

abstracts of some Aristotelian notes regarding money-related issues  
(Otto B. Wiersma – for discussion 20.2.2012)

---

**Aristotle**, Nicomachean Ethics V,8

1133a,b Money makes work and goods quantitatively comparable (commensurable), valued by law (νομισμα ('nomisma') = currency).

Money is used for calculating the value of work and goods. There should be a unity as measure that connects everything and this unity is the basic (vital) need. By agreement money replaces [represents] the need and has its value not by nature [intrinsically], but by law, so money is called 'nomisma' (Greek νομος ('nomos') = law). We can [create it,] change it and put it out of circulation.

Using money should work according to proportionality – this way all will receive what they need. Need connects people and organizes exchange of work and goods. Money is also convenient for a postponed exchange of work and goods. But what holds for other goods, holds also for money: it never exactly keeps its value.

So everything should have its value: that makes possible exchange and a common market. Money makes all things commensurable. Without exchange no community, without equality no exchange, without commensurability no equality.

1094a,b Economics (= the art of housekeeping) is aimed at wealth and subjected to the art of politics, because this 'leading [practical] science' aims at the highest good for a whole people, nation or state.

Although wealth is the goal of economics, money only provides means to ends (1096a, 1097a). A life aimed at acquiring money is somewhat unnatural and forced because wealth [in itself] is obviously not the highest good. Money and wealth are for use and only means to an end. Wealth is not the last goal – the last goal is something we strive to as an end in itself.

**Aristotle**, Politics, I,8-11; IV,11

I,8

1256a Theory of acquisition and possession is a part of economics (the art of housekeeping). 1256b Because nature does not make anything incomplete and in vain, everything must have been made for man. Acquisition is about gaining and preserving things that are useful and necessary for the life in the community of house and state. In these things, which are enough for a complete life, is the 'real wealth'. Wealth has its limits – it's nothing but a bunch of tools for housekeeping and state administration.

I,9

1257a The art of cash-acquisition or enrichment can be blamed for the thought that wealth and possessions are without limits. For every possession there are two applications: its use (e.g. wearing a shoe) and its exchange value. Only when communities are growing bigger, barter is needed. And money is needed for long-distance trading [long-distance both in place and time].

1257b The grocer sector provides opportunities for maximizing profits, raising wealth and property.

Another view holds that money is fiction and only has legal validity. When people change its legal validity, it loses its value. In that case wealth can't protect from hunger (cf Midas).

Natural wealth belongs to housekeeping, enrichment to trade, where money is the beginning and end of sales. Contrary to the last, the art of housekeeping is bounded, because enrichment is not its goal, but a good life.

[ What's a good life? according to the laws of nature? according to religious directives? according to reason (Kant: do what you reasonably owe to humanity in yourself)? according to compassion (moved by the joys and concerns of others)? according to...? ]

1258a People who are using their possibilities and merits in an unnatural way, change all things into cash-acquisition, as if that were the goal to which everything should be directed.

Care for subsistence belongs naturally to property management, related to which acquisition is not without limits.

I,10

The householder should take care providing the necessary means, which are provided by nature.

1258b The art of acquisition by traders is rightly criticized, because they don't stick to [the rules of] nature. Usurers are hated with the fullest right, because they make profit from money itself and not from that for which money was invented. Interest comes as money from money. Therefore this type of acquisition contradicts most strongly the natural rights.

I,11 describes different practices of acquiring property and also contains the observation and description of a few cases of speculative enrichment by monopolizing goods (Thales' oil presses and a Sicilian iron trade). Knowledge of these kind of financial tricks is very convenient for state leaders...

IV,11

1295a As for individuals, the best life in the best state lies in the middle [class] that's accessible for anyone. In all states are three classes of civilians: very rich, very poor and those in between. 1295b Proportional property [of a large middle class] is best and most rational.

Excessive richness and extreme poverty lead to hubris and spite from which unjust acts emerge. The rich have difficulty obeying and rule despotically, the poor are too submissive, so they can't rule but obey like slaves. From that results a state of tyrants and slaves, not of free citizens; a community of animosity, not of friendship.

---

Equality between citizens is mainly found in the middle class, where citizens don't covet each other's property. A community and state that's founded on a majority of middle class citizens, is the best one.

1296a Avoid extremes in property and you will avoid tyranny which could emerge both from unbridled democracy and from pure oligarchy. A large middle class majority prevents rebellion and violence and makes democracy stronger and more durable. A state where the poor are the majority, will soon be destroyed. Communalism and equality of a large middle class holds a state together. Otherwise emerge from the struggle between rich and poor the opposites of extreme democracy [tyranny of the poor] or oligarchy [tyranny of the rich], which are not focused on the importance of the state but on their own interests.

---