Surplus and Default in Xenophon’s Business Economics

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Abstract

Surplus and default are both as old as Man himself. Yet the first work which studies the phenomenon of deficit in a scientific way is Xenophon’s Oeconomicus (fourth century B.C.). Conversing with Critobulus, Socrates not only develops a technical nomenclature to denote defaults and losses, but also reveals what to do for transforming them into profits.

Keywords

Socrates, Xenophon, Default, Business Economics

1. Introduction: Surplus and Default at the Origin of Business Economics

«Ma cos’è questa crisi? (=But what’s this crisis?)»
[Rodolfo Tonino “De Angelis”, 1933].

It has already been sustained that «accounting would have been impossible without some surplus to take into account».1 This is the reason why accountancy originated in Mesopotamia as soon as ancient Mesopotamian peoples – because of soil fertility – got some surplus to accumulate.

We have already maintained that accounting is «a mental form a priori of human intellect».2 As such, it cannot only reckon profits, but also losses. Modern accountants say that balance may be either «positive» or «negative», registering either a surplus or a default.

Therefore, it happens that – in times of crisis – a clever accountant must register losses more often than profits. Most people think business economics to be useless in times of crisis, when surpluses and profits lack. The contrary is true: during economic depressions, the science of accountancy is even more useful, since it prevents temporary losses from becoming permanent defaults.3

2. Xenophon: The First Nomenclature of Business Economics and Accountancy

«Xenophon […] too often irritates the reader by incessant repetition of the same pattern of sentence, of the same formula, and even of the same word. […] It is strange that he constantly uses the same word over and over again in the compass of a few lines. A translator is often compelled to have recourse to synonyms».4

We shan’t subscribe to such a severe judgement. Repetitions in Xenophon’s Oeconomicus – and especially in the first part of it (chap. I-VI), the so-called Critobulus’ Dialogue – denote the effort of creating the nomenclature of business economics and accountancy ex nihilo. Elsewhere, we sought to classify the fundamental entries of Xenophon’s «lessicocontabile (= accountants’ lexicon)»5 in Greek. Here we are doing the same in English.

Business economics: ΕΠΙΣΤΗΜΗ ΤΗΣ ΟΙΚΟΝΟΜΙΑΣ epistēmēstēsoikonomias (Oec. I 1 B, VI 4, etc.; Liddell, Scott 1996 [3], 660, 1204; Montanari 2004 [7], 819, 1448). No doubt, ΟΙΚΟΝΟΜΙΑ oikonomia is a most polysemous term. However, when Socrates speaks of ΕΠΙΣΤΗΜΗ ΤΗΣ ΟΙΚΟΝΟΜΙΑΣ epistēmēstēsoikonomias, he surely hints at the «science of the ΟΙΚΟΣ oikos». Yet ΟΙΚΟΝΟΜΙΑ oikonomia – in Socrates’ opinion – isn’t a sort of «domestic science» (as some annotators maintain). On the contrary, Socrates’ ΟΙΚΟΝΟΜΙΑ oikonomia deals with the nature and function of the ΟΙΚΟΣ oikos (the latter being the cell of economic organization). Socrates’ innovative change is just considering the ΟΙΚΟΣ oikos not merely as a «(family) house», but rather as a prototype of «(family) business» (see enterprise or concern). Only the ΟΙΚΟΣ oikos as a business company – we shall note – can be the object of a science which may be compared with medicine: namely, an ΕΠΙΣΤΗΜΗ ΕΠΙΣΤΗΜΗΣ including a general theory (that’s what we call «business economics») and an applied science (that’s what we call «accountancy»). It is to be noted, then, that Socrates’ ΟΙΚΟΝΟΜΙΑ oikonomia doesn’t correspond exactly to modern «economics» as being the science of money. Indeed, today’s financial economics is the equivalent of ΧΡΗΜΑΣΤΙΚΗ khrēmatistikē of the ancient Greeks (literally: the «science of ΧΡΗΜΑΤΑ khrēmata = capitals»). On the other side, ΟΙΚΟΝΟΜΙΑ oikonomia of the ancient Greeks is closely linked to the notion of ΟΙΚΟΣ oikos as a «(family) business»; therefore, it appears to be the equivalent of today’s «business economics».

2Paganelli 2012 [11], 1227. For further information, we must quote Id. 1992 [9]: perhaps, repeating what we wrote (more than twenty years ago) isn’t necessary.
3See the late Osvaldo Paganelli’s doctoral dissertation (1953/54 [12]).
4Marchant 1923 [5], xxvii.
economics and accountancy». Now, whether ΟΙΚΟΝΟΜΙΑΟΙΚΟΝΟΜΙΑ includes in itself ΧΡΗΜΑΤΙΣΤΙΚΗΧΡΗΜΑΤΙΣΤΙΚΗ (as Socrates maintains at the end of chap. II), or «financial economics» includes in itself «business economics and accountancy», it’s a problem much debated by ancient and modern economists.

