

Family Economics and the Nation: An Aristotelian Perspective

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1. Introduction

Raphael Alvira reminds us that originally *Economics* meant *the law or norm of the house or simply "household management"*; whose other names are (*oikia, domus, Haus*)¹. He also suggests that there are three elements that form the basis of the family institution: namely, family intimacy, education and economics². Every state is a community and every community is established with a view to some good. The state itself is made up of many communities. Since therefore all people and all communities associate for the sake of some good, and the state is the highest community embracing all the other unities, then this self-sufficing state must aim at the highest good and its origin must be a union of those who cannot exist without each other; namely, of male and female, that the race may continue³. From this first natural union follows other types of associations such as that of parent-child and master-servant and associations of friendships until the highest which is the self-sufficing community.

Gary Stanley Becker, who was honoured with the Nobel Prize for Economics in 1992, wrote a book called *Human Capital* in 1975. He reminded us that when we think of capital we associate it with money in the bank or capital stock or steel plants⁴. We forget that good parental instruction, schooling, expenditures on medical care, begetting children and lectures on the virtues of punctuality and honesty are capital too and they improve health, raise earnings, and their good effects continue with a person throughout their life time. They are therefore capital just as much as the others and even more important. Suffice it to say that most of us here would easily attribute the best of our life's learning to our parents or guardians. Modern economic theory nevertheless seems unconscious of the importance of the family institution. In its place is another rationale that has substituted it; sometimes positively and at times negatively affecting the family. Our thesis in this presentation is that economics as a discipline needs to embrace the reality of the natural society called 'family'. Without good, stable and well managed families, economics lacks the firm foundation for stability and market growth.

2. At the Heart of Modern Economics

¹ Rafael Alvira, *El Lugar donde se vuelve: Reflexiones sobre la familia* (Pamplona, Eunsa, 2004), 57

² Rafael Alvira, *El Lugar donde se vuelve: Reflexiones sobre la familia*, 47

³ Aristotle, *Politics*, 1252a25-30. In *The Complete Works of Aristotle*. Edited by Jonathan Barnes. Princeton: Princeton University Press, 1984.

⁴ Becker, Gary S. *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education* (Chicago, IL, USA: University of Chicago Press, 1994), 15

We learn that theorists like Paul Samuelson, Kenneth Arrow, and Gerard Debreu translated economics into mathematics, with physics as their inspiration. Over time economics has become almost synonymous with statistics. People and societies have become statistical variables that are manipulated to calculate market equilibriums. Morals, politics, public administration and economic history have been, loosely speaking, eliminated from economics. YET, there is certain economic success and growth and development. This success has spurred more economic statistics as a measure of success and development among nations.

We observe that economics currently informs every discipline while it remains a master discipline little informed by the other sciences. In macroeconomic disciplines, for example, the scientists apply complex predictive models of the future based on purely mathematical assumptions and equations which have time and again occasioned heated political debate and newspaper headlines. It is now evident that economic forecasts can be manipulated to suit the particular ends of those seeking to convince or defend themselves or assault others. There are many who have mentioned this unsettling situation such as John Burton (1989), Roy Weintraub (1958) and Paul Davidson⁵.

Some economists have seen the need to infuse modern economics with psychology. Psychologists have added to economics the ‘*empirical*’ tradition (similar to Isaac Newton’s search for the laws of physics) ostensibly to authenticate its mathematical orientation. Combining the two, one comes up with Economics as a theoretical body of mathematical tools and behaviorist theorems. Herbert A. Simon laid the groundwork for artificial intelligence and cognitive psychology and he was awarded the 1978 Nobel Prize in economics. But the family was invariably left out Nobel Prize once again.

Robert Putnam, in the year 2000, demonstrated the unsettling decline of political and civil society engagement in the United States of America. His evidence has helped us speak of a new type of economic capital or “stock” called social capital⁶. The concept of Social Capital may finally bring us to the importance of the ‘traditional family’⁷. However, most modern economists, psychologists and sociologists still show a tendency towards the idea of *individualism* as primordial to human society⁸. This principle is clearly questionable since male and female individually and without a stable union, cannot provide a stable society.

⁵ Among the examples of economists discontented with this situation are John Burton (1989), Roy Weintraub (1958) and Paul Davidson. See Davidson, P., *Post Keynesian Macroeconomic Theory*, (Cheltenham, Elgar, 1994).

⁶ Alejandro Portes, “The Two Meanings of Social Capital”, *Sociological Forum*, Vol. 15, No. 1 (Mar., 2000), 1-12. See also, Robert D. Putnam, *Bowling Alone: The Collapse and Revival of American Community* (New York: Simon and Schuster, 2000), 541. He demonstrated a decline in all forms of democratic social intercourse bordering on education and dialogue in the social lives of Americans since the 1950’s.

⁷ Alejandro Portes, “The Two Meanings of Social Capital”, 3

⁸ Pierre Bourdieu (1980, 1985), Sara McLanahan and Gary Sandefur (1994), Haagan et al. (1996). Bourdieu, in particular, was instrumental, in highlighting the individual selfish motive of the individual when it comes to building social relationships. See Pierre Bourdieu, “The Forms of Capital”, in John G. Richardson, (ed.), *Handbook of Theory and Research for the Sociology of Education* (New York: Greenwood Press, 1985), 241-258

When the science of economics neglects natural human institutions of society and substitutes them with artificial business organizations, this is an *attempt* at reconstructing society on the premises of artificial economic institutions. This spectacle becomes even graver when one considers the increasing power of companies and monopolies far greater in political power than states and communities⁹. If they were to succeed in substituting natural institutions as the sources of social cohesion then we would also fall into the perilous spectacle of substituting morality with technological power as Mary-Anne Glendon reminds us¹⁰. They would justify Emile Durkheim's provision that division of labor is a natural law and the foundation of moral law¹¹. We propose on the other hand, that the natural family of man and woman is the foundation of society, the primordial society and the cause of a stable human society. The law of the family is the first social basis of morality and that family law encompasses spiritual, bodily and external goods. Economics as a science cannot be separated from politics and ethics. Ethics is here defined as a moral philosophical discipline as Aristotle understood it to be.

3. Why is Modern Economics Silent on the Family?

Why is modern economics silent on the natural family institution? Can modern economics be the apex science studying behavioral attributes, culture, customs, traditions and history? If we were to use a purely statistical methodology to explain these realities of societies we wouldn't know what principles to found our 'truths' of society on. Economics has definitively lost the wholesome concept of the common good of society and substituted it for MONEY or PROFITS. It equivocally calls money and profits the societies' wealth. If modern society sustains this principle, it risks losing the beautiful concept of the common good totally. Yet, the common good traditions have played an important part in molding western civilization¹². Society is becoming more and more synonymous with *technocratic* institutions such as banks, business corporations and factories. Technocratic societies breed '*economism*' which converts citizens into passive stationary statistical objects at the altar of making profit. It is evident that *Persons* should not be understood as statistical beings (or the so called '*rational economic beings*'); cold blooded and selfishly calculating every action to secure monetary benefit or pleasure.

The reality is that the market economy is a social network intricately intertwined with families that constitute a given civil society as a whole. The natural family demands, for example, that

⁹ Noreena Hertz, *The Silent Takeover: Global Capitalism and the Death of Democracy* (London: Arrow Books, 2001).

¹⁰ Mary Anne Glendon, *Rights Talk: The Impoverishment of Political Discourse* (Free Press, New York, 1991), 121.

¹¹ Fernando Múgica, *Emile Durkheim, Civilización y división del trabajo (I). Ciencia social y reforma moral* (serie de Clásicos de la Sociología, Pamplona, 2004), 7. See also Emile Durkheim, *The Division of Labor in Society*, trans. George Simpson (New York: Free Press, 1964), 28.

¹² Alejandro Llano, "El humanismo cívico y sus raíces aristotélicas", en Cruz, J.C., *Anuario filosófico*, XXXII, no. 2, 1999, 443-468, Pamplona, Universidad de Navarra.

economics investigates the whole science of ‘gift’ and family education¹³. Family customs, traditions, religious values, family structures, family extensions and similar natural occurrences should not be reduced to the principles of mathematics. I am briefly going to highlight the assumptions that modern economic theory has made that need urgent revision.

