

**The Political Economy of Aristotle**  
: Aristotle's View of Value and  
the Economic Implications of his Soul-Body Metaphysics

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This paper aims to clarify Aristotle's view of value and the implications of his soul-body metaphysics concerning political economy. First, I will argue that his value theory is institutionalistic: the value of a commodity is, he argues, not a substantial fact inherent in products but a makeshift institutionally or customarily introduced for a distribution of wealth. Second, I will discuss what problems his soul-body metaphysics has from the economic point of view: I will show how his soul-body metaphysics is presupposed in his other arguments concerning political economy—his claim of the servility of productive activity, his notion of natural slavery, and his notion of Nature as the object of being ruled and exploited; and then I will argue that Aristotle's soul-body metaphysics provides modern economics with a metaphysical ground of the justification of the dichotomy between economy and politics.

### I. Aristotle's Theory of Value

Aristotle's views of money and of the valuation of price are institutionalistic in the sense that money and the valuation of price come from our practical need to maintain community, that is, they are a matter of custom, not a matter of the revelation of a common essence of commodities.

Before beginning we need to look at Aristotle's criticism of the unnatural way of property acquisition. He distinguishes the natural way of property acquisition from its unnatural way. The natural way aims at self-sufficiency by directly acquiring the means of life or by participating in a necessary exchange for filling a lack in a natural self-sufficiency. In contrast, the unnatural way, commerce, aims at the acquisition of wealth or money itself. Therefore, in the case of natural property acquisition, the needed amount of property is limited. But in the case of unnatural property acquisition, the needed amount of property is unlimited. Aristotle criticizes someone

who unlimitedly seeks wealth for being preoccupied with living, not with living well.

The most important axiom in conventional political economy—classical, neo-classical, or Marxist—is ‘the exchange of equivalents’. The equivalents—so-called (abstract) labour or (marginal) utility—are a measurable common substance intrinsic to commodities. Indispensable to measurement is the assumption that each unit “remains congruent to its previous self, as it is transferred from one setting to another setting” (Whitehead 1979, p 329). In other words, in order to be measurable, labour, satisfaction or utility must be homogeneous. Conventional political economy *unjustifiably* assumes that labour or utility is homogeneous. Based on this unjustifiable presupposition of homogeneity, conventional political economy argues that more complex labour or utility counts only as intensified, or multiplied simple labour or utility, and that qualitative aspects are reducible to a simple quantity.

However, we exchange different commodities with each other, in practice, by expressing quality in terms of a numerically determined quantity, or price; in other words, by regarding different goods as homogenous and thus as commensurable. Where does this commensuration come from, if qualitative differences of goods are not reducible to a simple quantity; in other words, if commensuration does not come from substantial facts in commodities? According to sharp-sighted Aristotle, it is a purely pecuniary process coming from our practical need to maintain community, that is, the commensuration comes solely from our psychological and conceptual activity. He argues that different goods in exchange are qualitatively unequal; and that we cannot reduce qualitative differences into a measurable substance—for example, labour or utility. In Aristotle’s words,

Money, then, acting as a measure, makes goods commensurate and equates them; for

neither would there have been community if there were not exchange, nor exchange if there were not equality, nor equality if there were not commensurability. It is, however, in reality, impossible that such unlike things can be commensurable—*i.e.*, qualitatively equal. Such a commensuration can only be something foreign to their real nature, consequently only “a makeshift for practical purposes (Nicomachean Ethics, 1133b 16-21).

For Aristotle, all things have their own qualitatively distinctive functional essence which cannot be traded-off or commensurated. Aristotle’s claim of the non-commensurability of the qualitatively different things appears again in his argument of the non-commensurability of different virtues. All virtues are, for him, qualifiedly different sorts of excellence, and there can be no trade-offs or no commensurability among them. Thus, for example, we cannot make up for a lack of generosity by showing greater bravery. His implication is clear: if the commensuration does not originate from the objective facts of products, it must come from elsewhere, that is, from man’s subjective valuation of the products. The commensuration is, for Aristotle, a process depending on our pecuniary valuation or on our psychological conception using money. This is the position of institutionalist economist Thorstein Veblen. He argues:

[Capital is] a pecuniary fact, not a mechanical one; that it is an outcome of a valuation, depending immediately on the state of mind of the valuers; and that the specific marks of capital, by which it is distinguishable from other facts, are of an immaterial character (1919, p. 197).