**Business management:** ΟΙΚΟΝΟΜΙΑΟΙΚΟΝΟΜΙΑ (Oec. I 1 ff.; Liddell, Scott 1996 [3], 1204; Montanari 2004 [7], 1448). Socrates defines ΟΙΚΟΝΟΜΙΑΟΙΚΟΝΟΜΙΑ not only as the «science of ΟΙΚΟΣΟΙΚΟΣ» (see business economics), but also as the «ΤΕΧΝΗΤΕΧΝΗ = art and technique of managing an ΟΙΚΟΣΟΙΚΟΣ»: that’s what we call «management». Of course the act of ΟΙΚΟΝΟΜΕΙΝΟΙΚΟΝΟΜΕΙΝ (see to manager administer), isn’t the very same as «domestic science», namely housekeeping: on the contrary, it’s closely linked with the notion of ΟΙΚΟΣΟΙΚΟΣ as a«(family) business». No doubt ΟΙΚΟΝΟΜΙΑΟΙΚΟΝΟΜΙΑ – in Socrates’ opinion – isn’t an idle debateon the basic elements of economic theory, but rather a practice. Socrates doesn’t accept the distinction (so widespread today) between «business economists» and «business managers or businessmen». According to his ethical intellectualism, the knowledge of business economics is a necessary and sufficient condition to know how to manage a business; and, conversely, the one who doesn’t know how to manage an enterprise, proves beyond all doubts that he doesn’t know the «science of (business) enterprise».

**Capital(s):** ΧΡΗΜΑΤ(Α)ΧΡΗΜΑΤ(Α) (Oec. I 7 ff.; Liddell, Scott 1996 [3], 2004-2005; Montanari 2004 [7], 2371). Of course, ΧΡΗΜΑΧΡΗΜΑ can’t mean «industrial capital», which didn’t exist before the Industrial Revolution: it must surely mean «financial capital». In this Dialogue on business management, the notion of ΧΡΗΜΑΧΡΗΜΑ is strictly related to one’s capability of «managing» it (= ΧΡΕΣΘΑΙΧΡΗΘΕΙ, from the same root). Socrates theorizes that not every ΚΘΗΜΑΧΡΗΘΗΜΑ («possession») is a ΧΡΗΜΑΧΡΗΜΑ: only what can be managed is a «capital». Conversely, a ΚΘΗΜΑΧΡΗΘΗΜΑ – if one doesn’t know how to manage it – it is possibly a «possession», but surely not a «capital». It follows that «capital» is an absolute value, whereas «possession» is a relative one: evidently, ΧΡΗΜΑΧΡΗΘΗΜΑ (see to manage or use) and ΧΡΗΜΑΤΑΧΡΗΘΗΜΑΤΑ («capitals») are etymologically linked in Socrates’ economic theories. No doubt, linking together the ideas of «capital» and «management» is an innovative change – and it seems to occur in CritoBulus’ Dialogue for the very first time. Business economists6 are used to assuming that the origins of the sciences of accounting are to be found at the origins of capitalism: in their view, the first appearance of «industrial capital» would have given rise to early accountancy. On the contrary, we could assert that business accounting originates from the first appearance of «financial capital». If so, the first treatise on accountancy would surely be this Dialogue.

**Capital owner or possessor:** ΧΡΗΜΑΤΙΣΤΗΚΧΡΗΜΑΤΙΣΤΗ (Oec. II 18; Liddell, Scott 1996 [3], 2005; Montanari 2004 [7], 2372). If ΧΡΗΜΑΤΑΧΡΗΘΗΜΑΤΑ are «capitals», ΧΡΗΜΑΤΙΣΤΗΚΧΡΗΜΑΤΙΣΤΗ has to be the «capital owner» – not the «capitalist», since modern capitalism didn’t exist yet in fourth-century Athens (that is why Critobulus could never become a skilled «capitalist»). Evidently, ancient ΧΡΗΜΑΧΡΗΜΑ was only «financial capital», not «industrial» one: it follows that the science called ΧΡΗΜΑΤΙΣΤΙΚΗΧΡΗΜΑΤΙΣΤΙΚΗ corresponds to modern «financial economics» (see capitals), while ΟΙΚΟΝΟΜΙΑΟΙΚΟΝΟΜΙΑ is rather similar to our «science of management» (see business economics). Both seem to be closely linked in Socrates’ opinion: thus Critobulus – becoming a good ΟΙΚΟΝΟΜΟΣΟΙΚΟΝΟΜΟΣ (see manager) – shall become a skilful ΧΡΗΜΑΤΙΣΤΗΚΧΡΗΜΑΤΙΣΤΗ at the same time.

**Costs:** ΔΑΠΑΝΑΙΔΑΠΑΝΑΙ, see to expend = ΔΑΠΑΝΑΙΔΑΠΑΝΑΙ (Oec. III 15; Liddell, Scott 1996 [3], 369; Montanari 2004 [7], 492). In Socrates’ opinion, the balance of an ΟΙΚΟΣΟΙΚΟΣ is based upon economic equilibrium between ΠΡΟΣΟΛΟΠΡΟΣΟΛΟ (see revenues) and ΔΑΠΑΝΑΙΔΑΠΑΝΑΙ. In particular, Xenophon thinks that ΠΡΟΣΟΛΟΠΡΟΣΟΛΟ are within the man’s province, whereas ΔΑΠΑΝΑΙΔΑΠΑΝΑΙ concern the woman as «joint manageress» of the family business. No doubt, such a division of labour between male and female, husband and wife, would be outdated today – yet it wasn’t so in fourth-century Athens. But (what’s more surprising) Socrates seems to have already understood – twenty-four centuries ago – that economic equilibrium consists of a positive cost-revenue balance. In other words, ΠΡΟΣΟΛΟΠΡΟΣΟΛΟ must be higher than ΔΑΠΑΝΑΙΔΑΠΑΝΑΙ, so that the difference «revenues minus costs» may be a positive number (ΠΕΡΙΟΥΣΙΑΠΕΡΙΟΥΣΙΑ: see profit). As concerns that, Socrates is certainly ahead of his time. Now, we have no proof that Xenophon knew something like a «balance sheet» (today consisting in a «statement of assets and liabilities» and a «profit and loss account»). Actually, we know very little about Xenophon’s own bookkeeping techniques (it appears that he employs the term ΔΑΠΑΝΑΙΔΑΠΑΝΑΙ to denote also «expenditure», whilst modern accountancy is used to distinguishing between «costs» and «expenses»). However it might be, we must admit that the essential logic of balance was already clear to Socrates’ mind.

