

# At the Origin of the Art of Money-Making (Conversation With Aristotle About Wealth and the Good Life)

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This paper aims, first of all, to examine the two fundamental treatments of the complex and very broad notion of *chrematistiké* (money-making) and its links with the notion of *oikonomia* (economics), outlining a fundamental division between natural and unnatural art of money-making. The two different arts of money-making are based on two very different psychological attitudes: in the first case, desire is channeled, managed, and organized by practical wisdom with a view to a further end; in the second case, desire is an end unto itself, insatiable, boundless and contrary to the commands of practical wisdom. Only in the first case there is a “true wealth”, that is a wealth oriented toward a good life that constitutes the end (*telos*) and the limit (*peras*) of the wealth itself. The conclusion is that, for the Stagirite, wealth is not an evil, nor, in itself, is the pursuit of wealth, that is, the art of money-making, because if it is rightly organized and oriented in function of the end, it constitutes the *conditio sine qua non* of a life that is good, ordered and happy for the individual and for the city.

**Keywords:** money-making, economics, wealth, practical wisdom, limit, good life

## Introductory Remarks

With this paper the author would like, first of all, to examine the two fundamental treatments of the complex and very broad notion of *chrematistiké* (money-making)<sup>1</sup> in Aristotle’s *Politics* and, more particularly, in *Politics* I, 8-11, considered by Schumpeter (1952) “the basis of the bulk of all analytical work in the field of money” (p. 62).

Secondly, the author would like to delve further into its anthropological and psychological foundations and its ethical and political implications.

First of all, Aristotle distinguishes between the art of money-making (*chrematistiké*) and economics (*oikonomia*). In fact, while the first has the aim of providing goods and resources, economics has the aim of using and managing them: “Now it is easy to see that economics is not identical with the art of money-making, for the

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<sup>1</sup> It is very difficult to convey the wealth of the Greek word *chrematistike* in modern translations. In English there is *chrematistic* or *money-making*, which the author has chosen in an attempt to avoid a simple transliteration from the original Greek. We see this difficulty in other modern languages too, with *industrie* or *chrématistique* in French; *crematistica*, *arte pecuniaria* or *arte finanziaria* in Italian, *crematística* or *arte de adquirir* in Spanish, and *Chrematistik* or *Gelderwerbs* in German.

one uses the material which the other provides” (*Politics* I, 8, 1256 a 10-12)<sup>2</sup>.

This distinction between the art that uses goods and the one that provides them is very important for other reasons as well, especially in connection with the paired concepts of possession/acquiring and use. In fact, wealth can be used or acquired, as we are reminded in *Nicomachean Ethics* VI, 1, 1120 a 8-9: “spending and giving seem to be the using of wealth; taking and keeping rather the possession of it”<sup>3</sup>.

Thus the art of money-making constitutes the capability of acquiring wealth, and this capability that characterizes *chrematistiké* and that distinguishes it from economics is an important one, with repercussions on the “affective” level, as we can read *en passant* in *NE* IX, 7, 1168 a 21-23: “all human beings love more what they have won by labour; e.g., those who have made their money love it more than those who have inherited it”.

### Natural and Unnatural Arts of Money-Making

To examine the relationships between *chrematistiké* and *oikonomia*, Aristotle adopts the method of division of the whole into parts, examining each part one by one. In this way we see a fundamental division:

First of all, there is a form of natural acquisition, a natural part of economics with the aim of obtaining means necessary for the polis and the family:

Of the art of acquisition then, there is one kind which by nature is part of economics, in so far as economics must either find ready to hand, or itself provide, such things necessary to life, and useful for the community of the family or state, as can be stored. They are the elements of true riches. (*Pol.* I, 8, 1256 b 26-32)

This form of money-making, which provides a quantity of goods “needed for a good life”, as he adds interestingly, is “not unlimited” (*Pol.* I, 8, 1156 b 26-32). But the text continues in this way:

There is another variety of the art of acquisition which is commonly and rightly called an art of money-making, and has in fact suggested the notion that riches and property have no limit. Being closely connected with the preceding, it is often identified with it. But though they are not very different, neither are they the same. The kind already described is given by nature, the other is gained by experience and art. (*Pol.* I, 9, 1256 b 40-1257 a 5)

Therefore, there is another genus of the art of acquisition that it is right to call *chrematistiké*, and for this type, on the contrary, there is no limit (*peras*) to wealth and property. On the basis of the Aristotelian text, it must be said that *chrematistiké* (which, as we have seen and will see better, is part of economics) is divided into a series of sub-parts. It is beyond the scope of this paper to explore them, but the reader is referred to Ferriolo Venturi (1985).