Firstly, many consider Adam Smith as the founder of the classical school of modern economic thought¹⁴. From his theory *on the nature and causes of the wealth of nations* in 1776 we learn that: human society as a state is an economic reality – *Homo economicus*. On the basis of this idea he analyzed different systems of social structures, namely, the pre-capital accumulation and private appropriation of land; feudalism; the system of perfect liberty; the late eighteenth century England; and the American colonies. He strictly does not deal with the question of the family. The perfect organization of the state for the sake of wealth is the primary objective of his thesis on the nature of wealth. He concluded that wealth and wealth-getting provides all the necessities of life. Morality should be left to social conveniences and emotiveness and in this way *peace* will be sustained. To Adam Smith the multitude of people just wants to reach the level of social acceptance and wealth¹⁵. In such a structure ‘the family unit’ is generally ignored.

The second problem is the segregation of the different sciences (or ‘knowledge’) in the absence of a cohesive principle such as Aristotelian metaphysics. Adam Smith despised metaphysics. However, his economics as it stands today cannot unite the views of all the other sciences on the basis of sympathetic feelings and empirical data. Neither does it seem realistic that ‘*Artificial Intelligence*’ replaces the efficacy of the human act, human speculative capacity and human moral judgments¹⁶.

Thirdly, modern economic statistical computations assume some basic principles; for instance, scarcity of resources, economic rational activity which seeks to maximize utility and/or minimizing costs. The government however can regulate changes when there appear injustices. Even at the level of assumptions the family does not appear.

Fourthly, Economic models do not show the normal effect of political decisions, power struggles, social class inclinations, gift, and free choice to decide ‘irrationally’ and so on. Besides rarely do any of these diagrams foresee acts of God such as the volcanic eruption in Iceland and family upheavals such as divorce and loss of family earnings. The family is therefore made more irrelevant and at this point is practically useless. These issues are difficult to measure quantitatively and by that very fact deemed almost irrelevant. But are they? Is the role of these factors irrelevant when taking economic policy decisions?

¹³ ‘Gift’ is a concept that may be defined as any supply of goods and services without obligation, guarantee or certainty of payment in return, made with the intent to create, maintain or sustain a social relationship. See Alain Caillé, *Anthropologie du don. Le tiers paradigme* (Paris: Desclée de Brouwer, 2000), 124

¹⁴ Miguel Antonio Martínez-Echevarría, *Evolución del pensamiento económica* (Espasa-Calpe, Madrid, 1983)

¹⁵ Ibid.

¹⁶ Paul Davidson, “Is ‘Mathematical Science’ An Oxymoron When Used To Describe Economics?.” *Post Keynesian Macroeconomic Theory* (Cheltenham, Elgar, 1994).

Fifthly, For the last three or four centuries our western societies have defined themselves as liberal, capitalistic, individualistic, amoral, republic and democratic without any mention of the role of the family institution. Furthermore, the term ‘family’ is now defined by governments as an ‘*artificial*’ contract that can change according to the ‘*market forces*’. Let us recall nevertheless that according to Thomas Aquinas ‘natural things depend on the divine intellect and ‘*artificial*’ things depend on the human intellect.’¹⁷ The marriage between *nature* and *artifice* is inseparable.

Finally, the true moral philosophy of economics in modern society can be summarized by the terms, MONEY or PROFIT (or PRICE). *What is Your Price for Truth?* is the question Marcel Hénaff poses in his book, *The price of Truth*.¹⁸ Marcel Hénaff shows that this problem was also evident in ancient Greece and therefore it is not a new problem.

4. The Humanist-*Familiarism*

The question therefore is; how should we humanize economics? First, it is necessary to say that we should not condemn all the principles of modern economic sciences but we should redefine them. We would not condemn *money*. Rather we would condemn greed, the insatiable desire for profits that create and are creating unwieldy artificial institutions. The good man and the best law should rule a community. That is the best way to ensure freedom and democracy and growth of human capital to wisely harness the ‘gifts’ of wealth that nature has bestowed on us. One would not object to market forces of demand and supply, nor condemn justice - the art of making law; after all justice is defined as the principle of order in a community. However, one would encourage modern society to know more about the objective first causes and principles of human nature and human society and the moral principles pertinent to them. This we would ordinarily call metaphysics. In redefining things this way one takes cognizance of particular TRUTHS higher than the TRUTH of wealth or money.

All human arts or sciences, practical and speculative knowledge, have the good of the family as their end and therefore, in a sense, political science, according to Aristotle encompasses and orders all of them towards the perfect state of the family household. This is so especially because the method of ‘political science’ is manifesting the perfective state, its parts, its principles and its operations¹⁹. Among the questions practical political philosophers²⁰ have tried to answer is how to govern a particular human society well or how to change a corrupt government. The term practical is used here to reinforce the notion that political science as a philosophy tries to understand through reason how to govern the most self-sufficient society and how to put their

¹⁷ Thomas Aquinas, *Summa Theologiae*. I, q17, a1

¹⁸ Marcel Hénaff, *The Price of Truth: Gift, Money, and Philosophy*. Translated by Jean-Luis Morhange, (Stanford, California: Stanford Univ. Press, 2010), 5

¹⁹ Aquinas, “COP”, 300

²⁰ The term *practical* means that the science has *rightly ordered action as its intention, reason and appetite and their products as its object, and proceeding from causes to effects as its method*.

understanding into practice. Most political philosophers and social scientists consider that ‘society is natural’ and that man is social by nature, a lot of work is still necessary to establish the anthropological nature of these realities. One nevertheless does not doubt their truth and reality for they are evident in the universal human social context.

However, certain philosophical perspectives have rendered these truths dubious. One such philosophy is the all prevalent liberalism – when defined from a Hobbesian philosophical perspective – in modern western societies that places man’s social nature in doubt or rather places it on the understanding that the individual human being is by nature autonomous, self-sufficient by himself and pre-societal. Its manifestations are evident; one, in the loss of family values to the extent that the term family has been redefined from the perspective of individual rights; and secondly in the society of ‘rights’ with little regard to social ‘responsibilities’. Another perspective that has had a serious impact in the societies of the 19th and 20th century is the posture of Hegel and Husserl. According to them social inter-subjectivity, coexistence or sociability is merely existential. That is, social existence is a genuine and original way of human existence not founded on any other truth and that Man, as it were, finds himself in society, full stop. Existentialism is their foundational concept of society and this implies that the social nature of man is merely demonstrated by inter-subjectivity²¹. But this is an artificial inter-subjectivity understood as an artificial society, i.e. a society purely arising from the voluntary and intelligent ordering of man, his contemporaries and environment around him. For Aristotle, society is an involuntary ordering which man attempts to voluntarily subject or order according to his intelligent understanding of common life. He starts his politics from the perspective that man is a political animal.

Aristotle saw the perfect state of governance as etched in a well situated city state in which constitutional governance was well advised to mix the best forms of government like a ‘most harmonious piece of music’²². Niccolo Machiavelli in his ‘*discourse on the first decade of Titus Livius*’ agreed with Aristotle that there are six forms of governments. Aristocracy, monarchy and democracy being the good ones and often short lived if not properly mixed; oligarchy, tyranny and anarchy are the bad forms of government which a government must always try to avoid. The latter are the vicious and the former the virtuous²³. The *polis* of Aristotle is an archaic city-state whose structures are only comparable to villages with populations of 5,040 ‘citizens’ or so. Yet, his universal philosophy of society and politics manifested in *Nicomachean Ethics* and *Politics* have been fundamental foundations of our present political dispositions and social perspectives. His works are the models we will use in this thesis to foment social integration and good political dispositions in the light of economics.

²¹ Jacinto Choza, *Manual de antropología filosófica*, (Madrid: Ediciones Rialp S.A., 1988), p 450

²² Aristotle, *Politics*, IV.III.1290a

²³ Niccolo Machiavelli, *Discourse on the First Decade of Titus Livius. I.II*, Transl. Peter Whitehorn (*The Art of War*, 1560) and Edward Dacres (*The Prince*, 1640), London: The Project Gutenberg.

It is evident that the ultimate goal of a government is the well being of society or the common good. Man is a social animal who tries to act in such a way as to obtain that which they think good²⁴ in order to live a good life and be happy in their respective societies. Aristotle thought that this teleological dimension of happiness²⁵ is absolute in man and is the goal of human life on earth. Leonardo Polo compares and contrasts the concept of friendship in Aristotle and in Christian thought and concludes that Aristotle's friendship has its telos in an absolute perfect society in an earthly context while that of Christian charity is much more magnified and has its telos in an eternal destiny²⁶. Robert Spaemann also holds that good and happiness are absolute ends of man because one 'would [still] value the action of Maximilian Kolbe even if the father whose life he saved had been killed the next day'²⁷ and that a gesture of friendship would be good even if the world were to end the next day. Aristotle states that persons, in order to be happy, need to have a combination of goods relative to their well being. He separated these into three parts, viz, external goods, goods of the body, and goods of the soul²⁸. The common good is enjoyed when these three dimensions of the common good are present. To be present means that the end is not a static but an active state. For example, he says that virtue is perfected in action and that all the other goods find meaning when they help the citizens live virtue.