**(to) Decrease:** ΜΕΙΟΝΟΜΕΙΟΝ (Oec. III 15; Liddell, Scott 1996 [3], 1093; Montanari 2004 [7], 1318). In business economics, it’s the contrary of ΑΥΞΑΝΘΟΙ (see to expand). As the former means the «decreasing or diminishing» of an enterprise, the latter means its «increasing». In Socrates’ opinion, the «decrement» of a business is the result of mismanagement. That happens when the enterprise – instead of accumulating ΠΕΡΙΟΥΣΙΑΠΕΡΙΟΥΣΙΑ (see profit) – accumulates ΖΗΜΙΑΣΕΜΙΑ (see loss). In conclusion, such «decrement» proves to be due to lack of ΕΠΙΣΤΗΜΗΠΕΙΣΤΙΜΗ (see science) or ΕΠΙΜΕΛΕΙΑΕΠΙΜΕΛΕΙΑ (attention).

**Enterprise or concern:** ΟΙΚΟΣΟΙΚΟΣ (Oec. I 2 ff.; Liddell, Scott 1996 [3], 1204-1205; Montanari 2004 [7], 1448). No doubt, the most important entry in Xenophon’s economic
nomenclature is this. Its original meaning was «house or family», including the «family estate and/or wealth». Yet, by way of catachresis (καταχρήσις katakhēsis: Latin = abusus), Socrates employs this term to signify the «family business or enterprise». Notice that – as time went by – the word οικός lost its affective implications, so as to mean only the «business company or concern or firm», as the basic cell of economic organization. As concerns that, some annotators haven’t understood such catachresis, and have supposed that οικός merely means «family estate and/or wealth». But this supposition proves to be incorrect, for three reasons. Firstly, Socrates deems the οικός to be, not a set of wealth, but a «growing» organism (see expansion), whose value is much greater than the sum of its parts. Secondly, Xenophon maintains that there are most valuable οικοί with little wealth (like Socrates’ family business) and less valuable οικοί with much more wealth (like old Crito’s and young Critobulus’ family business: see chap. II) – which is the best proof that an οικός doesn’t identify itself with its wealth. Thirdly, the essence of Xenophon’s οικός isn’t represented by its business wealth, but rather by its business management. Thus the predominance of managerial matters over financial matters is Socrates’ innovative change – and this anticipates the theories of modern business economists, in Europe and especially in the USA. However, the limit of Xenophon’s economic thought is that the author wouldn’t or couldn’t invent a series of neologisms in order to denote the realities (German = Realien) of business economics and accountancy: he limited himself to employing the compounds of οικός, by way of catachresis (so did the historical Socrates, who was accustomed to discussing the realities of philosophy using terms of everyday speech). But such catachresis has caused many misunderstandings among today’s translators and annotators of Xenophon’s ΟΙΚΟΝΟΜΙΚΟΣ Οικονομικός.

(to) Expand: ΑΥΞΗΣΙΑΣΙΑΣΙΣ (Oec. I 4 B, etc.; Liddell, Scott 1996 [3], 277; Montanari 2004 [7], 378-379). It denotes the operation of «increasing and incrementing» a business. Such operation is the ultimate aim of business management. If, at the end of the accounting period, the οικός (see enterprise or concern) has accumulated περιουσία (see profit), it has «grown» (= ΩΙΚΟΣ ΗΥΞΗΜΕΝΟΣ οικοσεξεμένας). This is a symptom that the ΟΙΚΟΝΟΜΟΣ οικονόμος (see manager) has operated well – namely, with ΕΠΙΜΕΛΗΣΕΙΣ Περιουσίας («attention») and ΕΠΙΣΤΗΜΗΠΕΙΣΙΣ (see science). The exact contrary of ΑΥΞΗΣΙΑΣΙΣ is ΜΕΙΟΥΣΙΑΣΙΣ (see to decrease).