The fundamental difference that the author wish to examine here is the break between the natural and the unnatural art of money-making, with particular interest in its psychological and anthropological roots, and its fundamental ethical implications.

The natural art of money-making, Aristotle says, is the one included in economics and that, unlike the unnatural one, has some limits: “the art of money-making that consists in economics has a limit” we read in *Pol.* I, 9, 1257 b 30-31.

Therefore, summing up:

(1) There is a natural art of money-making, when a person gets what nature has produced for him and

<sup>2</sup> The translation of the *Politics* (hereafter *Pol.*) is mine.

<sup>3</sup> The translation of the *Nicomachean Ethics* (hereafter *NE*) is mine.

manages a limited quantity of means sufficient for a good life (therefore, in this case, the end is the good life, the beautiful and happy life that, besides being the goal for the individual, is also the goal for the city<sup>4</sup>. In fact, as we read as we read in *Pol.* III, 9, 1280 b 39-1281 a 2: “the end of the state is the good life, and these are the means towards it. And the state is the union of families and villages in a perfect and self-sufficing life, by which we mean a happy and beautiful life”. This form of the art of money-making is limited, capable of producing true wealth, and is part of economics;

(2) But there is also an unnatural art of money-making, commercial, capable of obtaining wealth by means of money, that constitutes an acquisition that is not natural or limited, and is not part of economics.

The fundamental element in this distinction is limit (*peras*), a notion strictly connected to the end (*telos*). In *Pol.* I, 9, 1257 b 28, in fact, we read that “the end (*telos*) is for everything the limit (*peras*)”. *Peras* and *telos*, in fact, in Aristotle, are strictly interlaced and *telos* has a double theoretic declination: in one sense, it is: (1) a *terminus ad quem*, since it constitutes a final goal, as that to which everything aims; but, in another sense (2) it constitutes a starting point (*terminus a quo*), since starting from it, every other good, every other element, receives a collocation, an orientation. In this sense it is at the same time: (1) that which everything orientates itself towards, and (2) that which provides a foundation, a limit to everything (*peras*). Not by chance do we read in the *Nicomachean Ethics* III, 7, 1115 b 22: “for each thing is defined (*orizetai*) by its end”. The Greek verb *orizetai*, in fact, means literally that the end orients, determines, assigns a place to everything else.

But now, to come back to our specific question, if the end (*telos*) of the heap of money is given by the money itself and not an exterior element, such as a good life, as it happens in the first kind of chrematistics, it is evident that the heap of money cannot have a limit, a *peras*, and that, therefore, it is destined to be intrinsically unlimited (*apeiron*). In this case, as we read in *Pol.* I, 9, 1257 b 22-23, “money is principle and end of the change”.

So, if the goal of money is money itself, it is evident that pursuit of money cannot be a *peras*, a limit, a bound. Aristotle explains that one kind of chrematistics, the natural one, aims for an end that is external (*eteron telos*) to the property itself (1257 b 38), while the other kind aims only to increase the money.

### The Art of Money Making Inside the Horizon of the Good Life

The difference of goal means a shift from the field of living to the one of living well: “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” (*Pol.* I, 9, 1257 b 40-1258 a 2).

So we face a fundamental distinction between to live and to live well, and while natural art of money-making is included in this second field, those who pursue unnatural chrematistics do not ask themselves about “how to live”, but merely satisfy an *apeiron* desire, the end of which is only the increase of money.

Therefore, the art of money-making, as all other arts, aims for its goal and its desiderative goal, in itself, free from all rules, is infinite, unlimited. Every art, every discipline aims endlessly for its end. But in the context of a

<sup>4</sup> As Solomon rightly points out (2004, p. 1023): “This emphasis on community, however, should not be taken to eclipse the importance of the individual and individual responsibility. In fact, the contrary is true: it is only within the context of community that individuality is developed and defined, and our all-important sense of individual integrity is dependent upon and not opposed to the community”.

life that, to be good, must keep together its parts in a harmonic way, giving origin to the symphony (*symphonia*)<sup>5</sup>, the endless and unilateral aspiration toward that particular goal would collapse the life itself, and make it impossible to qualify, as a whole, as an *eu zen*<sup>6</sup>. In this sense, far from producing a good and happy life, wealth can destroy it, as Aristotle reminds us in *NE* I, 3, 1094 b 18-19: “men have been undone by reason of their wealth”.

He is even clearer in *Pol.* VII, 1, 1323 b 7-10:

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, to their possessors.