The highest office of a state is that of a governor who governs in a manner as to provide the common good for the citizens of that state. The governor should not usurp the other institutions of society in order to achieve the common good. It is better that he ensures subsidiarity in civil society and civic humanism (or what some now call communitarianism). Institutions such as the family, church, educational, health, sport, cultural, help educate and develop citizens in virtue and enable them exercise their liberty more excellently. These institutions, so to speak, are the good raw material for any government to achieve its ends.

In modern society political philosophers and sociologists are at great risk of losing the wholesome concept of the common good because of an increasing emphasis on means rather than ends. In this paper we recognize the fundamental role Aristotelian traditions have played in molding western civilization²⁹. Modern western society risks losing this tradition. They have evolved into what some call technocratic societies. Technocratic societies breed 'economism' which convert citizens into passive stationary statistical objects devoid of any capacity to govern

²⁴ Aristotle, *Politics*, I.I. 1252a1. Good is something desirable and it is desirable because it is perfective as a means or as an end. See also Aquinas, *Summa Theologiae*, 1a2ae, q. 1, a. 1. Human action is distinct from human behavior and Aquinas calls them human acts and acts of man respectively. The former is primarily something moved by a rational activity as good or perfection of mankind and as cause of good human action.

²⁵ Aquinas, *Summa Theologiae*, 1a2ae, q.1, a.8. All men have happiness as the last end. See also Augustine (De Trin. xiii, 3,4). Happiness is said of the state concomitant with the acquisition of the good thing desired. It is the fulfillment of a rational desire and therefore the same cannot properly be said of the acts of animals.

²⁶ Leonardo Polo, "La Amistad en Aristóteles", in *Anuario filosófico*, ed. Cruz, J.C., Vol. XXXII, no. 2, 1999, 477-485, Pamplona: Universidad de Navarra.

²⁷ Robert Spaemann, *Basic Moral Concepts* (London: Routledge, 1989), 5

²⁸ Aristotle, *Politics*, VII.1.1323a15-20.

²⁹ Alejandro Llano, "El humanismo cívico y sus raíces aristotélicas", en Cruz, J.C., *Anuario filosófico*, XXXII, no. 2, 1999, 443-468, Pamplona, Universidad de Navarra.

and to be governed well and unable to call those who govern into account save through the so called ‘popular’ democracy. Moreover, we observe economists playing the primary role of ordering societies everyday more and more. This would not be a problem except that political, social and economic sciences have been alienated from other sciences and from each other. José Pérez Adán is convinced that re-uniting economics and social sciences is necessary³⁰. He is not being a Paul Samuelson or Karl Marx in his assertions. Persons are not to be understood as statistical beings (or the so called ‘rational economic beings’); cold blooded and selfishly calculating every action to secure monetary benefit or pleasure. Hence, Pérez would appreciate the re-modification of the principle of ‘rational economic action’, a term which is commonly understood as the action of a selfish and calculating economic being. The market economy is a social network intricately intertwined with civil society as a whole and viewing it as a part of a wider society has a good effect on economic institutions and the political disposition. Finally, economists may need to use economic data in such a way as not to reduce human beings and human society into statistical numbers as if human beings are mere material extensions. He calls for a radical change in the way economic activity and society interact by showing the real factors affecting economic decisions and preferences. These factors should not be reduced to selfish ‘rational economic decisions’. He offers for example that economics needs to take into account the whole science of ‘gift’³¹.

5. Example of Commoditization of the Gift Economy

Economics needs to take into account the whole science of ‘gift’³². Gift economy is exemplified by, paternal care of children and exchange among friends, family relations and communities for the sake of common life. The gift economy is hard put when commoditized. For example, it is difficult to put the average salary of a father, mother and auntie’s care of children. Simply put in another way, how much would Mummy ask for dedicating herself to her children or those of a close friend or relative under her care? Difficult as the question and answer to these two questions may be, they become clearer when one put the other way round. How much money will mummy earn when she gets a job and reduces her homecare time to the evening only? Nancy Folbre and Julie Nelson³³ study the maternal homecare shift from non-market to market labour in the contemporary society of the United States of America (US). It is a type of

³⁰ José Pérez Adán, *Socio-Economía* (Madrid, Editorial Trotta, S.A., 1997), 9-13

³¹ ‘Gift’ is a concept that may be defined as any supply of goods and services without obligation, guarantee or certainty of payment in return, made with the intent to create, maintain or sustain a social relationship. See Alain Caillé, *Anthropologie du don. Le tiers paradigme* (Paris, Desclée de Brouwer, 2000), 124

³² ‘Gift’ is a concept that may be defined as any supply of goods and services without obligation, guarantee or certainty of payment in return, made with the intent to create, maintain or sustain a social relationship. See Alain Caillé, *Anthropologie du don. Le tiers paradigme* (Paris, Desclée de Brouwer, 2000), 124

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economism. The consequences are far reaching with regard to social care, economics and the link between the consequences of women shifting from family and social relationship building to paid labour in the market. The authors see this as a change in the “social contract”. The move of women, previously responsible for the “emotional” dimension of society (child care, social relationships, homemakers), from their traditional roles to paid jobs in the market is the underlying issue and they describe it in a trite and dynamic phrase – “For Love or For Money”.

According to Folbre and Nelson, demographic change has transformed the relationship between the family and the economy, and vice versa. Traditional family rearing responsibilities (for love) have been replaced with caring service (for money). The authors feel this is a great opportunity to do more research. The cause is mainly that there has been a shift from home making by women to paid caring as more fashionable. Education and a desire for more freedom have in turn resulted in low birthrates and high dependency rates. This has reduced the aggregate burden of child-raising, while increasing the burden of elder care. Traditionally, the responsibility of families rearing children could be combined with farm labour and cottage industry.

In the 150 years between 1860 and 2000, the total fertility rates in the US fell from 5.2 children per couple to 2 children. Life expectancy increased from 47 to 77 years thanks to advances in medicine and technology and standard of living. The dependency ration has also changed – the dependency ratio is the sum of the population below 18 years and the above 65 years. It has been inverted by the decline in those under 18 years of age and the increase in those above 65 years. Comparing 1860 to the situation that expected in the year 2050 the ratio between those under 18 and those above 65 will change from 10:1 to 1:1. This will mean a change in the costs of Medicare and pension schemes. Between 2000 and 2050 the dependency of those above 65 years will grow from 1.6% to 4.6% of the population.

Historically women have devoted as much time in ‘home-making’ as men have in paid work. In fact in times when young children are present, women seem to have devoted much more time in comparison to men. Based on data on the total labour force in the US society results show that the labour force has declined while at the same time there has been a relative increases in the relative importance of paid employment among women, with the biggest change coming between 1960 and 1990. By 2000, homemaking had declined substantially, but still involved over 16 percent of all workers, and about 30 percent of all women workers.

Taking up paid work is a “fashion”, especially that of paid care; women feel that they are doing what is more respectable in society (Blau, 1998; Reskin and Roos, 1990). It seems that the care service sector is the main source of paid work force for women as they constitute more than 30% of all its labour force and between 76%-81% of all women in the labour force depend on it. The results show that because of this there has been a segregation effect in the labour industry. Professional care services include hospitals, health services except hospitals and social services. Between 1900 and 1998 the labour force in this sector moved from 4% to 20% and this growth is at the same level as that of factories and construction sites.

Data on this is scarce and inaccurate. However, with the little data there is, the authors have observed that, families tend to purchase more home-care services, spend less time in home chores thanks to technology (mothers spend 30 hrs less today than they spent in 1900), and find more time for personal development and emotional dimensions. However, less time spent in home making is also a result of a lower fertility level and expansion of education services. There is also more time spent shopping as a result of time available from freedom from house chores. A combination of non-market and market responsibilities leads to stress for mothers since there is no substitution in home making from the men. Obviously single parents find life more stressing as they have to share singularly home-making and paid work.

Folbre and Nelson have also found out that historically, non-market work or home-making was not recognized as part of economic output. Surprisingly, the US the total value of non-market work contributes 40-60% of the total value of all U.S. output (Eisner, 1989). This figure may be even lower than the reality given the mitigating effects of “worthiness” of home making and discriminatory perceptions. Based on this perspective Folbre and Nelson query the methodology normally used to compute economic growth. For one it does not include non-market output and secondly, it is inaccurate with regard to the macroeconomic estimation of the non-market output. Besides, economic growth has to be computed based on economic growth in both economic sectors; market and non-market. Nevertheless, one can arrive at the conclusion that home-making has not been considered in modern economics as a source of national wealth. Hence, the “substitutability” of home based products, services and care is negatively compared with that of commodities in the market. It is a contentious issue according to the authors.