Expansion: ΑΥΞΗΣΕΙΣΑΙΣΑΣΙΣ (Oec. V 1; Liddell, Scott 1996 [3], 277; Montanari 2004 [7], 378). It means the «business growth», being the good manager’s objective. Some annotators interpret ΑΥΞΗΣΕΙΣΑΙΣΑΣΙΣ as though it meant only an «increase or increment in wealth». But actually, the business company doesn’t identify itself with the business wealth. In fact – according to Socrates – the ΟΙΚΟΣ (see enterprise or concern) is a living organism, having in itself the potentiality of growth; on the contrary, ΠΛΑΥΤΩΣ Πλουτός («wealth») hasn’t such potentiality. Moreover, Socrates points out that even ΑΡΓΥΡΙΟΝ αργυρίον (see money) is no ΧΡΗΣΗ (see capitals) if one doesn’t know how to «manage» it (ΧΡΗΣΗΝ ΑΘΡΗΣΗΑΙ: I 14). This is a proof that to Socrates’ mind, managerial matters are much more important than financial matters, as for what concerns business life.

Gain: ΚΕΡΔΟΣ (Oec. III 8; Liddell, Scott 1996 [3], 942-943; Montanari 2004 [7], 1138-1139). Socrates counters ΚΕΡΔΟΣ with ΠΕΡΙΟΥΣΙΑ (see profit). The latter is the «net income» obtained by balancing costs and revenues in a skillful way. On the contrary, the former is the «gain or lucre» obtained for his own sake, but for his business’s sake only. As to ΔΑΠΑΝΑΙΔΑΠΑΝΑΙ (see costs) in order to increase ΠΕΡΙΟΥΣΙΑ, Socrates is obliged to underline the «treasurer», reducing ΔΑΠΑΝΑΙΔΑΠΑΝΑΙ (see costs) – which operation is called today «spending review», while Xenophon names it ΔΑΠΑΝΑΤΙΜΙΕΣΙΑ («treasury»).

House: ΟΙΚΙΑ (Oec. I 5, IV 6; Liddell, Scott 1996 [3], 1203; Montanari 2004 [7], 1447). These two synonyms mustn’t be confused with ΟΙΚΟΣ (see enterprise or concern). As a matter of fact, ΟΙΚΙΑ and ΟΙΚΗΣΙЯ mean the «house» (Latin = domus) and also the «household». Thus comparing the notions of ΟΙΚΟΣ and ΟΙΚΙΑ, Socrates is obliged to underline a considerable difference between the two. Actually, ΟΙΚΙΑ is nothing but the «family house». As to ΟΙΚΟΣ, it’s something including the «family house» – yet something whose limits are far beyond the bounds of the «family house». Some annotators interpret the ΟΙΚΟΣ with the «family estate», which may extend even to different city-states. However, elsewhere Socrates points out that the ΟΙΚΟΣ has also in itself the capacity of «growing» (see toexpand). That is why we have considered it as denoting not merely a sort of «estate», but the earliest form
of «business enterprise», being the smallest cell of economic organization. So in the history of Greek language, the word οἰκονομός – formerly concerning a «family» – tends to signify a «family business», and finally a «business company» tout court, like in Modern Greek.

(to) **Know:** ΕΠΙΣΤΗΜΗΠΕΙΣΤΗΜΕΩν (Oec. I 8-17; Liddell, Scott 1996 [3], 658-659; Montanari 2004 [7], 818-819). This Dialogue very frequently, and this is a proof that the main notion in Socrates' economic theory is «management». No doubt such a practice (see business management) is much more important than «business wealth and/or estate» to the author’s mind: cfr. chap. II, where the «sound management» of a small «estate» (that is to say, Socrates' οἰκονομός) is compared with the «mismanagement» of a large «estate» (that is to say, Critobulus’ one). Actually, theorizing the supremacy of «business management» on «business wealth and/or estate» means taking sides, in the economic dynamics, not with «wealth» (πλούτος), but with «management or handling of capitals» (= ἡμετάρικα). Such «management» is a particular form of ‘labour’, employing further «labour» and improving social welfare.

**Manager:** Ο ΟΙΚΟΝΟΜΟΣ, Ο ΟΙΚΟΝΟΜΙΚΟΣΧΡΗΣΤΑΣ (Oec. I 2-3, etc.; Liddell, Scott 1996 [3], 1204; Montanari 2004 [7], 1448). Another keyword in Critobulus' Dialogue is ΟΙΚΟΝΟΜΟΣοικονίκος, originally meaning the «dispenser (= νημισμή) of food in the οἰκονόμῳ»: that is to say, either the «master (householder)» or the «steward (housekeeper)». By way of catachresis (see enterprise or concern), Xenophon employs this term to denote the «manager of the (family) enterprise», 10 being also «administrator and controller» of the οἰκονομὸς. No doubt the real hero of this Dialogue is the ΟΙΚΟΝΟΜΟΣοικονίκος of Xenophon (see capital). Yet Xenophon’s change is maintaining that a «manager» may have full powers over an οἰκονομὸς (see enterprise or concern), even though he isn’t the «owner» and possesses no «capital» of his own. It follows that – when a business appears to be mismanaged by an incompetent «owner or possessor» – Xenophon counsels to delegate it to a «receiver» (καταλαβων) – namely, a competent οἰκονομὸς, who will manage it better. Another synonym of οἰκονομὸς is ὁ οἰκονόμος (επισταμένος) ho oikonomos (epistamenos): literally, «the specialist in business management».