Wealth and the art of money-making are part of living well and the good life only inasmuch as we possess certain “habitual states”, or virtues. Without these, something intrinsically useful like wealth (as we read, for instance in *NE* IV, 1, 1120 a 5: “wealth is among the useful things, becomes harmful”).

In fact, in the *Eudemian Ethics* VIII, 3, 1248 b 27-30<sup>7</sup>, Aristotle states: “Goods which we most discuss... such as honor, wealth, bodily virtue... On the one hand are goods for nature, but, on the other, may prove harmful for a person because of his habitual states”.

That it is to say, without virtue our life does not work, the real end (*skopos*) and the final goal of life is not reached because, as happens in the case of the unnatural art of money-making, neither is sought. In this case, the pursuit of partial ends such as wealth and of those that would be only parts of the whole, ends up destroying or rendering impossible the construction of the whole itself.

On the contrary, a good life, a life that works, is the one in which the ultimate end, the *telos*, is constantly kept in sight. In fact, as we have seen, the *telos* is also *horos* (as Aristotle says in *Pol.* 1258 a 18), a criterion to use to compare all the rest. And this limit, this end, which is also a criterion, is the good life (*eu zen*). The good life, then, can be realized only comparing in this way the means, the intermediate ends, and the ultimate end.

In this sense, wealth must be understood as object of desire, that which is wished (because the end is wished, Aristotle says, while means are weighed and chosen<sup>8</sup>), and also the end, but not the final end. As we read in *NE* I, 1094 a 9, wealth is the end of economics, but not of life in its totality, if this life is a good life. This implies that the end that is wished, when viewed in terms of the whole, of the *eu zen*, must be measured, must be subject to wise calculation (*logismos*). When this calculation is applied and when it works rightly, this end becomes a partial end, a means to achieve an other or a part of the whole, while, in the other case (for example, the unnatural art of money-making) this end is an end in itself, and being such, it is the origin of an infinite desire, the foundation of the insatiability (*aplestia*) that characterized King Midas, noted in *Pol.* I, 9, 1257 b 16.

There is therefore a deep and radical difference between the two forms of the art of money-making, which determines similarly radical differences according to the importance and the role wealth is called to play in a human life, an issue Aristotle targets very well when says: “therefore... a limit for each wealth seems necessary”.

But, on the other hand: “We see that in reality the contrary happens: In fact, all those who dedicate themselves to accumulate riches increase money endlessly” (*Pol.* I, 9, 1257 b 32-34).

<sup>5</sup> *Pol.* II, 5, 1263 b 35.

<sup>6</sup> “Happiness (for us well as for Aristotle) is an all-inclusive, holistic concept” (Solomon, 2004, p. 1024).

<sup>7</sup> The translation of *Eudemian Ethics* (hereafter *EE*) is mine.

<sup>8</sup> See, for instance, *NE* III, 2, 1111 b 26-27.

According to Aristotelian thought, there is an enormous difference between a person who assigns a proper role to wealth in the service of living well, and one who simply satisfies his desire for wealth, reducing his life to the acquisition of money and transforming himself into a person who is greedy for money (*philargyros*—in *EE* III 1232 a 4—a word used only twice in Aristotle’s works). This difference has enormous ethical, anthropological and psychological ramifications on the individual and social levels. Why? To understand the question better, it is necessary to look at it from another point of view, as Aristotle often invites us to do, remembering that *to be* is said in many ways (*to on pollachos legetai*).

### “True Wealth” and Virtue

Let us return to the art of money-making, from the point of view of wealth. Aristotle stresses often that the art of money-making must manage “true wealth” (*Pol.* 1256 b 30-31), or “wealth according to nature” (1257 b 19-20), not wealth for its own sake, but wealth in order to live well. The key factor here is the moral subject, the agent, who has to manage it. Wealth, defined as “everything whose value is measured by money” (*NE* IV, 1, 1119 b 26-27) plays a fundamental role in the constitution of some fundamental virtues such as generosity (*eleutheriotes*), which, unlike the vices of dissipation and greed, consists precisely in the right management of wealth, or magnificence (*megaloprepeia*), in which generosity is surpassed in greatness. Wealth is also fundamental in the multi-faceted virtue of pride (*megalopsychia*)<sup>9</sup>, given that the proud person “will have a measured attitude toward wealth” (*NE* IV, 3, 1124 a 13-15). Therefore wealth in the political-economical field is not only useful, but also of fundamental importance in individual and social life, given that, as Silvia Campese notes<sup>10</sup>, in the passage from sustenance to wealth there emerges the economic dimension proper to the citizen, the economical and political subject. He can reach the good life only by means of the economic tranquility that permits him the free time (*scholē, otium*) fundamental for political life. Thus wealth is very important and even crucial in this sense, in the words of Elena Irrera<sup>11</sup>, “Aristotle claims the crucial role of wealth, both in survival and in management of a beautiful life”.

