivere secundum virtutem. Si enim intenderet vivere secundum virtutem, essent contenti his quae sufficiunt ad sustentationem naturae: sed quia praetermisso hoc studio, student ad vivendum unusquisque secundum suam voluntatem implere: et quia concupiscentia hominum tendit in infinitum; ideo in infinitum desiderant ea per quae possint satisfacere suae concupiscentiae" (Thomas Aquinas, *In Libros Politicorum Aristotelis Expositio*, VIII, 126 [Torino: Marietti, 1951]).

<sup>32</sup> *Pol.*, I, 8, 1256b 31.

<sup>33</sup> *Ibid.*, 10, 1258a 41.

make money were the one aim and everything else must contribute to that aim.<sup>34</sup>

This sounds really current. The medicine to cure unlimited appetite is virtue—more specifically, temperance. Based on these teachings, in chapter 10, Aristotle condemns usury, “which makes a gain out of money itself, and not from the natural object of it.”<sup>35</sup> Aristotle’s contemporary economy did not provide sufficient evidence for an understanding of the moral arguments that justify interest. He also pointed out that the second kind of chrematistics fosters the creation of monopolies.<sup>36</sup>

In modern economics there is no criterion to determine a limit in preferences. This is why another essential characteristic of economic phenomena according to modern economics is scarcity. If wants are unlimited, scarcity exists in every conceivable situation. In such a case of limitlessness, optimal performance or maximizing will always be insufficient because desires will never be fulfilled. This occurs when the human person allows himself to be ruled only by desires, which can be unlimited, instead of covering his necessities, which are always limited. The “*ethos* of the unlimited” transforms means into ends. Thinkers such as Max Weber and Karl Marx saw it as such. Both interpret the capitalist phenomenon in this way. According to Weber’s diagnosis, modern rationalization brought along with it the domination of ends by their means; while Marx believed that alienation had brought about the human person’s domination by merchandise.<sup>37</sup> However, the economic law of marginal decreasing utility implicitly recognizes the limited char-

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<sup>34</sup> *Ibid.*, 9, 1258a 6–14.

<sup>35</sup> *Ibid.*, 10, 1258b 3–4.

<sup>36</sup> *Ibid.*, 11, 1259a 21ff.

<sup>37</sup> See Karl Löwith, *Max Weber and Karl Marx* (London: George Allen & Unwin, 1982), 48 and 76.

acter of desires. But in fact, economists think as if desires were unbounded.<sup>38</sup>

I do not want to maintain that scarcity is nonexistent. The reality of limitations is an evident anthropological feature. The issue of scarcity has been a matter of reflection for many thinkers. It was, for example, excellently expressed by Robert Malthus. Malthus' theodicy (understood as an explication of scarcity) considers need and scarcity to be instruments that shape the human mind. Albino Barrera,<sup>39</sup> commenting on Malthus, argued in both philosophical and theological terms, that God created the world with sufficient matter to cover the needs of all of humanity; but that this sufficiency is conditional on the human person's work to avoid various types of limitations. Thus, in seeking human fulfillment, the economic dimension cannot be ignored. The material sufficiency provided by God is conditional. Human action, therefore, is a secondary cause of fulfillment. God desires a state of material sufficiency for the human person, not of scarcity (as in Malthus). However, reaching this state depends on human conduct. The human person is obliged to undertake economic activity, to the extent that it is necessary in order to obtain what he needs. The economy looks for the satisfaction of our needs and desires but, first, it has to efficiently use the disposable means to achieve this aim and, second, the desires have to be limited.

For Aristotle, self-sufficiency is a goal of the house, and of the tribe, and it reaches "the height of full self-sufficiency"<sup>40</sup> in the polis. He sees this as not only an economic concept, but a characteristic and condition of the good life. This achievement is not automatic, it implies working for it, but it is possible because needs are limited. As Robert L.

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<sup>38</sup> See Mary Hirschfeld, *Aquinas and the Market. Toward a Humane Economy* (Cambridge, Mass.: Harvard University Press, 2018), Chapter 2.

<sup>39</sup> Albino Barrera, *God and the Evil of Scarcity* (Notre Dame, Ind.: University of Notre Dame Press, 2005), *passim*.

<sup>40</sup> *Pol.*, I, 2, 1252b 29.

Gallagher puts it, “the concept of self-sufficiency is based on the fact that the necessary needs of a human being are by nature finite and determined, for otherwise self-sufficiency would not be possible.”<sup>41</sup> In contemporary economics, which holds a conception of end as unlimited, scarcity will never be surpassed. We should try to avoid falling in this *ethos* because it is psychologically sickening. In contrast, in the Aristotelian conception, in which the end is the good life and the means are finite, scarcity is surpassed by work, reciprocity and exchange, and this is mostly and best achieved in the polis. This conclusion opens the topic of the next section and its related principle.