**Money:** ΑΡΓΥΡΙΟΝ (Oec. I 12-14, etc.; Liddell, Scott 1996 [3], 236; Montanari 2004 [7], 331). The Greek term mostly denoted «silver money» (French = argent). Ancient Greeks used to identify ΑΡΓΥΡΙΟΝ with ΧΡΗΣΤΑΚΩΝ (see capitals). 11 Yet Socrates’ innovative

10 Apart from οἰκονομὸς, now pronounced ΚΩΝΟΜΟΣ, today’s Greeks also use an English loanword (MANAGING).  
11 Also today’s Greeks often do the same (cfr. the song ΤΟΧΡΗΜΑΤΙΚΩΝ, **Manager:** Ο ΟΙΚΟΝΟΜΟΣ, Ο ΟΙΚΟΝΟΜΙΚΟΣΧΡΗΣΤΑΣ (Oec. I 2-3, etc.; Liddell, Scott 1996 [3], 1204; Montanari 2004 [7], 1448). Another keyword in Critobulus’ Dialogue is ΟΙΚΟΝΟΜΟΣοικονίκος, originally meaning the «dispenser (= νημισμή) of food in the οἰκονόμῳ»: that is to say, either the «master (householder)» or the «steward (housekeeper)». By way of catachresis (see enterprise or concern), Xenophon employs this term to denote the «manager of the (family) enterprise», 10 being also «administrator and controller» of the οἰκονομὸς. No doubt the real hero of this Dialogue is the ΟΙΚΟΝΟΜΟΣοικονίκος of Xenophon (see capital). Yet Xenophon’s change is maintaining that a «manager» may have full powers over an οἰκονομὸς (see enterprise or concern), even though he isn’t the «owner» and possesses no «capital» of his own. It follows that – when a business appears to be mismanaged by an incompetent «owner or possessor» – Xenophon counsels to delegate it to a «receiver» (καταλαβων) – namely, a competent οἰκονομὸς, who will manage it better. Another synonym of οἰκονομὸς is ὁ οἰκονόμος (επισταμένος) ho oikonomos (epistamenos): literally, «the specialist in business management».

**Money:** ΑΡΓΥΡΙΟΝ (Oec. I 12-14, etc.; Liddell, Scott 1996 [3], 236; Montanari 2004 [7], 331). The Greek term mostly denoted «silver money» (French = argent). Ancient Greeks used to identify ΑΡΓΥΡΙΟΝ with ΧΡΗΣΤΑΚΩΝ (see capitals). 11 Yet Socrates’ innovative
change in this Dialogue is the following: even ἈΡΓΥΡΙΟΝαργυρίων is not ἘΧΙΜΑΚήρημα, if one doesn’t know how to ΧΡΗΣΘΑΙκήρεθαι (see to manage or use) it. Obviously, the philosopher connects «money’s» value with the owner’s managerial skill: if the owner or possessor cannot manage his «money», ἈΡΓΥΡΙΟΝαργυρίων is valueless to him. It follows that the value of ἈΡΓΥΡΙΟΝαργυρίων isn’t absolute, but relative, in so far as it depends on one’s capability of managing it.

Profit:ΠΕΡΙΟΥΣΙΑπεριουσία (Oec. I 4 B, II 10, etc.; Liddell, Scott 1996 [3], 1381; Montanari 2004 [7], 1648). This is perhaps the most revolutionary idea expressed in this Dialogue. Deriving from the root of ΠΕΡΙΕΙΜπεριείμενο («to be over and above [in the margin]; to remain»), ΠΕΡΙΟΥΣΙΑπεριουσία is the «surplus or positive balance». In alphabetical terms, it’s the «margin». Therefore, Xenophon’s ΠΕΡΙΟΥΣΙΑπεριουσία is just what today’s business economists and accountants call «profit» (UK) or «net income for the period» (USA). It may be rightly defined the «balance» of economic equilibrium – the principle that the total amount of «revenues» must be equal to the sum of «costs» plus ΠΕΡΙΟΥΣΙΑπεριουσία was already clear to Socrates, twenty-four centuries ago. On the contrary, if ΠΕΡΙΟΥΣΙΑπεριουσία is a negative number (see loss), the business account is «unbalanced». It follows that the notion of ΠΕΡΙΟΥΣΙΑπεριουσία implies the existence of a sort of «balance sheet»: Socrates couldn’t have spoken of «profits» and «losses», hadn’t he known something like a «profit and loss account». Undoubtedly, the Athenian philosopher exalts ΠΕΡΙΟΥΣΙΑπεριουσία, defining it the objective of a good ΟΙΚΟΝΟΜΟΣοινόμα (see business management), the «royal road» to ΠΛΟΥΤΟΣπλουτον («wealth»). In his opinion, ΠΕΡΙΟΥΣΙΑπεριουσία is also the best basis for business appraisal. In fact, chap. II (on ΟΙΚΟΣοικός’s valuation) leads to the conclusion that Socrates’ ΟΙΚΟΣοικός (see enterprise or concern) has an upward trend, since it makes ΠΕΡΙΟΥΣΙΑπεριουσία, whereas ΚΡΙΤΟΒΟΛΟΣοικός has a downward trend, since it makes ΖΗΜΙΑζήμια («loss»), being the negative of ΠΕΡΙΟΥΣΙΑπεριουσία. And furthermore, while ΚΕΡΑΣΚΕρας (see gain) may be unlawful to Socrates’ mind, ΠΕΡΙΟΥΣΙΑπεριουσία is not only lawful, but even a moral duty for the manager. In this Dialogue, the good ΟΙΚΟΝΟΜΟΣοικόμος is described as a sort of ascetic, renouncing all unnecessary expenses for the sake of ΠΕΡΙΟΥΣΙΑπεριουσία.