It is not the case that wealth is also the foundation of the friendship that “binds cities” (*NE* VIII, 1, 1155 a 22-23). In fact, as we read in *NE* VIII, 1, 1155 a 7-10: “For what is the use of such prosperity without the opportunity of beneficence, which is exercised chiefly and in its most laudable form towards friends?”.

But in order to transform wealth into true wealth, wealth rightly managed, rightly situated in a good life, the human being must manage it, and must possess specific habitual states (such as the generosity, magnificence, and pride just mentioned), but, more in general, he must be endowed with architectonic competence, and be capable of achieving the beauty and ordered whole that is the good life, in which every part, and therefore also wealth, receives a right collocation, a seat, and also a limit, because there is a goal that orients and functions as criterion for all the rest. As we know from the *Ethics* (*NE* VII, 5, 1140 a 25-28), this ability to organize the good life, an ordered whole made up of ordered parts, resides in practical wisdom (*phronesis*) that can guide the various parts that compose life and evaluate them to achieve a “good life in general”. But we also know, because Aristotle says it clearly in *NE* VI, 8, 1141 b 31-32, that in addition to political wisdom and wisdom concerning the individual,

<sup>9</sup> For deeper examination of this notion, please see my essay, 2012, pp. 73-39.

<sup>10</sup> Campese, 2005, p. 10.

<sup>11</sup> Irrera, 2012, p. 30.

there is a practical wisdom concerning the family, namely, economics, that is also a capability to evaluate, orientating oneself rightly to the end. And, therefore, once again, also from this point of view, economics is intrinsically oriented toward the *eu zen*, intrinsically oriented toward the good life and happiness<sup>12</sup>.

So we must say that there is an art of money-making that is part of economics, understood as the ability to establish a limit to wealth with a view to the goal of the good life. There is a storing of riches that does not serve a greater purpose, but is an end in itself. While the first is part of the art of living well, the second is the art of money-making, radically different forms that have, as Aristotle says more than once, an element of unity and closeness (the philosopher reminds us that these forms are so similar that someone can wrongly think that there is only one form of the art of money-making (*Pol.* I, 8, 1257 a 1-3): “they are not very different, but neither are they the same”. In other words, the several forms of the art of money-making share the fact that in each case we have an accumulation of wealth, an acquisition of riches, but the differences between these forms are radical in terms of their psychological-anthropological foundations, and their ethical-political consequences.

### Arts of Money-Making and Psychological Attitudes

The two different arts of money-making, in fact, are based on two very different psychological attitudes:

(1) In the first case, a desire is channeled, managed, and organized by practical wisdom with a view to a further end;

(2) In the second case, a desire is an end unto itself, insatiable, boundless and contrary to the commands of practical wisdom. Aristotle, just as Plato before him, calls this insatiable craving to have more *pleonexia*. The concept of *pleonexia*, as noted by Mario Vegetti, “which appears to be a crucial concept in Plato’s ethics, politics, psychology and anthropology”<sup>13</sup>, applies to different grounds and can be defined as an “irrepressible craving” to “possess more”—be it power, glory, wealth, or “lordship”—rather than settle for a fair and balanced distribution of these commodities”<sup>14</sup>. In every case, therefore, there is a leak from the mould delimited by measure and therefore, according to Aristotle, from the perimeter drawn by the practical wisdom. In Aristotelian discourse, practical wisdom makes it possible to establish measure on different levels:

- In the first sense, because it establishes a mean, a measure between excess and defect, namely, moral virtue:

Among the moral virtues is justice, and it is not by chance that justice is a ‘mean’ between taking too little and taking too much. In this sense, *pleonexia* is a vice because it takes more than what is a right measure, and the person characterized by *pleonexia* is vicious. (*NE* IX, 6, 1167 b 9-10)

- In the second sense, practical wisdom establishes measure in virtue of its architectonic capability, its ability to construct the whole, a life that is good and happy in its complexity, whose parts are organized in sight of the realization of the ultimate goal. Measure prevents the hypertrophy of the parts, and in the case of the unnatural art of money-making, it prevents a part from taking the place of the whole and thus destroying it, a *pleonectic* conflict that, uncurbed, causes unhappiness and makes the *eu zen* impossible on the personal and the social level. In fact, those characterized by *pleonexia* do evil to themselves and to others, as we read in *NE* IX, 6, 1167 b 9-10:

<sup>12</sup> To pursue in more depth the link between the notion of economic and material wealth and the notion of human flourishing (*eudaimonia*) in Aristotle as well in Plato, please consult Giovanola-Fermani (forthcoming).