If, as the results show, it is true that homemakers do about the same type of work as the market care services do, then there is no problem. However, is there absolute “substitutability”? The authors do not think so because the care services that substitute the homemaker’s services do not substitute for the identity of the care provider and the continuity of the care relationship, and this matters. One could also ask whether the effort and care of a home maker is exactly equivalent to market services that have substituted them. The authors say, there is good reason to believe that the personal and emotional content of home life is becoming more and more concentrated in a relatively small number of activities, such as sharing meals or telling bedtime stories, for which substitutes cannot be purchased. Past a certain point—which our society has yet to define or negotiate—family time cannot be reduced without adverse consequences for all family members. Hence, the greater the role that personal and emotional care play in nonmarket work, the greater the downward bias in market-based estimates of its value. Economists have to think of new concepts that have not featured before in their vocabulary.

“Care” has a dual meaning, caring activities, like changing diapers or providing a listening ear, and caring feelings, like those of concern or affection on the part of a caregiver. There is a sharp division of views about whether markets, caring feelings, and caring activities are at odds with each other. Some like Gary Baker believe that the movement of caring work into markets may be merely a rearrangement of activities in response to income and relative price changes. Such a

view recognizes no special category of distinctly personal, intimate human feelings and interactions, and may encourage a Candid-like, best-of-all-possible-worlds complacency in the face of the marketization of care. Others see the worlds of commodities and of care as being at odds, and fear that marketization of care might tend to “crowd out” caring feelings. The concern here is that motivation by money may lead to caring activities being performed to minimum standards, mechanically and impersonally, unaccompanied by the personal love and attention that we believe that children need to grow; sick people need to heal, and so on.

The Family-to-Market Move for women brings about freedom for women and the estrangement of the issues often related to home making such as coercion. The authors here see historical marriage structures as an economic proposition to the woman. Labor market barriers historically have denied women an alternative means of self-support. This may be advantageous to those who receive their care. The recent reduction in the labor market barriers facing women, and the greater availability of alternative provision of care for the young, sick, and feeble elderly, can mean that care activities, when done in private, may increasingly be done more as a matter of choice and less as a matter of necessity. In taking the burden of care off particular women, who had been assigned to it by status considerations, the marketization of care could contribute to the costs of care being more widely and equitably distributed, the provision of care could in some ways be accomplished more effectively, and education capabilities more available to all families. Further they propose that some senior citizens would rather be cared for by a paid “outsider” than a family member, for example, because this enhances their feeling of independence. Greater attention to care issues, and the skill requirements of care, may aid in the economic analysis of work and well-being, as we recognize the value of caring work (like empathetic listening) in workplaces in general and, conversely, the value of knowledge and skill in the locations where care is provided.

On the other hand, there are many disadvantages such as, whether market competition in these areas will produce high-quality care; whether the dependents know what is good for them or not; poor consumer capability with regard to choice; and expensive ways to monitor quality of homecare. 40% of the US home care centers do not pass the hygiene and quality tests. More than 25% harm their dependents and 100% turnover of staff within 3 months. Child care centers are still far below standard according to some researches, and only 10% were accredited. Some child care centers are in informal family centers that cannot be managed. Even working age adults find it difficult to monitor care quality. The number of factors that come into play in choosing the best health maintenance organization, for example, is mind-boggling. Yet increased competition among health care providers creates incentives to cut costs by minimizing hospital stays and nursing care. A growing body of research on social capital shows that an atmosphere of trust and care contributes not only to the development of human capital, but also to economic efficiency (Coleman, 1988; Putnam, 1993, 1995). This is what is lacking in all these disadvantages.

6. Aristotelian theory of Wealth, Family and the Self-sufficient Community

The constitution or bond UNDERLYING a good society begins from good families and is sustained by preserving social justice³⁴. Social justice is ultimately defined by the level of moral and ethical social life among a people. The *law* of a good life starts right from childhood according to Aristotle [*Nicomachean Ethics (N.E.)*, 1179b30-35]. The ‘paternal law’ of love is primordial to the state, and then comes the associations deriving from moral friendship in the society for the sake of a happy life and then the constitution or state. Among the civil associations developed for the sake of a community’s good life is the economic association and this association is subservient to or a part of the common good. The family would naturally frown at the substitution of moral religious discipline with that of the morality of state authority especially, keeping in mind the recent examples we have beheld in the press. We would frown at the replacement of God by *Leviathan*.

Gary Becker has shown, with stunning success, that discussions on human capital cannot omit the influence of families on the knowledge, skills, values, and habits of their children. Parents affect educational attainment and human capital. Economic growth, on the other hand, closely depends on the synergies between new knowledge and human capital, which is why large increases in education and training have accompanied major advances in technological knowledge in all countries that have achieved significant economic growth³⁵. Michael-Burkhard Piorkowsky says that household management includes all tasks of one’s own household and the dynamic, ongoing creation of a lifestyle pattern, setting goals and allocating resources to these goals which are directed to the development of the household group and assets³⁶. There is no doubt therefore that the natural family is that most stable union from which order or disorder, community constitutions or tyrannies and good or bad populations originate and grow. Any other artificial society taunted as the natural spring of good or bad societies can either be DIVINE or SAVAGE to humankind as predestined by nature.

What really then is Aristotle’s concept of Money and its relationship with family and society? Man is born into the world in the possession of arms, in the shape of practical wisdom and moral excellence which he can use to the fullest degree for exactly contrary objects; ‘and therefore, when destitute of virtue, he is an animal most unholy and most savage, and most viciously disposed towards sensuality and gluttony’. Justice is a virtue of society, for the administration of justice is an arrangement of the association of the state; this administration being the determination of what is just between man and man.

³⁴ Aristotle, *Politics*, I.II. 1253a15

³⁵ Becker, Gary S. “Human Capital”. In *The Concise Encyclopedia of Economics*. Library of Economics and Liberty. <http://www.econlib.org/library/Enc/HumanCapital.html>

³⁶ Piorkowsky, Michael-Burkhard. “The Sustainable Living: Professional Approaches to Housework”. Conference, 17th and 18th of March 2011, at the Grocers Hall in London.

There is natural wealth and it is a natural activity of the household for the good of the family household and of the state. Aristotle says that “that there is then a form of the acquisition of property in accordance with nature to be practised by masters of households and statesmen, and why this is so, is clear” [Aristotle, *Politics*, transl. W.E. Bolland, I.IX. 1256b35] and that it seems that “Nature makes nothing either imperfect or in vain, it must needs be that she has made all these things for the sake of man. Therefore also the art of war will naturally in a certain sense be an art of acquisition” [Aristotle, *Politics*, transl. W.E. Bolland, I.IX. 1256b10-15]. Aristotle also points out to another another type of economy “the art of acquisition which men call, the art of making money, and it is by reason of this that there is thought to be no limit of riches and property; and many men look upon this as one and the same with that already described, because the two border closely on each other” [*Politics*, I.IX.1257b].

It is not true that both are equal for one exists by nature and the other comes through a certain experience and art. He considers that every product or service has a twofold economic dimension. One is the proper natural use of the product and the other is the artificial use of the article for exchange. He says that a shoe can be used for wearing and can be exchanged for another thing needed [*Politics*, 1361a, 1257a]. Barter is trading and at the initial stage it is barter is not underpinned by cash or money. The family uses barter when it associates with more families and associations within society. Barter comes into existence naturally within the community setting. This is still prevalent in our societies today, for example, when one neighbor sends a child to borrow sugar from the other. It is still evident in close communities where friendship and consanguineous relationships are still strong. For example, most people visiting their family friends take with them some token of food or other product to simply show affection and friendship.

From barter men devised money for exchange instead of barter due to distance and represented by a natural thing used for other purposes but now as a measure of value. At a point in history its value was fixed by men and as Aristotle says, they put a stamp upon it to save the trouble of measuring, for the stamp was set to mark the value [*Politics*, 1257b]. Money was later used for trading as an end and for making profits on the exchange of money. Thus men often define wealth as abundance of money, because the art of getting rich and trading are concerned with money. Two things therefore muddle up and confuse each other; at one end is the possession for the sake of its natural use and at the other possession for the sake of making money. Furthermore, money becomes a store of wealth and becomes a kind of ‘natural’ possession. The cause of this confusion is the close connection between the two. For the using of the same means becomes ambiguous, since in both the acquisition of possessions for natural use and of barter for the sake of needs, the art of profit making comes into play.