For Veblen and Aristotle, pecuniary valuation is a psychological process. As Veblen says, “The magnitude of the business capital and its mutations from day to day are in great measure a question of folk psychology rather than of material fact” (1904, p. 149).

The psychological valuation is, for Aristotle, is intrinsically a matter of custom, a makeshift for practical purpose to maintain community. Aristotle is an essentialist. For him, every thing has an essence; it has the peculiar function for which that thing exists. But in his conception of

money he is not a complete essentialist. He hesitates. He does not argue that money has its own functional essence to commensurate different things. He just says that it is a makeshift for practical purpose.<sup>1</sup> The psychological valuation and the existence of money are, for Aristotle, is intrinsically a matter of custom. Value, for him, is not the revelation of a common essence of goods; and commensuration is not the product of the essential function of money.

Aristotle's institutionalist theory of value—value is intrinsically a matter of custom—gets clearer when we compare Veblen's notion of capitalist 'good will' and Aristotle's opinion of a generally applicable principle of unnatural wealth acquisition, monopoly. The process of general pecuniary valuation in capitalist society, according to Veblen, accompanies the social process of obtaining an implicit or explicit agreement on the exclusion of other's discretion on goods in

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<sup>1</sup> Marx blames Aristotle for hesitating to become a complete essentialist in the conception of value and for failing thus to discover a common essence making different things commensurable. I would like to cite Marx's long sentence in his Capital I. "[Aristotle] further sees that the value-relation which gives rise to this expression makes it necessary that the house should qualitatively be made the equal of the bed, and that, without such an equalisation, these two clearly different things could not be compared with each other as commensurable quantities. "Exchange," he says, "cannot take place without equality, and equality not without commensurability". (οὐτ ἰσοτις μὴ οὐσης συμμετρίαζ). Here, however, he comes to a stop, and gives up the further analysis of the form of value. "It is, however, in reality, impossible (τῆ μὲν οὐν ἀληθεῖα ἀδύνατον), that such unlike things can be commensurable"—*i.e.*, qualitatively equal. Such an equalisation can only be something foreign to their real nature, consequently only "a makeshift for practical purposes." Aristotle therefore, himself, tells us, what barred the way to his further analysis; it was the absence of any concept of value. What is that equal something, that common substance, which admits of the value of the beds being expressed by a house? Such a thing, in truth, cannot exist, says Aristotle. And why not? Compared with the beds, the house does represent something equal to them, in so far as it represents what is really equal, both in the beds and the house. And that is—human labour. There was, however, an important fact which prevented Aristotle from seeing that, to attribute value to commodities, is merely a mode of expressing all labour as equal human labour, and consequently as labour of equal quality. Greek society was founded upon slavery, and had, therefore, for its natural basis, the inequality of men and of their labour powers. The secret of the expression of value, namely, that all kinds of labour are equal and equivalent, because, and so far as they are human labour in general, cannot be deciphered, until the notion of human equality has already acquired the fixity of a popular prejudice. This, however, is possible only in a society in which the great mass of the produce of labour takes the form of commodities, in which, consequently, the dominant relation between man and man, is that of owners of commodities. The brilliancy of Aristotle's genius is shown by this alone, that he discovered, in the expression of the value of commodities, a relation of equality. The peculiar conditions of the society in which he lived, alone prevented him from discovering what, "in truth," was at the bottom of this equality" (pp. 151-2).

question, by such things as force, manipulation, or persuasion. It proceeds throughout various immaterial social relations, like Veblen's 'goodwill', which he defines as "established customary business relations, reputation for upright dealing, franchises and privileges, trade-marks, brands, patent rights, copyrights, exclusive use of special processes guarded by law or by secrecy, exclusive control of particular sources of materials" (1904, p. 139). For Veblen, the capitalist pecuniary valuation is a claim of monopolistic *exclusiveness* to the common stock of a community's knowledge and means of life.