<sup>13</sup> Vegetti, 2004, p. 316.

<sup>14</sup> Vegetti, 2004, p. 317.

“those marked by vice are unable to be in agreement with themselves except for a little time, as they cannot manage to be friends, given that they abuse their power (*pleonexias*) in providing their profit”.

### Richness and Happiness: Final Remarks on the “Good Pursuit” of Wealth

To conclude, drawing together the elements of this reflection on the art of money-making, there are no better words than those with which Aristotle ends his treatise:

Thus, then, we have considered the art of money-making which is unnecessary, and why men want it; and also the necessary art of money-making, which we have seen to be different from the other, and to be a natural part of the art of economics, concerned with the provision of food, not, however, like the former kind, unlimited, but having a limit. (*Pol.* I, 9, 1258 a 14-18)

There is an art of money-making that naturally and wisely works as part of the whole *oikonomia*, and aims for living well, and there is an art of money-making that is an end unto itself, “as if it should be the end, and if to this end everything should aim” (*Pol.* I, 9, 1258 a 2-14), that substitutes money with the real end, the latter is unlimited and unnatural, based only on the insatiable desire for wealth that originates in the excessive desire for pleasure. And even, says Aristotle with a very realistic passage, if individuals with these negative characteristics do not manage to satisfy their insatiable desire to obtain riches, they seek other instruments:

They are absorbed in getting wealth: And so there arises the second species of money-making. For, as their enjoyment is in excess, they seek an art which produces the excess of enjoyment; and, if they are not able to supply their pleasures by the art of money-making, they try other arts, using in turn every faculty in a manner contrary to nature. (*Pol.* I, 9, 1258 a 5-10)

As it has been rightly observed, when the Stagirite studies wealth, “the analysis is ethical as well as economic, and these two aspects are in a tension which leads Aristotle to attribute two natures to money, that of a means and that of an end” (Meikle, 1995, p. 87). In fact, we have seen how wealth, which in itself is a good and an element that cannot be removed from existence, can be viewed either as an end unto itself, or as a means to the end, wealth is wanted, as every end is wanted, but in another sense it is chosen, as every means to achieve an end is judged and chosen, especially when the end is happiness<sup>15</sup>. Aristotle notes in *EE* II, 10, 1226 a 8-10 that “nobody chooses to be happy, but to acquire riches or to take chances in order to be happy”.

In fact, we must not forget that in addition to the very famous definition of the human being as a “political animal”, a *zoon politikon* (*EE* VII, 10, 1242 a 23), the human being is also (*kai*) an “economic animal” (*zoon oikonomikon*), for, as we read in *NE* VI, 8, 1142 a 9-10, “it is impossible to achieve one’s own good without belonging to a family or without a community”.

While it is true, as Aristotle reminds in *NE* I, 5, 1096 a 6-7 that “wealth does not constitute the good we are looking for; in fact it is useful and in function of something else”, it is also true that a happy life is in many ways a rich life.

So we can close with the assertion of Denis Collins, that it is necessary—at least partly—to modify the

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<sup>15</sup> In this sense, as rightly observed by Scott (1996, p. 138) that “the criticism Aristotle actually offers to trade... goes well beyond anything that can be attributed to taste, tradition and prejudice. It has roots deep in its metaphysics, ethics and theory of action and the fact that this has gone so largely unnoticed is a lacuna. Aristotle’s criticism is not of *katapletiké* at all, but of its end”.

traditional conception of Aristotle as an anti-business Philosopher<sup>16</sup>. For the Stagirite, in fact, wealth is not an evil, nor, in itself, is the pursuit of wealth, that is, the art of money-making, because if it is rightly organized and oriented in function of the end, it constitutes the *conditio sine qua non* of a life that is good, ordered and happy for the individual and for the city.

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<sup>16</sup> "If one told a philosopher that Aristotle was anti-business and anti-profit the philosopher would most likely nod his head in agreement. The evidence is obvious, isn't it? Aristotle scorned the practice of retail trade in ancient Greece. He opposed charging interest. Case closed! I wish to re-open the case" (Collins, 1987, p. 567).