(to make a) Profit:ΠΕΡΙΠΟΙΗΣΗπεριποιήση (Oec. II 10, etc.; Liddell, Scott 1996 [3], 1384; Montanari 2004 [7], 1651).

It’s a synonym and a derivative of ΠΕΡΙΟΥΣΙΑπεριουσίαπεριοισία (see profit). Such operation is an indication of the ΟΙΚΟΝΟМΟΣοικόμος’s own managerial skill: a good manager can achieve it by decreasing expenditure (see costs: that’s what we call «spending review») and increasing income (see revenues). Xenophon (II 10) points out how easy «making high profit from high revenues» (= ἀπὸ πολλὰς πολλὰς ΠΕΡΙΟΥΣΙΑΠΟΙΟΙΟΠΟΙΟΙΟΠΟΙΟΙ όλιγονπεριουσίαποιοί) can be and how difficult «making a profit from low revenues» (= ἀπὸ λιγίων ΠΕΡΙΟΥΣΙΑΝ περιουσίαποιισία) can be.

(lack of) Programme:ΜΗΧΑΝΑΟΜΑΤικήναματική (Oec. I 21 B; Liddell, Scott 1996 [3], 82; Montanari 2004 [7], 152). Like ΜΗΧΑΝΑΟΜΑΤικήναματική (see to programme), also this term is a military technicality. Referred to a business company, it means a situation of «financial straits» due to «lack of (company) strategy». So it’s the exact contrary of ΜΗΧΑΝΑΟΜΑΤΙΚΗναματική («company strategy»). As for ΠΡΟΣΟΔΟΣπροσόδος, it denotes the act of «forecasting» the future trends of a business. No doubt a manager cannot foresee «unforeseen events» – yet, he needs to have the gift of ΠΡΟΣΟΔΙΑναποιων («foresight or forethought»): in other words, his ΝΟΥΣνοῦς (= «intellectual power») must try to «foretell» even the future results of business activity. Once again, ΟΙΚΟΝΟΜΟΣοικόμος (see business management) is deemed to be an operation of the ΝΟΣ, according to Socrates’ philosophy.

Revenues:ΠΡΟΣΟΔΟΣπροσόδος (Oec. I 21 A, II 11, etc.; Liddell, Scott 1996 [3], 1520; Montanari 2004 [7], 1827). The term denotes «proceeds or revenues» as opposed to ΤΑΠΑΙΑΝΑΔΩΝαι (see costs), but also «income» as opposed to «expenditure» («τα ἐκπαίδευ» = ΤΑΠΑΙΑΝΑΔΩΝ). If ΠΡΟΣΟΔΟΣπροσόδος are higher than ΤΑΠΑΙΑΝΑΔΩΝαι, the difference «revenues minus costs» is called ΠΕΡΙΟΥΣΙΑπεριουσία (see profit). If ΤΑΠΑΙΑΝΑΔΩΝαι are higher than ΠΡΟΣΟΔΟΣ, the difference «costs minus revenues» is called ΖΗΜΙΑζήμια (see loss). We may conclude
that Socrates knows of the existence of something like a «profit and loss account». Furthermore, Xenophon maintains that in a family business, «costs» are mainly represented by the woman’s activities, whereas «revenues» are mainly represented by the man’s «income» (not casually, in III 15 the husband’s «proceeds» are denoted by the verb τρέχεινανκρηδίσται, etymologically meaning «to come [in]»). Therefore, a family balance is also based on economic balance between προσόλογοι προσόδοι and ΔΑΠΑΝΑΙΔΑΠΑΝΑΙ.

**Salary:** ΜΙΣΘΟΘΛΗΣΘΟΙ (Oec. I 4 B, 6, etc.; Liddell, Scott 1996 [3], 1137; Montanari 2004 [7], 1368-1369). This is one of the most interesting innovations in Socrates’ theory on «business economics» (see business management). He maintains that the ΟΙΚΟΝΟΜΟΣ ΟΙΚΟΝΟΜΟΣ on behalf of third parties (see manager) has the right to get an adequate «salary or fee». Hence derives a sort of contrast between the class of «managers» who aren’t business «owners or possessors», and the class of «owners or possessors» who aren’t business «managers»: the former being expert professionals, the latter inexperienced amateurs. Undoubtedly, the borderline between the two is represented by ΜΙΣΘΟΘΛΗΣΘΟΙ. «Salary or fee» is indeed the distinctive feature of the one who «manages big sums of ΧΡΗΜΑΤΑ ΚΡΗΣΜΑΤΑ» (see capitals), even though ΧΡΗΜΑΤΑ ΚΡΗΣΜΑΤΑ were not of his own. On the contrary, ΜΙΣΘΟΘΛΗΣΘΟΙ isn’t a prerogative of the one who — although possessing «capitals» — doesn’t know how to ΧΡΗΜΑΤΑ ΚΡΗΣΜΑΤΑ them (see to manage or use).