Money becomes an abundant source of wealth through calculated production of wealth and possessions. At another time, on the contrary, money is thought to be vanity. It is thought by nature to be nothing at all, because if those that use it change their standard it is worth nothing and profitless for obtaining anything necessary. Men rolling in money can die of hunger or thirst.

It is ridiculous that there should be wealth which a man may have in abundance and yet perish of hunger, just as they tell in the fable that the famous Midas. Yet the true form of wealth getting necessarily will provide the natural needs to delight in life. The art of getting wealth and wealth itself, when they follow nature, are possessions for the sake of a good life in common while money for 'profit' is different in so far as it is only for the purpose of exchange.

From Aristotle we can therefore say that money is the beginning and the end of an economic exchange made, and this “*profit*” which comes from this sort of money making (or profit making), is without limit. Thus we can distinguish wealth and profit. Profit making has no limit as an art just like other arts, e.g. of healing seeks no limit in producing health, and as each art seeks no limit in pursuing its end. Each desires to produce this end to the fullest degree possible, while their end is the limit to all. Profit making has no limit with regard to the pursuit of its end, and that end is wealth of this spurious sort and the acquisition of possessions (note that the term possessions describe that which is beyond the daily needs of the family and the state). There should be a limit of all kinds of wealth, but it seems that all who care for profit making seek to increase their money to an endless extent.

However we know that there is a limit of the art of household rule or family, but not in that of the pursuit of profits and possessions; for this is not the function of the art of household rule. In the acquisition of money and of possessions for the sake of household needs the same product or service is used, though it is not used in the same way. But the end of profit making is something beyond the common good of the household being the mere increase of money (all men nevertheless have spurious excuses to account for the illimitless desire for making more money). Thus some people confuse erroneously money making as an end of household management. Aristotle summarises this error in persons by saying that, when people give in to uncontrolled desire for money “the cause of this state of mind is the eagerness for simply living instead of for living well. By ‘simply living’ Aristotle means just using things naturally needed without virtue. By ‘living well’ he means acquiring possessions necessary for the sake of an excellent life of the family and among families in the nation.

Since those men who desire to live well also need possessions for the natural pleasures of the body they too apply all their efforts in money-getting. Since self gratification consists in excess, they seek for the art which will produce an excess of pleasure. If they cannot obtain their end by means of the art of money-making, they try it by some other means, using each of their faculties in unnatural fashion. We therefore defined and have seen what the art of money-making is, and what the reason is why we use it. We have also seen the subject of the natural form of wealth getting for the sake of the good life. We have seen that these two means and ends are distinct from each other. The natural art of wealth getting appertains to household rule. Natural wealth getting concerns food, drink, rest, shelter, education and all the necessary needs for the sake of the good life in the household. We have seen that it is not the other form of money-making, without any limit, but that natural wealth getting has a fixed boundary which is the good management of the household.

Thus the art of profit making is not the business of the master of a household but that of the statesman. It must be supposed that there is wealth in the state. The wealth of the state has sometimes been considered, and rightly so, economics or *oikonomia*. It is analogous to or equivalent to the acquisition of possessions for the needs of the household members. But let it be understood that the businessman or economists whose task is making more profits as an art is not the household manager's job. Just like Politics does not create men but rather that nature provides for them and Politics makes use of them so also ought nature to provide nourishment, whether she be in the shape of land or sea or any other element and the household manager or the head of state should dispose of these resources.

The household manager does not produce possessions but rather makes use of them for the sake of the common good of the household. Similarly the tailor does not to produce wool but rather knows what sort of material is good and serviceable, and which is bad and unserviceable. The household manager needs to be a simple physician or doctor in order to take care of the basic health needs of members the household. But it is the he is not a physician. The Physician's job is to study medicine. But what if the household manager is a physician? Then as a physician he studies medicine and in doing so procures the needs of the household. But the needs of the household are not equivalent to medicine.

Thus one can apply the same principle to education and the educator; to defence and the military; to ensuring order and the policeman, to punishment and the prison warden, to distribution of possessions and the financier or the land warden; to the provision of wear and the tailor, to the house maker and the building engineer; to safety in travel and the highway engineer; to time keeping and the watchmaker and so on. Sufficient possessions should be supplied by nature and men ought to use them properly. If this is given then what remains is nurturing the creature born. To make use of the possessions that nature gives for the sake of the good of the household members is the work of the household manager. When this seems satisfied then what remains for the household manager is the task of nurturing that which is born and making his wife happy and the whole household is said to delight in such management.

Often profit making is thought as 'evil' especially the more unnatural it is. Aristotle gives the example of interest on money as the most unnatural activity (usury). "Interest becomes money bred of money, so that of the means of making gain this is by far the most unnatural". In the practice of wealth getting (economics) we ought to consider in detail its practical side. Aristotle understood that the study of the practice of economics is free in theory (in the sense of a liberal employment for the mind), but constrained in practice. For instance he says that to be skilful in the nurture of cattle, which are most profitable, and where, and how; as for instance, what advantage will arise from keeping horses, or oxen, or sheep, or any other live stock; it is also necessary to be acquainted with the comparative value of these things, and which of them in particular places are worth most; for some do better in one place, some in another. He therefore only gives practical suggestions which do not strictly fall into the philosophical study of economics. Thus he says that with respect to gaining money by exchange, the principal method

of doing this is by merchandise, which is carried on in three different ways, either by sending the commodity for sale by sea or by land, or else selling it on the place where it grows; and these differ from each other in this, that the one is more profitable, the other safer.

He also indicates that free money making has often used the method of usury. In the third place he says that money is made by receiving wages for work done, and this either by being employed in some mean art, or else in mere bodily labour. There is also the species money making which is concerned with improving a fortune. It partly depends upon nature, partly upon exchange. He also gives some principles to those making money and those concerned with economics of the household when he says that of all the works of art those are the most excellent wherein chance has the least to do and those meanest which deprave the body. There are those most servile in which bodily strength alone is chiefly wanted and those most illiberal which require least skill.

In the art of making money it is not enough to read the books which write about it but also to take note of occasional ideas that appear now and again which enable the persons to take advantage of the new knowledge. He even discusses the case of monopolies, a science used by some cities when they want money. He gives the tale of Thales of Miletus who made money by monopolizing oil making machinery.

Combining both *oikonomia* with regard to household management and economics with regard to making money he poses the predicament once more. The question therefore is, given that the desire for riches attaches to both the natural acquisition of things for the good life and the natural bartering of the excess for the sake of those who lack it, how can the confusion be disentangled? The answer is just as the natural wealth getting has an end in the common good of the household and the state, the desire for profit should have as its end virtue. Thus, Aristotle tells us in *Nicomachean Ethics* that the desire for external goods enables human beings to be 'liberal and honorable'. To be moderate with regard to giving and receiving money is liberality and using it well for the good is magnificence and munificence. Each of these angles has their contrary excesses or deficiencies, such as wastefulness, meanness, vulgarity, pettiness, vanity or pusillanimity [*NE*, Book III. lectures 11 and 12 and Book IV, lectures 1 and 2] and also [*Eudemian Ethics (E.E.)*, III.IV.1231b26-35]. The covetous man is interested only on money, and money is a thing of ownership instead of accidental use, while the other vice is prodigy in which a person lacks even what is necessary to him. Hence, liberality is the middle state between prodigality and meanness [*E.E.*, III.IV.1232a1-6].

7. Conclusive Ideas on Wealth, Family and the State

Wealth as a whole consists in using things rather than possessing things [*Politics*, 1361a]. The rich person is the one who knows how to use things in such a way that he and his household are happy and experience a certain delight we call *Eudaimonia*. For this to happen then wealth has to be used with virtue and encourage virtue. In *Nicomachean Ethics*, Book V, where Aristotle discusses justice, he says that "the lawless and the greedy and the unfair person seem to be

unjust...the lawful and the fair person will be just”[*NE*, V.I.1129a 30-35, transl. Terence Irwin, (Indianapolis: Hackett, 1985)].

Justice seems to be the virtue that is concerned with another’s good [*NE*, V.II.1130a1-5]. Justice in this sense is “the whole, not a part, of virtue, and the injustice contrary to it is the whole, not a part, of vice” [*NE*, V.II.1130a10]. Thus our philosopher says that ‘in justice is every virtue comprehended’ [*NE*, V.II.1129b29]. Therefore justice in this regard is the whole of virtue and the whole virtue regards the ‘other’³⁷. The justice referred to as a ‘state’ [*NE*, V.II.1129a15-20] refer to justice as a state of goodness in a person [*NE*, 1129a15-20] and a particular state should be studied according to its contraries.

