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Philosophy of the Economy

An Aristotelian Approach

 Springer

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Abstract

Chapter 1: *Introduction: Why a Philosophy of the Economy and Why an Aristotelian Approach?*

This first chapter answers the questions in its heading and describes the outline of the book. It also introduces its central ideas: (1) the economy is essentially a human reality; (2) as such, its study should be approached primarily from the perspective of practical reason; (3) economics should recover its practical stance, drawing away from its recent shift to a more technical realm, and, finally, (4) economic activity is human action in society. This is the lens that should enlighten its analysis and practice.

Part I: *“The Economic” and its Science: A Philosophical Approach*

Chapter 2: *“The Economic”*

This chapter discusses the deep meaning of economic matters, or “the economy,” from a philosophical standpoint, exploring (1) a metaphoric or improper meaning: human beings are “economic” insofar as they have needs that they can satisfy using material means; (2) a proper, broad meaning: all decisions and actions geared to the acquisition and use of the goods that satisfy human needs are economic; (3) a proper, precise meaning: the maximizing character of the use of means in order to achieve ends with those decisions and actions is specifically economic. Some other characteristics of “the economic” are pointed out: its free, uncertain, and temporal nature; its subjective character, and its social immersion.

Chapter 3: *Economic Science*

This chapter posits a classification of two complementary notions of economics, also associated with different forms of rationality. First, “economic theory” focuses on ‘the economic’ in its precise proper meaning. Its “material subject-matter” (the field of reality it deals with) is economic reality, and its formal subject (the perspective of analysis of the material subject-matter) is the intention to maximize instrumental rationality. Second, “political economy,” whose material subject-matter is ‘the economic,’ has a broad formal subject, including instrumental and practical rationalities used to approach its material subject. It

is a practical science in the classical sense of the expression. These two notions of economics are complementary.

Chapter 4: *Characteristics and Methods of Economics*

This chapter deals with economic method, highlighting the relevance of striking a reasonable balance between theory and empirical observations. While data without theory is useless, theory without data leads to an imaginary construct detached from reality, especially in a contingent, free, and culture-dependent matter as the economy. The difficulties stemming from this contingency have partially overcome with probabilistic generalizations based on natural and social regularities and trends. As a result, the predictive power of economics is always limited.

Chapter 5: *Economics and Ethics*

This chapter explores the links between economics and ethics, which depend on the notion of economics considered. Political economy is a science of ends—a practical and moral, science, while economic theory is a technique that should be subordinated to the former. Economic theory cannot be specifically applied to reality without a commitment to values. In the twentieth century, economics tried to push values aside, but it is drawing closer to them today, following the lead of other social sciences.

Chapter 6: *Models and Measurements*

Two key economic tools, models and measurements, are analyzed from a philosophical point of view, stressing their realism. Models should portray real causal relations, while it should be noted that measurements entail a simplification of reality, surveying quantitative dimensions, and trying to quantify strictly qualitative dimensions.

Chapter 7: *Ideas on Economic Science and its Method over the Past 60 Years*

This chapter reviews the epistemological positions and new economic currents that emerged over the past 60 years, distinguishing the two phases of “economic imperialism” and “reverse imperialism.” The description of the first phase starts with Milton Friedman’s position, moving on to discuss the influence of twentieth century epistemological conceptions on economics. The limits of Gary Becker’s research project are noted, while some precisions on maximization shed some light on the confusions that it often creates. Methodological individualism and the program of “micro-foundations” are then introduced. A shorter account of the second phase includes a special reference to behavioral and experimental economics.

Part II: *Economic Activity*

Chapter 8: *Economic Activities*

This chapter analyzes economic activities from a consumer standpoint. Human needs award value to the goods that can satisfy them. Markets make it possible to price goods, facilitating exchange. Money serves as a means for exchange, a unit of measurement, and a value reserve; it also has a value in itself. The market system's appropriate workings require a set of virtues that are introduced. Additionally, the chapter describes reciprocity as another exchange form.

Chapter 9: *Human Labor*

This chapter intends to show the essential nature of human activity, which turns labor into more than a mere commodity. Human beings' fulfillment is more relevant than the external product of work.

Chapter 10: *Capital and the Entrepreneurship*

While capital stems from the accumulation of the work on nature, entrepreneurship embodies a form of work. Therefore, the criteria for labor analyzed in the previous chapter apply to them. Just as salaries are not the ultimate objective of work, profits are not the ultimate goal of businesses—they are both conditions, not ends. This chapter finally elaborates on business ethics and corporate social responsibility.

Chapter 11: *Global Crises and Globalization*

To look at some international implications of the economy, this chapter discusses financial and economic crises before analyzing the complex phenomenon of globalization. Both topics are set against a backdrop that goes beyond strict economic considerations, as an adequate management of these social events requires an ample vision.

Chapter 12: *Concluding Remarks*

The aim of this chapter is to recapitulate the content of the book. The main message intended here is that in our times, we need a philosophical reflection on economics. This reflection will lead to a reinsertion of theoretical and practical reason in economics. This is the way to build an economic rationale centered in the human being.