

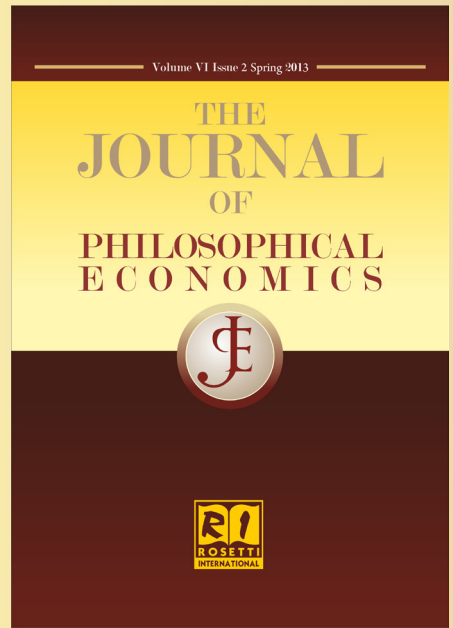
THE JOURNAL OF
PHILOSOPHICAL ECONOMICS

Volume VI Issue 2 Spring 2013

ISSN 1843-2298

Copyright note:

This is an open access e-journal which means that all content is freely available without charge to the user or his/her institution. Users are allowed to read, download, copy, distribute, print, search, or link to the full texts of the articles in this journal without asking prior permission from the publisher or the author provided acknowledgement is given to the original source of publication.



Review of James E. Alvey, A Short History of Ethics and Economics: The Greeks, Cheltenham (UK), Edward Elgar Publishing, 2011, x+184 pp, hb, ISBN 9781847202017

Dragoş Bîgu



**Review of James E. Alvey, *A Short History of Ethics and Economics: The Greeks*,
Cheltenham (UK), Edward Elgar Publishing,
2011, x+184 pp, hb, ISBN 9781847202017**

Dragoş Bigu

In this book, James E. Alvey, Senior Lecturer at Massey University, New Zealand, analyzes the way in which economic issues appear in ancient Greek ethics. Alvey's work is focused especially on Plato's and Aristotle's economic thought, but presents briefly the economic ideas of sophists, Socrates and Xenophanes, too. In his presentation, Alvey circumscribes ancient Greek economic thought to a general ethical framework, providing a good instrument for professional economists interested in the basis of their field, for scholars interested in the intersection between ethics and economics, and for people with general interest in economics.

Alvey starts from Amartya Sen's distinction between two traditions. The former one, the ethics-related tradition, sees economics as an offshoot of ethics, while in the latter, the engineering tradition of economics, ethics and economics are seen as completely autonomous and unrelated. Two are the main elements that characterize the first tradition. The former is the ethics-related view of motivation, i.e. the idea that ethical deliberation is relevant to actual human behavior. This does not mean that people always act according to their ethical obligations, but that ethical motivations are at least *prima facie* reasons for action. The second element is the ethics-related view of social achievement, i.e. the idea that the individual and social good can not be defined completely independent to an ethical ideal, based only upon the concept of efficiency. In contrast to the ethical tradition, the engineering tradition in economics conceives the end as given, or exogenous, and is interested only in finding the means by which this can be achieved. According to the engineering tradition, the means, but not the ends, can be subject to rational debate.

Without considering human beings as necessarily evil, the engineering tradition assumes self-interested (or even selfish) behavior of people. The two traditions do not usually appear in pure forms, but in different proportions. The engineering tradition is in a greater degree characteristic to the modern economics, while the ancient Greek thought is in a significant degree characterized by an ethics-related view of economics. As Alvey shows, the sophist thought represents, in a certain degree, an exception, but he does not focus too much on this school of thought.

Directly related to the ethics-related view of social achievement, Amartya Sen criticizes some criteria of social good, the most important of them being utilitarianism and Pareto-efficiency, and replaces them what he calls 'the capability approach', according to which what matters most is not people's total wealth, but what they actually can do with the resources they possess.

One of the most important objectives of Alvey's book is to show how the ethics-related view of economics appears in Plato's and Aristotle's works. For both, the two components of an ethical tradition, the ethics-related view of motivation and the criteria of social achievement, at individual and social level, are distinctly analyzed. In the same time, Alvey tries to find in Plato and Aristotle at least some version of a capability approach.

