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### *Aristotle to the Rescue!*

When in doubt, turn to Aristotle, the “master of those who know,” as Dante called him. He can help us understand, and even appreciate, the economic mess we’re in now. Here’s how:

Think about shoes. They have, Aristotle tells us, two functions. First, they can be used in the manner for which they were designed: they can be worn to protect our feet. Second, they can also be used as a means of exchange. I can trade my extra pair to you for the jacket that you no longer wear. At a higher level, the shoemaker can trade a pair he has made for a chair made by the carpenter. Now the shoemaker has a useful piece of furniture and the carpenter’s feet don’t hurt. So far, so good.

Next, however, comes the fateful step: the shoemaker can also sell his product for some cash. This move is decisive because it opens up a whole new world of possibilities: the world of money, which we can simply call “business.” Someone who is neither a shoemaker nor a carpenter, someone who, like most Americans, doesn’t make anything, can become an expert businessperson. He can, as Aristotle puts it, learn the “art of discerning what and how to exchange in order to make the greatest profit.” He can determine at what level shoes should be priced in order to sell the largest number of them, or what labor costs the shoemaker should be willing to expend in order to make the most money. The business expert might, for example, advise the shoemaker to open a factory in a foreign country if labor is cheaper there and transportation costs aren’t too high.

Aristotle acknowledges that all these forms of use and of exchange are basic to human communities. But he also understands, as we do not, that some are more basic than others. Shoes are meant to be worn. When you put a good pair on your feet and start walking, you're using them in their most proper sense. By contrast, exchanging them for a jacket or selling them for cash is a secondary or "derivative" (a loaded word!) use. And this is what opens the door into the world of business. Furthermore, what Aristotle understood, and what we Americans are only now learning, is that this door inevitably becomes a floodgate. Here's why: because shoes have a purpose there is a limit on their proper usefulness. They protect the feet but do nothing to keep the head dry or the hands warm. Because of this limit, it's possible to determine when a pair is excellent or not. A good one does its job and executes its purpose well. Shoes that support my feet well and don't cause my knees to hurt are good ones. And if they look nice to boot, all the better. If my shoes are poorly designed and my feet hurt after I walk in them, I own a lousy pair.

If we concentrate on these ideas of purpose, proper use, and limit—ideas at the heart of Aristotle's thinking—we stay focused on the true value of the object. And if we do this, then we can accumulate what he calls "true" or "real" wealth. We have this when we own stuff that we actually use in order to live a good life. But when money enters the story, as it must, these values are usually lost. For when it comes to money there is no limit. After all, money can only be measured quantitatively and therefore it invites the equation, "more = better." You may make a hundred bucks by selling your shoes, but if money is the only arena in which you operate, then why not aim for two hundred? Guided only by a quantitative measure, there simply is no reason not to. For the language of quantity can never tell us when, as my mother used to say, "enough is enough." Entering the world of business, therefore, inevitably means facing the temptation of what the Greeks called *pleonexia*, "always wanting to have more." And once we succumb to this

temptation, it will almost always become an addiction. As Aristotle puts it, “all who engage in business seek to increase their money without limit.” Once the floodgates to money-world are opened, there’s nothing to want but more and more.

Recall the distinction mentioned above: there is, Aristotle says, “real wealth,” which means having stuff that we actually use to live good lives, and then there’s money. Its value isn’t quite real. For money is, or at least requires, a symbolic system. A coin is stamped with a picture of a god, or a piece of paper with a number, and it is given a value that is determined solely by convention or agreement. A \$100 bill, which is no more than a scrap of paper covered in ink, is not really worth \$100. It can, however, buy \$100 worth of stuff, but only because people agree that the number written on it represents this amount of buying power. But people (a.k.a., “the market”) can change their minds. The value of money is determined by current market conditions; that’s why it’s called “currency.” But these conditions change. If, for example, inflation gets wildly out of control, then my \$100 bill will buy much less tomorrow than it did yesterday. For this reason, Aristotle says that money “sometimes seems to be nonsensical.” He can imagine a scenario, one like that which occurred in Germany in the 1930’s or is actually happening in Zimbabwe today, in which someone who has lots of cash can’t even afford a loaf of bread.