Similarly, Aristotle relates the making of money with the 'generally applicable principle of wealth acquisition', monopoly. As Aristotle exemplifies that Thales makes money in a monopolistic way, he writes,

[Thales'] scheme involves generally applicable principle of wealth acquisition: to secure a monopoly *if one can*. Hence some city-states, as well as individuals, adopt this scheme when they are in need of money: they secure a monopoly in goods for sale (Politics I, ch. 11, 19~22, emphases added)

Such making of money is the case in which wealth acquisition becomes an end in itself. It is unnatural acquisition. Aristotle calls the unnatural way of wealth acquisition aiming at the acquisition itself 'commerce'. Here, we find an implication: the unnatural acquisition of wealth—whether called commerce or the capitalist wealth accumulation—has a monopolistic aspect as long as the acquisition itself becomes an end in itself. Of course, the monopolistic aspect is a matter of degree. It depends on a situation: for example, if someone is in important office, he can more easily find the way of securing monopoly than others who are not in office. However, as long as someone aims at wealth acquisition an end in itself, he tries to secure monopoly *if he can*. We know that Aristotle complains of the effect that commerce has on the soul of the merchant. It is not difficult to imagine, at the same time, that that the change of the

soul of merchant also would change his manner of wealth acquisition.

For both Aristotle and Veblen, a monopolistic exclusion constitutes a fundamental nature of ‘valuation’ and ‘pricing’ when someone aims at wealth acquisition an end in itself, like in capitalist society, even though monopolistic exclusion is a matter of degree and depends on a situation, as I said. This institutional view of value and price is contrasted with the view of conventional political economy—Classic, Neo-Classic, and Marxist—which strictly distinguish natural price from monopolist price. For conventional economics, price is by nature a reflection of objective mechanism of marginal utility or of abstract labour independent of human will. The value theory of conventional economics leads conventional economics to argue that there is a purely objective economic mechanism of justice which rightly reflects the objective essence of commodities and which is independent of human will; and that monopoly is a deviation from this just economic system. Aristotle’s institutionalistic view of value would pose to conventional economists a question: when the major actors of economy are pursuing money as an end in itself, not as an external good for a higher good, as in capitalist society, how can an economic mechanism of justice exist? For both Aristotle and Veblen, there is no a purely objective economic mechanism of justice, independent of human will and rightly reflecting the objective essence of commodities. For both theorists, pricing and valuation depend on human wills or human ethics. In the case of someone who is pursuing money as an end in itself, he would try to obtain an implicit or explicit agreement for the exclusion of other’s discretion on the goods in question, through such things as force, manipulation, or persuasion. And, in the case of someone who is pursuing money as an external good for a higher good, happiness, he would try to maximize his and others’ happiness in the exchange of goods, and hence would contribute to the harmonious maintenance of community.

## II. The Economic Implications of Aristotle's Soul-Body Metaphysics

In this section I will discuss what problems Aristotle's soul-body metaphysics—the separability of soul from body—has from the economic point of view: first, I will show how his soul-body metaphysics is presupposed in his other problematic arguments—his claim of the servility of productive activity, his notion of animate property (natural slave), and his notion of Nature as the object of being ruled and exploited; and then I will show how Aristotle's soul-body metaphysics provides modern Cartesian and Newtonian economic projects with a metaphysical ground of the justification of the dichotomy between economy and politics.

Plato argues the separability of the soul from the body. Even though Aristotle begins by criticizing this argument of Plato in DE ANIMA, his argument comes to be almost identical to Plato's by the end of the book. Aristotle argues for the priority of the soul over the body and the separability of the soul from the body: the highest capacity of the human soul, understanding, does not depend on the body for its existence, while the human body cannot exist without understanding. The highest capacity of the human soul, understanding, for Aristotle, is separable from, unaffected by, and unmixed with the body.

This notion of priority and separability of the soul from the body constitutes the basis of Aristotle's problematic arguments concerning political economy: the servility of productive activity, the justification of natural slavery, and the concept of Nature as the object of being ruled and exploited not as a co-existence possessing its own value.

First, Aristotle's soul-body metaphysics is presupposed in his problematic claim of the servility of productive activity. Production and knowledge of its technique are, Aristotle argues, servile and should be neither performed nor learned by a good man and by a good citizen.



