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## **Why do I vote the normative instead of positive economy?**

**(A Brief Essay on Implications That Stem From the Positively Tractated Economic Problems)**

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You may stay in wonder looking at my going back to the acknowledged roots of our, i.e. European, civilisation and deliberately exposing a matter that I will use to begin the theme. It is the relation between an individual and a society, which is largely economic nowadays. I want to dwell upon this questionable relationship of the individual with his recognition of individuality and thus segregation from state itself, today understood as something which interferes with the individuals' concerns and that's why taken as encumbrance. It will be shown further in the text if this attitude is justifiable. I am concerned in showing that this questioning precedes the title question and that the collision between individuals' and city's concerns are necessary and substantial (whereof the latter I am not going to prove or disprove because of its difficulty).

For the sake of entrance I have chosen Plato's dialogue Alcibiades I in which we acquaint ourselves with Socrates and his contemporary, Commander Alcibiades. We shall be astounded what inspirations are to be drawn from history in order to be able to cope with our affairs. In the course of the Peloponnesian War, the Athenians declared war on Syracuse at Alcibiades' instance; he himself was returned for the leader of that magnificent and hapless crusade. Cornelius Nepos wrote that he had in the beginning of the voyage been suspected of knocking Hermes' statues down and of doing mysteries in his house which was at variance with religious opinions of that time. Since he was very well known and feared due to his influence for he was "as more puissant and greater than a civil man considered", they allowed to accuse him in Athens after he had set out for Sicily. He decided to advocate himself; that is why he left for Athens immediately. He learnt that he had been sentenced to death, his possession confiscated and he himself execrated. He went to Sparta. He triumphantly returned to Athens after many peripeteias from where he left for Thrace. In Phrygia, treacherous Persians who were, however, hired by Athenians assassinated him.

Why so lengthy talk about one man long forgotten? The aim of this introduction is to show how Hellenes comprehended virtues. Plato depicts in the manner of art of dialogue between Socrates and Alcibiades (in the above-mentioned masterpiece) on the issues of public welfare and on what leads to that. For public life (i.e. life in *πόλις*) was anxiously watched and seriously and highly rated. The most appraised worth was when man devoted himself to political activity or was able to manage public affairs. The individual's pursuit aimed at heroism of the battle or at political skills that were rated above any others. For that simple reason, we can see that only the public life testifies moral abilities of a man best. In addition, where do they fail than there? In these acts of individuals, cognisant plans meet unaware results of themselves and of others. Human being alone cannot have morals; ethics can only appear if there is possibility how to testify oneself by others who however are not pure receptors of stimuli but mutual rivals. (And in spite of admitting that there is ethical sphere in human nature, it has to get chance to get unfolded. This is allowed within the society only.) Moreover, the acts are to be testified and fail only if one can tell this about them. For all members of society have to be able to view what is good and what evil in doings and intentions. Therefore, there is a need of ethics necessarily.

Alcibiades as the literary character in the dialogue with Socrates undergoes realising questionable nature of that to distinguish between good and evil, just from unjust is extremely difficult. Alcibiades light-mindedly aspires at the highest position in the City of Athens, by virtue of that he would advise Athenians in the matter of political affairs. He has not any clear idea of how to be beneficial to the city and yet he wants to head it. Thanks to Socrates, Alcibiades however fathoms at the very least at what to start in order to allow endeavouring for political career. For after he dismisses all previous discussion in despair necessitated by confusion over broken assurance of everyday course of life saying that for him there is no need to explicate such a distinction between the just and the unjust because all those who entered politics in Athens had not much set their minds to professional preparation either and that's why it is not necessary to practise and bother about learning, he states natural talent suffices and he will get in very much before his rivals. However, Socrates contests that he must reach up higher and that his real rivals are Lacedaemonians and Persians. Moreover, he cannot match them with his natural talent. "...we could prove superior to them in no way except for sedulousness and professional (*τεχνικός*) skills. If you do not achieve these ones, you will not reach the state in which you will become famous among Hellenes and barbarians,..." Care of the self is therefore necessary fundamental out of which ethical milieu of the whole society grows whether 'tis politics or economics. I assume that cultivation of individual is necessary presumption for building up relations in society but even if this cultivation must on my opinion precede, it needs the society as necessary response. Thus, this seems like a tangle. The tangle arises if we examine this society status in historical and analytical way and bring outcomes of the examination into our view of the present time to understand the events. However, we should not forget that our main task is search for truth and the good respectively.