For Plato, individual achievement is not the result of wealth; on the contrary, virtue and achievement are obtained by being moderately rich. Above a limit, wealth obstructs people to follow higher goals. Even more, this will lead Plato to some public policy recommendation: acquisition of wealth should be limited by law (p. 60). As it is well known, Plato's ideal city, described in *Republic*, is characterized by a strong specialization and division of labor: people should have, even from their childhood, some definite roles and occupations. Modern economists argue that division of labor increases productivity and efficiency. Anyway, Alvey says, this is not Plato's argument; for him, specialization is important as an instrument for promoting skill and excellence, not mainly for its economic results (p. 61). Commercial activities are seen with some reserve by Plato, because they represent a temptation for unlimited acquisition. Therefore, in the ideal city not everything that brings greater prosperity should be accepted.

With regard to the way in which the capability approach appears in Plato's works, Alvey shows that Plato argues that women's capabilities (their employment opportunities, freedom to take part in public life) are drastically affected. In his final dialogue, *The Laws*, Plato shows that mandatory education for women and

even, in some degree, for slaves, would increase their opportunities. In this way, the elitist view of *Republic* is replaced by a conception in which social justice acquires an important place (p. 73).

The second author whose work is in detail analyzed by Alvey is Aristotle. His works represent, even more than Plato's, an important source for modern authors who consider that economics should regain its strong relation to ethics. For Aristotle, economics is a practical science, whose aim is to guide people to a good life, not to acquire knowledge. Therefore, it would be completely inadequately to examine economic issues without considering motivations for actions from an ethical point of view. So, an ethics-related view of motivation is a necessary assumption for economics. Ethics has a role subordinate to politics, whose final aim is to lead people and communities to a virtuous life. A characterization of virtuous people should take into account their social nature and their role in the city and this is the reason why politics, but not ethics, is the master practical science (p. 88).

Money is not an end in itself, but a means to attain a good life. This approach explains why wealth is not sufficient to define individual and social achievement. In the same time, if money should have this subordinate role, at least some forms of commercial activity are criticized. It is worth noticing that in Alvey's view, focused on ethics-related view of economics, the Aristotle's discussion of justice in exchange and his analysis of just price, which significantly influenced the economics in the Middle Ages, becomes of secondary importance.

Alvey's book provides a careful analysis of the ancient Greek ethics-based tradition of economics; unfortunately, the engineering tradition is almost completely overlooked. It is a fact that this approach was much less widespread in that period and that its documentation is very difficult. However, as Sen shows (1991, p. 5), the engineering approach is not completely missing from any historical period. For instance, the sophist thought gives us a good example of such an approach. A more detailed exposition of the engineering approach in ancient Greece would have been useful.

Alvey admits that there are significant differences between the ancient Greek world and our modern one, and that makes impossible a translation of these ideas into today's economy (p. 156). Anyway, we can discuss whether some of these suggestions can be useful today. Alvey, based on Sen's ideas, too, provides some hints on this. First, the ethics-based view of social achievement shows the limits of GDP as a measure of well-being, and encourages the use of other, qualitative, measures, like

United Nations' Human Development Index. Secondly, contrary to the engineering tradition, ends can be subject to discussion. A complete economic theory should not be based on the assumption that preferences are exogenous (p. 154). A good economic explanation should take into account the nature of preferences, mainly from an ethical point of view. This raises doubts on the fact/value distinction, at least in its usual interpretation (p. 5). Because, as Sen shows, the ethics-based and the engineering tradition in economics may (and actually do) appear together, the view of economics very briefly described above should not be deprived of the technical tools of the engineering tradition. Based on these elements, economics could acquire again its status as a practical science.

References

Sen, Amartya (1991), *On Ethics and Economics*, Oxford, Blackwell.

Dragoş Bigu is lecturer at the Department of Philosophy and Social and Human Sciences, Bucharest University of Economic Studies, Bucharest (Romania)
(dragos_bigu@yahoo.com)