**(to get a)** Salary: ΜΙΣΘΟΘΛΗΣΘΟΙ (Oec. I 4 A; Liddell, Scott 1996 [3], 1137; Montanari 2004 [7], 1369). «Obtaining a fee» is a most sacred right of the professional in business economics (see business management). Therefore, we could say that the act of ΜΙΣΘΟΘΛΗΣΘΟΙ PHOREIN gives birth to the profession of ΟΙΚΟΝΟΜΟΣ ΟΙΚΟΝΟΜΟΣ (see manager). Yet, this implies that the management of an ΟΙΚΟΣ (see enterprise or concern) may be withdrawn from an «incompetent» and ignorant owner, and delegated to a «competent» manager who gets a salary because of that. Socrates’ change is just this sort of opposition (not to say «conflict») between the class of ΟΙΚΟΝΟΜΟΣ ΟΙΚΟΝΟΜΟΣ and the class of ΚΕΚΤΗΜΕΝΟΙ ΚΕΚΤΗΜΕΝΟΙ («owners or possessors»).

**Science:** ΕΠΙΣΤΗΜΗ ΗΕΠΙΣΤΗΜΗ (Oec. I 1 B; Liddell, Scott 1996 [3], 660; Montanari 2004 [7], 819). This notion was a great favourite of Socrates’, as Plato too testifies. In this Dialogue, Socrates states that also ΟΙΚΟΝΟΜΙΑ ΟΙΚΟΝΟΜΙΑ (see business economics) is an ΕΠΙΣΤΗΜΗ ΗΕΠΙΣΤΗΜΗ, since it’s the «science of business management». This means that — up to Xenophon — the management of ΟΙΚΟΣ had been conducted in an amateurish way. From Xenophon onwards, business administration (see business management) becomes the subject of a «science», the prerogative of professionals.

**Scientist:** ΕΠΙΣΤΗΜΗΝΕΠΙΣΤΗΜΗΝ or ΕΠΙΣΤΑΜΕΝΟΣ ΕΠΙΣΤΑΜΕΝΟΣ (Oec. I 3 B, 10, II 16, etc.; Liddell, Scott 1996 [3], 658-660; Montanari 2004 [7], 818-820). The term denotes the one who possesses ΕΠΙΣΤΗΜΗ ΗΕΠΙΣΤΗΜΗ (see science): namely, the «scientist» as opposed to the ΕΜΠΕΙΡΟΣ ΕΜΠΕΙΡΟΣ («expert»), whose prerogative is to have skill and «experience» (ΕΜΠΕΙΡΙΑ ΕΜΠΕΙΡΙΑ), and also as opposed to the ΤΕΧΝΗΤΕΧΝΗΤΕΧΝΗ («technician»), whose prerogative is to have ΤΕΧΝΗΤΕΧΝΗ («art»: see techniques or technique). According to Socrates, the ΟΙΚΟΝΟΜΟΣ ΟΙΚΟΝΟΜΟΣ (see manager) must not only be a professional, but also a real «scientist», versed in economic studies. In other words, today’s contrast between theorists and practisers in «business management» — namely, between business economists and managers — isn’t validated by this Dialogue: it did not exist (and should not exist) according to Socrates.

**Standard of life:** ΔΙΑΣΤΑΔΙΟΤΗΤΑ (Oec. II 8 A; Liddell, Scott 1996 [3], 396; Montanari 2004 [7], 525). It’s the result of individual «expenditure», rather than of individual «income». Socrates indeed underlines that men with high «incomes» often have ΔΙΑΣΤΑΔΙΟΤΗΤΑ beyond their means, since their «expenses» are even higher than their «proceeds» (ΠΡΟΣΟΛΟΓΟΙ ΠΡΟΣΟΔΟΙ: see revenues). No wonder the philosopher advises Critobulus to reduce his «standard of life», it being too high, and to decrease «expenditure» (that’s what we call «spending review»), limiting ΔΑΠΑΝΑΙΔΑΠΑΝΑΙ (see costs) to the mere «necessaries» (TAGIΠΗΜΑΤΑ ΕΠΙΤΕΙΔΕΙΑ ή ΤΑΝΑΚΓΑΙΑΤΑ ΑΝΑΚΑΙΑ).

**Technics or technique:** ΤΕΧΝΗΤΕΧΝΗ (Oec. VI 6-7; Liddell, Scott 1996 [3], 1785; Montanari 2004 [7], 2111-2112). The term denotes «manual arts» and «handicraft techniques» as well. One of the main ideas expressed by Socrates in this Dialogue is that ΗΕΠΙΣΤΗΜΗ ΗΕΠΙΣΤΗΜΗ ΟΙΚΟΝΟΜΙΑ ΣΗΕΠΙΣΤΗΜΗΤΕΣ ΟΙΚΟΝΟΜΙΑ (see business economics) is a ΤΕΧΝΗΤΕΧΝΗ, in so far as it is the «art and technique of business administration». As well as other «techniques» (such as ΧΑΛΚΑΤΙΚΗ ΧΑΛΚΑΤΙΚΗ = metallurgy), ΤΕΧΝΙΚΗ ΤΕΧΝΙΚΗ = «tectonics», and so on), it requires skill, ΕΠΙΜΕΛΕΙΑ ΕΠΙΜΕΛΕΙΑ («attention»), ΕΜΠΕΙΡΙΑ ΕΜΠΕΙΡΙΑ («experience»), and also special ΟΡΓΑΝΑ («instruments»), namely ΧΡΗΜΑΤΑ (see capitals). From Xenophon onwards, ΟΙΚΟΝΟΜΙΑ ΟΙΚΟΝΟΜΙΑ (see business management) becomes a «technology» — the speciality of professionals (ΟΙΚΟΝΟΜΟΣ ΟΙΚΟΝΟΜΟΣ) being not only «artisans», but also «artists».