From this point of view, I understand economy. It is not merely a compilation of positive facts but its determining side is normative because economy deals with behaviour of people who do not represent a collection of entities characterised as such, i.e. facts on them are provable with (natural-) scientific methods. Society does not fit any law in the strict (i.e. mathematical or collectively statistical) sense of description. Virtue and competence of economy reside in that positiveness but its *raison d'être* cannot step out of this positiveness. The regulative economy stands at the counter side and is concerned with such questions what would (economic) life look like and what would be good within it in particular. This approach is for the main part supposed to be non-scientific, nay pseudoscholarly, and is relegated (nowadays unfortunately) to the sphere of politics. (Compare the

difference, towering to the sky, of apprehension of political performance now and in the Classical times.)

I have indicated above that Plato integrates economic thinking (subordinated to politics) with his vision of ideal state. His pupil and philosophical successor Aristotle having taken up Plato's thoughts had criticised them and elaborated new system. Aristotle's economic thinking is the most esteemed culmination of systematic and theoretical economic thinking of ancient Hellas. He subjects his conception of economic reality to certain kind of evaluation that results from his ethical conception of virtues. "There are two sorts of wealth-getting, as I have said; one is a part of household management (economy hereinafter used – O.K. have inserted), the other is retail trade: the former necessary and honourable, while that which consists in exchange is justly censured; for it is unnatural, and a mode by which men gain from one another." Within economy, Aristotle takes wealth to be the entirety of useful things, within retail trade, wealth is considered as acquisition of coin. Aristotle esteems economy "which by nature is a part of the management of a household, in so far as the art of household management 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; for the amount of property, which is needed for a good life is not unlimited,..." Retail trade contrary to economy is negatively estimated activity. "The most hated sort, and with the greatest reason, is usury, which makes a gain out of money itself, and not from the natural object of it. For money was intended to be used in exchange, but not to increase at interest. And this term interest, which means the birth of money from money, is applied to the breeding of money because the offspring resembles the parent. Wherefore of any modes of getting wealth this is the most unnatural."

However, the more important reason for distinguishing economy from retail trade is ethics.

Aristotle classifies economy as one of the practical sciences (here "science" is meant in much broader context than today because philosophy and science were considered to be the same in that time) and puts it under the most important science of the practical sciences – politics. The aims of economic activity are therefore mediatory, subordinated to the other aim for which people long, according to Aristotle, for the sake of it itself, and it is the highest good (summum bonum). Provided man is able to get over human conditions (in the sense of being in their element but not being engulfed in them), theoretical cognition will be summum bonum for him. But since human is an active being aiming at achievement of the good (welfare), he is an ethical being. Here comes Aristotle with the conception of virtues.

Aristotle distinguishes moral (ethical) from rational (dianoethical) virtues. (He resumes Socrates with this distinction who is the first one to differentiate ethics and dianoethics: for him "ethos" is not only habitual dealings but as well as what we are to do on the basis of rational inspection in tune and accordance with our conscience. The ethical means the same as normative.) Virtues originate neither naturally, nor unnaturally; man possesses natural preconditions of earning virtues and one then approximates to their perfect state by habit. Virtues are not, in Aristotle's comprehension, neither feelings, nor inborn faculties but certain states, which we earn by certain activity on the basis of free choice. Aristotle puts the trait of virtues in the way of concept of centre, true measure: virtue lies in between incontinence on one hand, and scantiness on the other one.

The centre is not intended to be an arithmetic mean or golden middle path but such a state that is underlain with the teleological conception of perfect man. The centre is dynamically and contextually determined state.