### *Economics and the Common Good*

I come back to *Nicomachean Ethics*, I, 2: economics should be subordinated to politics and the aim of politics is the good of all men. Aristotle states:

Since then it [politics] makes use of the other practical sciences, and since it further ordains what men are to do and from what to refrain, its end must include the ends of the others, and must be the proper good of man. For though this good is the same for the individual and the state, yet the good of the state seems a grander and more perfect thing both to attain and to secure; and glad as one would be to do this service for a single individual, to do it for a people and for a number of states is nobler and more divine. This then is the aim of the present inquiry, which is a sort of political inquiry.<sup>42</sup>

From the previous considerations I extract a third principle: *Economics should be aimed at the common good.*

However, what is the specific content of the common good? In *NE*, I, 7, Aristotle introduces the “*ergon* argument” (an argument based

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<sup>41</sup> Robert L. Gallagher, *Aristotle's Critique of Political Economy* (Abingdon and New York: Routledge, 2018), 18.

<sup>42</sup> *NE*, I, 2, 1094b 1–10.

on the function of man to determine which good or goods constitute *eudaimonia*). He complains that: “Presumably, however, to say that happiness [*eudaimonia*] is the chief good seems a platitude, and a clearer account of what it is is still desired.”<sup>43</sup> He is aware of the need for a more explicit definition of the goods that one must look for and of *eudaimonia*. Throughout a reading of the *Nicomachean Ethics* and *Politics*, we can extract more specific goals that contribute to the common good:

1. The best political system is an egalitarian regime, “a general system of liberty based on equality;”<sup>44</sup> thus, government should concern itself with maintaining a certain equality, but not through confiscatory measures; “the magistrate . . . is the guardian of justice, and, if of justice, then of equality also.”<sup>45</sup>

2. Specifically, the government should not distribute funds directly to citizens, with the exception of funds that contribute to job creation; I think that it is warranted to quote this long paragraph:

[T]he policy nowadays followed by demagogues should be avoided. It is their habit to distribute any surplus among the people; and the people, in the act of taking, ask for the same again. To help the poor in this way is to fill a leaky jar . . . Yet it is the duty of a genuine democrat to see to it that the masses are not excessively poor. Poverty is the cause of the defects of democracy. That is the reason why measures should be taken to ensure a permanent level of prosperity. This is in the interest of all the classes, including the prosperous themselves . . . The ideal method of distribution, if a sufficient fund can be accumulated, is to make such grants sufficient for the purchase of a plot of land: failing that, they should be large enough to start men in commerce or agriculture. Notables who are men of feeling and good sense may also undertake the duty of helping the poor to find occupa-

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<sup>43</sup> *Ibid.*, I, 7, 1097b 22–24.

<sup>44</sup> *Pol.*, VI, 2, 1317b 16–17.

<sup>45</sup> *NE*, V, 6, 1134b 1.

tions—each taking charge of a group, and each giving a grant to enable the members of his group to make a start.<sup>46</sup>

3. Hence, the government should also concern itself with avoiding unemployment and promoting business and exchange.

4. In extreme cases, the government should provide food.<sup>47</sup>

5. The government should also concern itself with the health of the population, ensuring the necessary conditions for good health (as good water and unpolluted air).<sup>48</sup>

6. Education, whether public or private, should be yet another major concern for the government. To this aim, it must create adequate institutions and furnish the necessary funding.<sup>49</sup>

7. The government should make good laws and provide adequate court laws and funding to that purpose.<sup>50</sup>

These are only some more specific goals, but still fairly general. However, I consider that they can orient the work of economics.

For Aristotle, *oikonomikê* is fully targeted at the achievement of a good life or *eudaimonia*. It is a necessary means to achieve it, but it is not *eudaimonia* itself. Society should not be a market subject to competition, but rather, a community of cooperating human beings. Aristotle offers a proposal, summarized in the previous list, in which politics serves the appropriate good of all men and economics is in harmony with it. I believe this could serve as a source of inspiration for current political scientists and economists.

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<sup>46</sup> *Pol.*, VI, 5, 1320a 30–1320b 9.

<sup>47</sup> *Ibid.*, VII, 10, 1130a 2.

<sup>48</sup> *Ibid.*, VII, 10, 1330b 10–14.

<sup>49</sup> See, for example, *Pol.*, V, 9, 1310a 12–18, *NE*, X, 9, 1180b 7–12; *Pol.*, VII, 17 and VIII, 3.

<sup>50</sup> For example, *Pol.*, IV, 14.



## Conclusion

Modern economics takes ends as given. The Aristotelian notion of the economy and economics only makes sense if it aims to ends: to live and to live well. This perspective confers an intrinsic ethical character to Aristotle's notion of the economic realm. Both in the domestic sphere and society, economic resources should be oriented to the achievement of those ends. This can be done with the assistance of virtues which help human beings to overcome their tendencies to endlessly desire the means. It all can only be obtained within the boundaries of the *polis*, which is the community where human fulfillment may be achieved, according to Aristotle. In sum, three principles extracted from Aristotle's thoughts on the economic life and science can illuminate modern economics: it should be a moral science, looking for a limited amount of wealth, that necessary for achieving a good life, aiming at the common good.



### Aristotle's Principles for Modern Economic Science

#### SUMMARY

This paper is an attempt to illuminate today's economic science with the light of Aristotle's philosophy of economics. The author first describes Aristotle's thoughts about the economy. Then, he distinguishes and discusses three Aristotelian principles: (a) economics should be a classical practical or moral science, (b) economics should not look for an unlimited wealth, but for the wealth necessary for the good life, and (c) economics should be aimed at the common good.

#### KEYWORDS

Aristotle, economics, chrematistics, economic science, wealth, moral science, good life, common good.

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