Aristotle distinguishes action (*praxis*, rational action from deliberate choices, or theoretical understanding) from production (*poiesis*, productive craft, or bodily needed activity). What exists for the sake of others, for Aristotle, is incomplete and servile. Because production exists for the sake of the higher virtue of man, understanding, Aristotle claims that production is subordinated and servile.

Aristotle justifies natural slavery on the basis of his soul-body metaphysics. Let us look at Aristotle's own words:

*Soul and body are the basic constituents of an animal: the soul is the natural ruler; the body the natural subject. ...[T]he soul rules the body with the rule of a master, whereas understanding rules desire with the rule of a statesman or with the rule of a king. In these cases it is evident that it is natural and beneficial for the body to be ruled by the soul, and for the affective part to be ruled by understanding (the part that has reason), and that it would be harmful to everything if the reverse held, or if these elements were equal. The same applies in the case of human beings with respect to the other animals (Politics, 1958, 1254a27-1254b15, italics added).*

According to Aristotle, the soul rules the body. The same reasoning, he argues, also applies to human society: a city-state is composed of two separated parts of people: the nature of one is fit for pure theoretical study; and the nature of the other for bodily needed production. And it is beneficial and natural, Aristotle argues, when the former part rules the latter.

The separability and master-slave relation between the soul and the body can justify aggressiveness in human practices with Nature. Aristotle argues that Nature—plants and other animals (also a part of human beings, slaves)—does not exist for the sake of itself but for the sake of human beings, because Nature does not have the highest rational part of the soul which human masters have. This argument can be used as a justification of aggressiveness in human practices with Nature. In fact, Aristotle justifies warfare on the basis of this attitude toward slaves and Nature. As he argues, “the science of warfare, since hunting is a part of it, will in a

way be a natural part of property acquisition. For this science ought be used not only against wild beasts but also against those human beings who are unwilling to be ruled, but naturally suited for it” (Politics 1256b22-6). Aristotle’s criticism of unnatural and unlimited property acquisition do not sanction the unlimited exploitation of nature, because virtue dictates that we appropriate that which we require but no more. In contrast, modern economics, abandoning Aristotle’s ethics but still in the tradition of his soul-body metaphysics, places no limits on appropriation. Nowadays, aggressive human practices with Nature have been met with active response by Nature: Global warming, the hole in the ozone layer, the decline of world fish stocks, and other things. Our modern experience leads us to conceptualize an alternative relation between man and Nature—a more balanced interdependent relationship admitting the intrinsic values of other forms of life.

Inheriting the separability of soul from body in classical Greek theory—Plato and Aristotle—the modern Cartesian theory regards mind and body as distinct substances existing in different realms and following different principles. In the traditional idealism of Plato and Aristotle, matter or body cannot exist alone without idea or soul, and thus matter or body must partake in idea or soul. In this conception of the priority of soul to body, in the traditional idealism, ethics and politics are the supreme and central sciences. However, in modern materialism—the inverted form of the traditional soul-body metaphysics—the realm of matter can exist alone and have its own mechanism of movement without idea. In fact, in modern materialism, the autonomous realm of matter has a priority or superiority to the realm of idea: the realm of matter has more decisive influence on the realm of idea than the other way around. In the modern materialist dichotomy between soul and body, economics is the supreme and central science.

Modern economic theories in the Cartesian and Newtonian tradition—classical, Neo-

classical, and Marxist—adopt this dichotomy between mind and body into social affairs. They describe the material realm of society, an economic world, as a completely closed system whose origin, growth and death are self-sufficiently explainable from its own mechanism independent of politics, culture, tradition and other non-economic factors—I call this concept the autonomy of economy. Economic factors and non-economic factors affect each other, but their relations are external. The dichotomy between the economic and non-economic social realms is untenable because in reality “a wider set of institutions and actions such as government policies, legal protection for property rights, education and conditioning, policing, bilateral and multilateral international institutions, and the occasional use of military force, to name only a few...[which] cannot exist outside [a] wider political context” constitute *essential* factors in the process of price determination and capital accumulation (Nitzan and Bichler, p. 81). Since the 1990’s we have witnessed the devastating effects of the neo-liberal notion of a completely closed economic mechanism—a self-generating market—especially in third world countries. Neo-liberalism has a faith that the market mechanism must be free from politics, culture, and especially our *ethical judgments*, and that it is the brutal but ‘necessary’ mechanism of justice, which must be established at any cost, despite its devastating effects.