**Use:** ΧΡΗΜΑΤΟΚΡΗΣΗ (Oec. III 9 B, etc.; Liddell, Scott 1996 [3], 2006; Montanari 2004 [7], 2372-2373). This is another important entry in Xenophon’s business nomenclature. It means not only the «use», but also the «way of managing things inside a business». Socrates’ idea of «management» had almost been forgotten in the Middle Age. It was revived during the Italian Renaissance, thanks to Lucas Pacioli and Leon Battista Alberti (author of De Iciarchia, a treatise on the «government» of the ΟΙΚΟΣ). Hence modern business economics and accountancy were derived from it. The Athenian Socrates, therefore, can rightly claim to be the inventor of this concept, which has been widely developed by today’s Business Schools (especially in the USA).

3. Conclusion: «Thou Shalt Rule over It»

13Albertipronounced ΟΙΚΟΣ, like modern Greeks do today.
«There come seven years of great plenty throughout all the land of Egypt; and there shall arise after them seven years of famine; and all the plenty shall be forgotten in the land of Egypt; and the famine shall consume the land». [Genesis, XLI 29-30 (King James Version, 1611)].

Crises, deficits and defaults—in so far as they are recurring in human history— are ineluctable. But since the time Socrates discovered the science of business economics and accountancy, such science has not only aimed at registering, but also at controlling them. Ancient business economists and accountants were already able to diagnose deficits; yet their diagnosis was only the first step towards therapy. Just like in the field of medicine, ancient peoples from the Sumerians up to the Greeks studied the phenomena of economic crises in order to cure them scientifically. They deemed default to be a sort of economic favour those readers who don’t know ancient Greek (in fact, they deemed default to be a sort of economic favour those readers who don’t know ancient Greek). 14 So did Socrates, according to which a default is always an effect of maladministration and mismanagement.

4. Appendix: AGreek Index

This Greek reverse index has been compiled in order to favour those readers who don’t know ancient Greek (in fact, it follows the English order of words instead of the Greek alphabetical one). 15 We are sure it may facilitate their consultation of the English nomenclature listed above (§ 2).

Amēkhānía ΔΑΜΧΧΑΝΙΑ = (lack of) Programme
Analiskein ΑΝΑΛΙΣΚΕΙΝ = (to) Expend
Argyριον ΑΡΓΥΡΙΟΝ = Money
Aux(an)eiν ΑΞΕΙΝ = (to) Expand
AUXēsiσιΣΕΙΣ = Expansion
DapanaiΔΑΠΑΝΑΙ = Costs
DapananΔΑΠΑΝΑΝ = (to) Expend
Diάita ΔΙΑΙΤΑ = Standard of life
(D)ǐjoikein ΔΙΩΙΚΕΙΝ = (to) Manage or administer
Epistamenos ΕΠΙΣΤΑΜΕΝΟΣ = Scientist
EpistoθαδιΕΠΙΣΤΑΘΑΙ = (to) Know
Epistēmēθειπιθήμη = Science
Epistēmē [tēsoikonomias] / ΕΠΙΣΤΗΜΗ [ΤΗΣΟΙΚΟΝΟΜΙΑΣ] = Business economics
Epistēmōnπιθήμων = Scientist
Kerδosκερδος = Gain
Khrēsma(ta) ΧΡΗΜΑ(ΤΑ) = Capital(s)
Khrēmatistēs ΧΡΗΜΑΣΤΙΣΘΣ = Capital owner or possessor
KhrēsiiΧΡΗΣΗΣ = Use
Khrēsθαθερθεθɛάθαι = (to) Manage or use
Mēioumηθειων = (to) Programme
Mēkhαnasthamiθειωναθαθαι = (to) Programme
Mισθοφορεϊν ΜΙΣΘΟΦΟΡΕΙΝ = (to get a) Salary
Mισθομισθος = Salary

Oikein ΟΙΚΕΙΝ = (to) Manage or administer
OIKEΣΙΣΟΙΚΕΣΙΣ = House
Oikia ΟΙΚΙΑ = House
Oikonomoein ΟΙΚΟΝΟΜΟΕΙΝ = (to) Manage or administer
Oikonomia ΟΙΚΟΝΟΜΙΑ = Business management
Oikonomikos ΟΙΚΟΝΟΜΙΚΟΣ = Manager
Oikonomos ΟΙΚΟΝΟΜΟΣ = Manager
Oikos ΟΙΚΟΣ = Enterprise or concern
PerizsiaΠΕΡΙΖΣΙΑ = Profit
Peripoeiteπεριποιειν = (to make a) Profit
PronoeitπΡΟΝΟΕΙΝ = (to) Programme
ProsodoiπΡΟΣΩΠΟΙ = Revenues
Tekhnēθεξνί = Techniques or technique
ZēmiaζΗΜΙΑ = Loss
ZēmiounζΗΜΙΟΥΝ = (to make a) Loss

REFERENCES