Finally, in the evaluation itself, which makes the basis for distinguishing economy from retail trade, that difference is considered an overstepping or breaking confines where in economy it seems there is not infinitely many pieces of goods and chattels necessary and that economy is of the right measure. Economy is therefore based in the ethical way; its ontology is matter of good and evil as the right measure.

Contemporary economics is anthropology of its own kind. Its central subject is man as the producing and consuming being. Its fundamental problem to be solved within its positivistic frame is scarcity of resources, which are attacked by greed of economic subjects. However to tell the truth, the latter sentence necessarily stands out of the positivistic sphere of economic science since it cannot by means of its instruments cope with what people want and intend if we do not call ethics in question. That is why we utterly as a matter of course meet questions relating exhaustibility and regeneration of natural resources and requirement of permanently sustained development. Economists today come round to realising the conception of economic growth could be without absolute substantiation. Instead of requirement of high economic growth we are necessitated using requirement according to which economic system is not forced to perform extensive expansion but needs of the system are covered by mere reproduction and plain use of goods for living. (That does not exclude intensive production and economic growth!) Even though the latter proposition can be elucidated as anaesthetisation of economy I understand it as the expression of development that meets our present needs and wants in so far as not to jeopardise chance to satisfy needs and wants of generations to be. (In this way, basic notion of permanently sustained development is defined in the 1987 paper of the UNO.) I rather view this in good belief that this vague specification (which may be of much wider scope of interpretation than it would be when positively stated) will be understood as conscious modesty and abstinence of dispensable things, respecting long-term sequel of human activities etc.

The basic principles of the concept of permanently sustained life, in this manner understood, are near to Aristotle's foundation of economics that has to be engaged in the art of plain use of goods for living. However, there lies substantial difference in the motivation of well-balancedness. If one comprehends Aristotle's notion of economics as the means to blissful life (of free citizen of πόλις) then restraints peculiar to the notion of permanently sustained life rather seem to be the mediator of self-preservation of mankind as such in situation when range of human economic activities is already on the point of exceeding the limits tolerable to the living out of all environmental systems. Well-balancedness is thus, in the same way as for Aristotle, related to man, it is the measure towards us but justification is different. Aristotle founds it on his teleology (on the idea of perfect man) while the concept of permanently sustained development (life) is based rather on man's imperfection following from the exorbitant inadequacy of his relating to world.

The ecological crisis is what was and is the most important motive for constitution the above-mentioned conception. The given fact of ecological crisis is based on the economics development; in the sense the development and state of economic theoretical sciences implicitly give it as well. Within positive economy that problem could be solved hopefully if it is the description by means of its instrumentarium possible. If this is not, positive economy avoids these phenomena in such a way that it shifts them aside to the sphere of spillover effects and externalities, and tries to fit them model

markets which would eliminate the difference between social and private costs respectively. Positive economy is characterised as a work with facts for which one can determine certain sets of rules. Still, man as economic subject because he is not only economic but as well as self-interpreting and reflecting being is fact of special sort for economy. Contrary to natural sciences where fact is what is interpreted as such by the knowing (and therefore from the point of the method "dead"), it holds for social sciences which do not pretend to describe it in accordance with μαθήσις (and therefore are rare today, excluding philosophy) both the interpretation of the knowing and self-interpretation of the cognitive. Self-interpretation and behaviour of the knowing (economic subject) cannot be predicted to the last bid because these are always contextual.

Paul Heyne says: "ethics is so difficult subject that we would rather evade it. But economists begin to discover again (Adam Smith was fully aware of that two centuries ago) that supply and demand curves – the fundamental building stones of economic analysis – depend on expectations and commitments which stand on the moral basis." I have to add that this sentence had to be unfortunately spoken out in the present time when we feel the lack of solutions for our economic-ecological situation. That situation arose just from neglecting the complexity of our being-in-the-world (M. Heidegger) that was restricted and diversified on various scientific specialisations (A. F. von Hayek talks about curse of specialisation). Fortunately, we can see, as the words of P. Heyne give evidence, change of our view.

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