The fact that the value of money isn’t quite real is hitting Americans hard today. A few months ago, a colleague, looking despondent, walked into my office and said to me, “I just lost \$50,000 in my 401K. I’ll have to work till I’m 75.” My first reaction, which I didn’t dare say out loud, was, “yeah, if you’re lucky enough to keep your job.” My second, also unvoiced, was this: “Okay, you lost it? But where did it go?” When I lose my pen, you might find it and then use it. If I lose 50 bucks at the poker table, someone else will have won it. How did all that money in

all those 401k's, on all those computer screens, just disappear? The answer is that monetary wealth, the buying power of money, is conventionally or subjectively determined. It is based on an agreement. And so when a few months ago "they," whoever they are, changed their minds about what its value was, all that so-called wealth went up in smoke. Turns out that it never was much more than numbers on a screen. To repeat Aristotle's words: "money sometimes seems nonsensical." If such wealth can disappear so easily, it wasn't really there in the first place. By contrast, "true wealth" sticks around. It's the stuff we use to live good lives.

The best example of how little Americans understand all this is the attitude we have developed towards our houses. For decades now we have been treating them largely as investments. We lend scads of money to people so that they can buy houses, which in turn they will sell to other people who go into even greater debt. We have long measured the value of our houses solely on the basis of that number of dollars the market assigns to them. But the exchange value of a house is a derivative. Its real value comes in its ability to keep us warm in the winter and dry in the rain, to house a family and have neighbors, to invite people over for dinner and to be part of a larger, a political, community. The real job of a house is to make it possible for us to live good lives as citizens. That is its true purpose and is what places a limit on its proper use. By contrast, buying a house with the goal of flipping it a year later for a profit can only lead to the limitless, and therefore addictive, quest for making more and more money, a quest that invariably distracts us from our real goal, which is to live excellent lives.

Be clear about this: Aristotle isn't saying that money is bad. That would be stupid, and he's the "master of those who know." Instead, he's saying that money, like all possessions, must be used well and be put in the service of buying the stuff that allows us to lead good lives. Money isn't bad. It's just hugely tempting to want more of it, and so more often than not its

pursuit becomes addictive. Like all addictions, this one is destructive. And the only way to protect ourselves from it is to be guided by a higher form of knowledge; one that teaches us how to spend well, to live well, to use stuff well. This form of knowledge Aristotle calls “ethics,” the study of human excellence.

Some readers will object. They’ll ask, “who’s to say when enough is enough?” Is it enough, for example, to have a old but decent Chevrolet that allows me to get to work on time? But what if I think a new Cadillac is required? Is it enough to have a functioning kitchen in which I can make decent meals for my family? What if I declare that granite counter-tops are a necessity for the excellence I crave? Do I just need three square meals a day, or must I also have buffalo mozzarella, imported olives, and grass-fed beef in the refrigerator? Fair questions. But Aristotle thinks that if we think hard and well enough we can answer them. Minimally, they should be asked, and asked constantly. We must direct ourselves to the serious task of living a good life, and ask the question, what stuff do we actually need to accomplish this?

In radical opposition to our house-flipping, globalized American selves, Aristotle thought that living within the local confines of a community, of having a family and neighbors and friends and dinner parties, of being a citizen, were the key ingredients of a full human life, and were far more important than having lots of money. By contrast, so many of us don’t know our neighbors, can’t find the time to eat dinner with our families, commute vast distances to work, and hardly consider our roles as citizens as a serious component of a meaningful life. We live in the Age of the Internet, the most comprehensive symbolic system in human history, and we rarely take our eyes away from the screen and see who’s next door. As a result, Aristotle’s notions of limit, purpose, and proper use are foreign to us, and that’s one big reason we’re in the mess we’re in today.

We're in the grip of what may turn out to be an economic catastrophe. It isn't the first and won't be the last. In fact, it's one even old Aristotle would recognize as utterly familiar. But as some of our leaders are now telling us, a "crisis" can be a time of opportunity. (The word comes from a Greek word meaning "to judge or decide.") Maybe each of us should try to take his idea of "true wealth" seriously and try to figure out what it means. We should, in other words, attempt to decide what has real value in our lives.