Therefore, we may conclude that the exchange of goods among people will be best when many of the people enjoy this state of goodness, since otherwise transactions among people will be unjust in a general way resulting in being unfair in general. This special justice is also synonymous with general justice since the definition is in the same genus... “in relation to another” [*NE*, 1130b]. Special justice is concerned more specifically with honour, wealth or safety or whatever single name will include all these. It aims at the pleasure in what regards ‘anything else that can be divided among members of a community who share in a political system’ [*NE*, V.III.1130b30-35].

Therefore with regard to economics, there are species of this type of special economic justice. One concerns sharing the goods in a political system so that one member may have “a share equal or unequal to another” [*NE*, V.III.1130b30-35]. The second species is with regard to rectification in transactions [*NE*, 1131a1]. This species has two parts; voluntary and involuntary transactions. The voluntary include; selling, buying, lending, pledging, renting, depositing, and hiring out. They are called so because they originate from a voluntary act [*NE*, 1131a5-9]. Involuntary transactions include; secretive things such as theft, adultery, poisoning, pimping, slave-deception, murder by treachery, false witness. Other involuntary species include; assault, imprisonment, murder, plunder, mutilation, slander, insult [*NE*, 1131a5-9]. In using the terms voluntary and involuntary; Aristotle refers to one of three things; conformity with appetite, or with purposive choice, or with thought. What is voluntary is what conforms to one of these and that which is involuntary contravenes one of them [Aristotle, *Eudemian Ethics (E.E)*, II.VII.1223a21-28]. He continues with the division of appetite which he says is divided up further into, wish, passion and desire.

In economics the unjust person acts in an unfair and unequal way. Inequality breeds two extreme ends following the Aristotelian argument. One with regard to the lesser and the other with regard

³⁷ Spencer J. Pack, *Aristotle, Adam Smith and Karl Marx* (Northampton, MA: Edward Elgar, 2010), 6. Spencer Jack confuses this general sense of justice as all virtue and a state to that of justice as a virtuous act and a part of virtue. Since Virtue is the object of practical intellect or will, Leonardo Polo says that the intellect is directed to truth while the will to ‘the other’. see Leonardo Polo, “La Amistad en Aristóteles”, ed. Cruz, J.C., *Anuario filosófico*, XXXII, no. 2, pp. 477-485, (1999)

to excess and the acts that aim in between these two extremes are called equalizing. The just act therefore refers to the act that is both equalizing and therefore intermediate and also relative to the excess or to the lesser. Therefore there are four terms with regard to the just act. That with regard to the persons affected and with regard to the thing distributed. However, ‘the same equality will exist between the persons and between the things concerned’ [NE, 1131a20]. If two people are not equal, such as a father and a son, then the things distributed between them are not equal. They will not have equal things. Secondly those who are equal, as one father and another father, should receive what is equal.

But then what is it that is equal with regard to the two fathers? Aristotle says that things should be distributed according to merit. However, merit from a democrats perspective is with regard to the status of freemen (hence, a foreigner and a citizen cannot be equal); according to oligarchy equality is according to possession of wealth (hence distribution should be more for the one who is rich and less for the poorer); and finally for the Aristocrat, things should be distributed according to merit or excellence, (hence, he who is more excellent in virtue or has higher professional capability should receive more while the one who is less virtuous less) [NE, 1131a26-29]. Hence, Aristotle concludes that the just should be proportionate given these perspectives and it should be a proportion in number generally rather than the mathematical numeracy of abstract units [NE, 1131a30]. Justice therefore is a form of equality which understands numerical equality and equality of proportionality based on merit or unequal relationship or virtue.

Without going much into the philosophical details of friendship or amity, Aristotle also says in Eudemian Ethics that there is truth in the saying that “Amity is Equality” [EE, VII.IX.1241b15-20]. If justice is also equality, then it is clear that friendship also follows from justice. Hence, friendship will necessarily be informed by the form constituting a people. Therefore he says that “all constitutions are some species of justice; for they are partnerships, and every partnership is founded on justice, so that there are as many species of justice and of partnership as there are of friendship, and all these species border on each other and have their differentia closely related” [EE, VII.IX.1241b15-25]. Partnership and friendship refer to the same relationship between persons³⁸.

Aristotle also uses the analogy of soul and body with regard to a part of economic exchange. He says that there shouldn’t be friendship or partnership between craftsman and tool and master and slave. The tool is a form of inanimate slave. His explanation is that they are not two entities but one. The soul is one with the body since the body is for the soul, just as the master is one with the slave. One without the other is not one or complete in itself. Nor is the good divisible between them, but that of both belongs to the one for whose sake they exist [EE, VII.IX.1241b20-25]. I am of the opinion that there is a form of friendship between the master and the slave nevertheless, since the ‘slave’, as such, is a person with body and soul. The fact

³⁸ Aristotle, *NE*, IX.XII, Transl., W. D. Ross (1908), ed. Jonathan Barnes (1985).

that the slave has to apply his mind on the work he does, although it is for the sake of the master (or client), makes him a person just like the master. What really would be a proper interpretation of these phrases of Aristotle, removing thereby the pejorative tendencies of his society, is that the tool cannot be a friend because it is not an entity. Therefore, the entities are the benefactor and the beneficiary; and a slave can be both. Furthermore, it seems the ‘partnerships’ arising from a constitution would be a flawed principle in a constitution of Aristocrats and Monarchs. In both these constitutions the ruler rules according to the principle of excellence. If therefore there is ruler and subject it would fall in the same analogy of master and servant which ostensibly is also an analogy of soul and body. If therefore our interpretation is correct, the slave in so far as he is a person with a soul and body can be a partner within a constitution if his work enables the self-sufficiency of a state.

This brings us to the type of friendships, partnership and justice that are formed under the constitution of a state. The key point here is that all partnerships in a society are a constituent part of the partnerships of the state arising from the constitution that exists among them: For example, members of a brotherhood or priesthood, or business partnerships [*EE*, VII.IX.1241b25]. Secondly, all forms of constitution exist together in the household, both the correct forms and the deviations. Paternal authority being royal, the relationship of man and wife aristocratic, that of brothers a republic, while the deviation - forms of these are tyranny, oligarchy and democracy; and there are therefore as many varieties of justice [*EE*, 1241b25-30]. Further, for a person the consciousness of his friend’s being, and the activity of this consciousness is produced when they live together, so that it is natural that they aim at this [*NE*, IX.XII]. Hence, persons, according to their character value their existence by valuing their friends for it is for these that they occupy their life and for whom they exist [*NE*, IX.XII].

Aristotle gives the very purpose for which men in a constitution have other associations or partnerships by saying at the end of Book IX, chapter XII, that “some drink together, others dice together, others join in athletic exercises and hunting, or in the study of philosophy, each class spending their days together in whatever they love most in life; for since they wish to live with their friends, they do and share in those things which give them the sense of living together” [*NE*, IX.XII].

And since there are two sorts of equality, numerical and proportional, there will also be various species of justice, partnership and friendship. The partnership of democracy is based on numerical equality, and so is the friendship of comrades, as it is measured by the same standard; whereas the aristocratic partnership (which is the best) and the royal are proportional, for it is just for superior and inferior to share proportionally rather than have equal shares. Similarly also the friendship of father and son, and the same way in partnerships [*EE*, 1241b32-35].

Different types of friendship are therefore the friendship of relatives, that of comrades, that of partners and what is termed civic friendship. Friendship of relatives has more than one species, that between brothers and another as of father and son: it may be proportional, for example,

paternal friendship, or based on number, for example the friendship of brothers for this is near the friendship of comrades, as in this also they claim privileges of seniority. Civic friendship on the other hand is constituted in the fullest degree on the principle of utility, for it seems to be the individual's lack of self-sufficiency that makes these unions permanent [EE, 1242a1-5].

Civic friendship would have been formed in any case merely for the sake of society. Only civic friendship and the deviation from it are not merely friendships but also partnerships; the others are on a basis of superiority, the justice that underlies a friendship of utility is in the highest degree just, because this is the civic principle of justice [EE, 1242a5-13]. The term friendship includes all forms of mutual friendship, whether between equals or superior and inferior, relatives or other associates, and whether based on the motive of utility or the pleasure of society or respect for worth. The psychology of friendship is analyzed in relation to that of self-love [*Introduction* to EE, H. Rackham, London: William Heinemann Ltd., (1937), 193]. Civic friendship is said to be based on utility, goodness and pleasure and the best of this is the one based on mutual utility 'for they love one another, because they are useful' to one another [EE, VII.II.1236a35-40]. Bad men can also have a friendship of utility although it is not sometimes regarded as 'real friendship' since it lacks a moral dimension of goodness. Aristotle considers that between a bad man and good man and a bad man and a bad man there can be a type of friendship based on utility as a derivation of the moral friendship [EE, 1236b20-23]. Therefore those who love for the sake of utility and or pleasure for the sake of what is good for themselves, and not for the sake of the person loved [NE, VII.III.1155b20]. Hence, although moral goodness and pleasantness are basis of friendship, the one found most diffusive in society and comprehending all types of friendship found in society is that of 'utility' and it is this most of all that sustains friendship in men of the inferior sort.

For the sake of pleasure or utility, then, even bad men may be friends of each other, or good men of bad, or one who is neither good nor bad may be a friend to any sort of person, but for their own sake clearly only good men can be friends; for bad men do not delight in each other unless some advantage come of the relation. Men apply the name of friends even to those whose motive is utility, in which sense states are said to be friendly (for the alliances of states seem to aim at advantage), and to those who love each other for the sake of pleasure, in which sense children are called friends. It is therefore also evident that it is in friendship for the sake of utility where most recriminations occur [EE, 1243a5]. Therefore, we too ought perhaps to call such people friends, and say that there are several kinds of friendship-firstly and in the proper sense that of good men qua good, and by analogy the other kinds; for it is in virtue of something good and something akin to what is found in true friendship that they are friends, since even the pleasant is good for the lovers of pleasure [NE, VIII.IV.1156a]

However, going back to justice in exchange among men in a state Aristotle says that it is by requital that the city holds together [NE, V.V.1133b35]. Hence, we can say that exchange takes place with regard to civic friendship rather than with moral friendship between relatives and comrades. All things that are exchanged must be somehow comparable and therefore in moral

friendships of comrades and relatives this is difficult since these friendships are based on superior and inferior relationships. It is for this end that money has been introduced, and it becomes in a sense an intermediate; for it measures all things, and therefore the excess and the defect [NE, V.V.1133a20-25].

With regard to division of labour in society and demand and supply in economics, Spencer J. Pack observes that despite the notion of slavery in Aristotle, he understands society as having a form of division of labour since otherwise there would not be exchange³⁹. For if this is not so, there will be no exchange and no intercourse. And this proportion will not be effected unless the [NE, V.V.1133a25] goods are somehow equal. All goods must therefore be measured by some one thing, as we said before. Now this unit is in truth demand, which holds all things together (for if men did not need one another's goods at all, or did not need them equally, there would be either no exchange or not the same exchange); but money has become by convention a sort of representative of demand. Money as a representation of need or demand can also act as a store of value; a type of surety [NE, V.V.1133b10-12]. It is therefore a measure of demand too. Money, then, acting as a measure, makes goods commensurate and equates them; for neither would there have been association if there were not exchange, nor exchange if there were not equality, nor equality if there were not commensurability [NE, V.V.1133b15-20]. But what exactly is the ratio of proportionality? For Aristotle there isn't real proportionality between goods except when it is fixed by agreement in a common unit. This agreement is therefore also a definition of money⁴⁰. But agreement among men is also a constitution in the highest sense of agreement among a community. Hence, the state government defines the value of money to ensure proportional justice among the people. It is also a measure of quantity more than quality.

In metaphysics Aristotle concedes that a measure is always homogenous with that which is measured [Metaphysics, 1053a]. Therefore there should not be a division or separation between the thing measured and the measure. Demand should be therefore real and not 'created'. However, since goods by nature cannot be commensurate they can become so sufficiently for the sake of demand and the artificial measurement of money. Commensurability is discussed by Aristotle in *Physics*, *Categories*, *Topics*, *Eudemian Ethics*, *Metaphysics*, and *On Generation and Corruption*. In summary therefore, the question is what makes things commensurable and therefore possible to equate them? The direct answer is what we have said before; viz, "There must, then, be a unit, and that fixed by a constitutional agreement (government), for which reason it is called money. It is this that makes all things commensurate in the community, since all things are measured by money [NE, 1133b20].

Money helps to make things proportional and equal in a particular community. Things by nature may have the same name such as sharpness in wine and in a knife, but the sharpness is said in different ways in both these things [Physics, 248b]. Having the same name but different beings

³⁹ Spencer J. Pack, *Aristotle, Adam Smith and Karl Marx* (Northampton, MA: Edward Elgar, 2010), 7-8

⁴⁰ Spencer J. Pack, *Aristotle, Adam Smith and Karl Marx*, 10

with regard to the name makes things homonymous [*Categories*, 1a]. Besides a teacher and a student may quarrel with regard to the difficulty of the commensurability of teaching and payment of the teacher since there is no clear way of equating teaching and money [*EE*, 1243a]. Hence, when they trust each other for repayment, it tends to be moral of utility friendship; that of comrades [*EE*, 1242b35].

Aristotle explains that the general concept of ‘one’ or whole is the beginning of a measure of something⁴¹. Therefore, one in this general sense is that it is a measure of a particular nature, quarter tone, syllable, horse, bed, and so on. Hence to find an equality between two distinct natures it is necessary to measure them by ‘one’ homogenous unit. This is money and as is already explained, money becomes a measure of all things.

Although money has become a measure of wealth and possessions for the sake of the good life, it has also taken on its own ‘artificial’ life and therefore it can be desired for its own sake either as money itself or as a good representing money rather than a good for the sake of living well. This is called Chrematistic wealth and since it is without reference to the good of the family household and the state for the sake of the members of these associations or indeed for any other association for the sake of the good life, it seems that it does not have a limit. It is often desired for its own sake and this is contrary to the common good.

Scott Meikle explains it thus; since actions tend towards ends and these ends are good in so far as they seek a natural end, then let Consumption for the sake of natural needs and a good life be C and the seeking of money M. In this case C to C is a natural consumption and C to M to C is natural *chrematistike* (chrematistics). The latter is acceptable since it shares a natural end⁴². The ends for these two transactions are natural consumption for the sake of the good life and it is part of *oikonomike* or household management and state management. However, M-C-M is unnatural since its end is an artificial thing for the sake of the artificial thing; money. The worst type of economic transaction is that which he refers to as *obolostatike* which is described as M-M, whose end is not a natural need to have enough of what is good for the sake of self-sufficiency but rather an art aimed at the mere accumulation of wealth. In these two chrematistic transactions he says there is no limit to them. The problem is that M-M and C-M-C and M-C-M can be very confusing and therefore easy to confound one for the other. Meikle is right in saying that as transactions whose end is money for the sake of money leads though it may not be exactly greedy but often leads to this, *pleonexia*, since there is no natural limit for these transactions. True wealth is the stock of things that are useful for the community of the household or the polis. The use of the stock is the demand and this is what money really should represent. In Rhetoric,

⁴¹ Dirk J. Struik and Spencer J. Pack show us that ‘one’ in the general sense is not considered a number although it can be abstracted as a number to measure a quantity. Besides Spencer explains that among the Greeks and up to the European Renaissance ‘one’ was not considered a number in the mathematical sense we give today. See Spencer J. Pack, *Aristotle, Adam Smith and Karl Marx* (Northampton, MA: Edward Elgar, 2010), 12

⁴² Scott Meikle, *What is Money?*, John Smith, ed., (London: Routledge, 2000), 158

Aristotle says that “Wealth as a whole consists in using things rather than owning them” [EE, 1244b3]. The use of property for the sake of the good life is what constitutes wealth.

Therefore, acquiring money is not really always creating wealth for the sake of the good life. Money is mainly for the equality in exchange to fulfill the needs that arise between many citizens and the distinction there is between what they produce well and what they actually need. It is therefore in the self-sufficient community that one finds that equilibrium in which one can find whatever they need if they ordinarily do not produce it. In this sense money can be used as a form of redistribution of wealth or goods necessary for the good life.

Since money should represent a natural thing and a good for the sake of good living, and this is its proper nature, therefore making money from money is questionable if it does not have this end. The most artificial would be making money from money...the worst would be to desire this most rather than what is truly wealth for the sake of the good life. Further, since money as ‘artificial’ is linked to the natural function of facilitating exchange of goods for the well being of the parties concerned, then the further away it is removed from this relation to natural wealth the more unnatural it will become. Since a thing is most excellent in its natural state, then money should be most excellent when it’s flowing for the sake of meeting the demand of good things. If it is merely being accumulated for the ‘love of money’ and for uncontrolled desires then it is an evil since it first, does not perfect the person concerned and secondly it is not being used for the natural purpose it is meant for. Accumulating money for the sake of accumulating it is unnatural is the corruption and perversion of money.

Scott Meikle extends a critic on Aristotle’s philosophy of money. He asks the question whether Aristotle intended to prohibit transactions which have accumulation of money as the end on the basis of the fact that money is *artificial*. Through a serial analysis based on the comparison of the *Delphian knife* and the cooper smith with money making tendencies he concludes that it is not clear and is blurred given the various magnitudes and types of money transactions there can be⁴³. He finally concludes that Aristotle’s philosophical study of chrematistics ends up accommodating two common sentiments; the usefulness of money for getting things and the dislike for traders and money lenders⁴⁴. He accuses Aristotle for supporting the argument that money was intended for exchange and money as an end in itself⁴⁵. Meikle insists that Aristotle maintains that money is a tool of exchange and not an end in itself yet although he seems to be supporting the truth that money is an end in itself. This would be contradictory. Neither would it be intellectually just to accuse Aristotle of deliberately not seeing that money may have two natures; viz; wealth for the sake of natural use and exchange value. No matter how extended a transaction of M-C-M –C is, if the end is the natural use of wealth or use of money for the sake of natural wealth then the end is clearly natural and the use of money laudable. The end in wealth

⁴³ Scott Meikle, *What is Money?*, John Smith, ed., (London: Routledge, 2000), 162

⁴⁴ Scott Meikle, *What is Money?*, John Smith, ed., (London: Routledge, 2000), 163

⁴⁵ Scott Meikle, *What is Money?*, John Smith, ed., (London: Routledge, 2000), 164

for the sake of natural use is the limiting factor. It is not incoherent as Meikle wants us to believe.

Furthermore, Meikle suggests that Aristotle does not make any suggestion with regard to the transaction M-C-M of a city with another ostensibly because it was very ample in proportion in comparison to the M-C-M of retail transactions⁴⁶. Further he reminds us that in Book VII Aristotle says that “those who make themselves a market for the world only do so for the sake of revenue and if a state ought not to desire profit of this kind it ought not to have such an emporium” [*Politics*, 1327-31]. This is not very accurate since Meikle forgets the teaching of civic friendship as an analogy of the comradeship between cities and he also forgets conveniently some parts of [*Politics* Book VII.1327a]. In the first place right from Book 1 of *Politics* Aristotle says very clearly that money was devised to make it easier (a convenience) to export what was excessive and import what was necessary over long distances [*Politics*, I.IX.1257a15-25]. Secondly he forgets that in Civic friendship, partnerships are formed for the sake of exchanging goods for the sake of selfish needs of each of the partners and therefore this friendship is cogently based on need while the friendship has a footing in moral friendship. Thirdly, in the very book VII of *Politics* Aristotle says that “A maritime situation is also useful for receiving from others what your own country will not produce, and exporting those necessities of your own growth which are more than you have occasion for; but a city ought to traffic to supply its own wants, and not the wants of others” [*Politics*, VII.VII.1327a25-35]. Therefore we learn from the same passage in Book VII that those who “furnish an open market for every one” for the sake of gain [*Politics*, VII.VII.1327a30] ought not to be encouraged, “it is not proper for a well-established state to do, neither should they encourage such a commerce” [*Politics*, VII.VII.1327a35]. It is also not accurate for Meikle to opine that Aristotle believed that M-C-M behavior arose from the creation of money rather than from the shortcomings of individuals⁴⁷. Aristotle himself calls those traders eager for the accumulation of money greedy people. Aristotle actually compares these types of traders to the famous King Midas. “It is ridiculous that that should be wealth which a man may have in abundance and yet perish of hunger, just as they tell in the fable that the famous Midas perished through the insatiate greed of his prayer, all that was set before him turning into gold” [*Politics*, I.IX.1257a10-20].

Therefore, we can conclude much to the contrary with regard to what Scott Meikle says that Aristotle has definitely no problem with the nature of money *except when* it is defined as abundance, because the art of getting rich and trading are concerned with money. Money is defined as the beginning and the end of the exchange made and the value of money is to ensure proportional justice among the people. It is also a measure of quantity more than quality in ‘one’ thing. Most of all it is to have a limit in providing for the self-sufficiency of a household and that of the nation.

⁴⁶ Scott Meikle, *What is Money?*, John Smith, ed., (London: Routledge, 2000), 166

⁴⁷ Scott Meikle, *What is Money?*, 166

Governance of the nation aims at the *common good* of the whole community and every person. Governors move the other parts of a society towards the common good. Each part however, rules over his or her own particular section of the community. The happy life in society can only be lived when each member and association of a community apprehend the *whole spiritual, bodily and material good*. The more the parts adhere to the common good, the more they are virtuous and excellent in the virtues of good citizenship. Therefore, the state cannot usurp the ends of parts but can order them to the common good. Gilbert Keith Chesterton (1874-1936), tells us that people in the streets of London “are more like one sheep whom twenty-seven shepherds are shouting at; all the newspapers, all the new advertisements, all the new medicines and new theologies, all the glare and blare of the gas and brass of modern times. He therefore calls for a light that can decipher the hidden truths underlying our modern way of life amid the noise⁴⁸. Parents, teachers, co-workers, friends and associations of common life, such as the church, social clubs and other institutions help us to reinforce this bond between the particular good and the common good.

8. Conclusions

Modern society is walking along a path that has produced disquieting results. Society has been almost entirely commoditized in the market place. Technical sophistication of commoditization is seemingly devoid of morality. Governments have been charged to remain amoral, consequentialist and agnostic, yet they are called to substitute religion. The only truths are ‘liberty within amoral decency’, death and money, and power and pleasure in between. The rest is relative.

The panacea for this state of affairs is ‘the good family’ as the foundation of society and the principal of society and the cause of a stable human society. We also suggest that Economics as a science should not be separated from Politics and Ethics. The natural family is a fundamental institution and *a science* at the heart of the wealth of nations. Civic virtue and/or civic viciousness are first and foremost nurtured in the family and then in related civic associations. In the good family lies the question of demand and supply; for it is in good families and cities or self-sufficient communities that the most optimal economic decisions can be made. Most of all the nature of paternity, maternity, filiation and moral friendship is such that these relationships do not follow the logic of economic exchange as we understand it from a chrematistic perspective. In other words, a child cannot somehow calculate what price to pay parents for having given birth and educated him. Neither is it logical to apply the principles of equalization in economic exchange within moral friendship since one is a friend on the basis of certain delight in being together which is moral rather than quantitative. Even if sometimes one can give money to the parents or to a friend it is not reasonable to imagine those gifts of material things as

⁴⁸ G.K. Chesterton, *What’s Wrong With The World* (Project Gutenberg, Etext #1717, 1999, 1st ed. 1910)

equalization within the framework of economic exchange. They are simply gifts and the appreciation is according to the moral acknowledgement of one to the other.

The principal questions that one would naturally ask if he or she appreciates this dimension of society is; How should one situate the science of family and moral friendship within the scope of economics? The second is who has the responsibility of inserting the science of the family in its principle place within the political society? The answer to these questions is not mathematical. Rather my opinion is that it is a question of admitting as Aristotle and most medieval society did that economics is not an apex science. Whatever the science of economics concludes is subject to political and moral assessment. This leads one to the conclusion that politics, morality and economics cannot be separated and should be studied together. The apex science of the three is politics. Politics has the function of ordering and respecting the subsidiarity that family society demands. It is in the family first and then in civil associations of friendship that social justice is defined and lived first and foremost. Accordingly, politicians need to study this complex structure and define the best manner of co-existence in a society, respecting the subsidiarity that nature provides in the family.

I would like to end by quoting an illustrious and wise Italian man, Dante Alighieri (1265-1321). He understood the importance of the natural institution of the family in society and he understood that family is the starting point of the posterity of nations. Just as a community enjoys the labour of their predecessors, it should work for the sake of enriching their posterity⁴⁹. To the natural institutions of Aristotle and Aquinas Dante added the idea of “a universal end of the society of the human race”. He proposed that nature “brings into being the whole human race in its global universality”⁵⁰ both in time and space. For Dante, the end of such an *Imperium* is *Universal Peace* and happiness⁵¹ of all mankind.

⁴⁹ Dante Alighieri, *On Monarchy*, transl. Philip H. Wicksteed; in Ralph Lerner and Muhsin Mahdi, eds., *Medieval Political Philosophy*, (New York: Cornell University Press, 1991), 419

⁵⁰ Dante Alighieri, “On Monarchy”, transl. Philip H. Wicksteed; in Ralph Lerner and Muhsin Mahdi, eds., *Medieval Political Philosophy*, 421

⁵¹ *Ibid.*, 423