Aristotle’s ethics and his notion of the priority of soul to body do not lead him to agree with the modern notion of the autonomy of economy free from value-judgments. Aristotle’s ethics against *pleonexia* (overreaching) would be critical of the capitalist acquisitiveness and the modern consumer society, and that the priority of soul to body would make the judgment of value central in an economic theory. However, Aristotle’s soul-body metaphysics is problematic, because it always connects difference with superiority and servility. As we saw in the discussion of his theory of value, his conception of the superiority of the soul to the body leads to

conceptualize difference as central: all things have their own qualitatively different soul for which they exist; they are essentially different. However, his metaphysics always connects difference with superiority and servility. In his soul-body metaphysics, the different sorts of activity of man, the diverse groups of people who have their own different talents, and the different kinds of organism are ranked as superior or servile. Aristotle's ethics always accompanies the conception of superiority and servility.

The metaphysics, inherited to modern economics in an inverted form, overcomes Aristotle's conception of superiority and servility. But it has done it at the cost of difference and ethics. As we saw, in the value theory of conventional economics, all different things are presupposed as able to be reduced to a homogenous quantity. It argues that the activity of man, labour or pleasure can be homogeneous, and that thus more complex labour or utility counts only as intensified, or multiplied simple labour or utility, and that qualitative aspects are reducible to a simple quantity. And conventional economics conceptualizes that economy is a mechanism reflecting the homogenous common essence, marginal utility or abstract labour; an autonomous mechanism independent of politics, culture, tradition and other non-economic factors; a depersonalized mechanism free from value-judgment. Required is a new metaphysics which makes difference and ethics central in our understanding of Nature and society, but, at the same time, which does not connect difference with superiority and servility.

The findings of modern physics—relativity theory and quantum physics—is suggestive for a new metaphysics. Contrary to the dualism of soul-body, modern physics—relativity theory and quantum physics—does not regard matter as a distinct substance from idea, or body as distinct from soul. Psychologist Jung well describes this perspective:

Sooner or later, nuclear physics and the psychology of the unconscious will draw closer together as both of them, independently of one another and from opposite directions, push forward into transcendental territory ... Psyche cannot be totally different from matter, for how otherwise could it move matter? And matter cannot be alien to psyche, for how else could matter produce psyche? Psyche and matter exist in the same world.... If research could only advance far enough, therefore, we should arrive at an ultimate agreement between physics and psychological concepts ( p. 261, underlines added).

Relativity theory finds that natural beings are not in extensionless space and time, but spatially and temporally extended; and also quantum physics uncovers that an electron exists all around the atom simultaneously. Natural beings do not endure in a period of time; but rather they themselves are ‘dynamic activities’ creating their own temporality and spatiality. And quantum physics has discovered that subatomic beings, into which a solid material object dissolves, are wave-like patterns of probabilities and that the pattern does not represent the probabilities of ‘things’ but the probabilities of ‘an activity of interconnections’. The probabilities represent ‘the self-determination and freedom’ of ‘the activity of interconnections’ regarding the unpredictable whole nature. These findings of modern physics demand, as Whitehead argues, a new notion of natural beings capable of incorporating their irreducible and unquantifiable aesthetic originality—for instance, the feeling of anticipation, the feeling of unavoidableness of the past, purpose, decision, and satisfaction—as an essential fact. Thus, matter is not dead without soul; that is, matter is not a society of ‘dead’ subatomic things or subatomic substances, but rather a society of the subatomic ‘organic’ activities of interconnections with its own self-determining freedom and value. We are approaching toward an ultimate agreement between matter and soul: matter cannot be totally different from soul, and soul and matter exist in the same world. They have only different degrees of organic unity: while matter has a relatively stable organic unity enduring a massive period of time, soul has the most dynamic and flexible organic unity. In the human form of organism, both extremely different degrees of organic unity—the soul and the

body—work together (For a more detail description of the findings of modern physics, see Capra, pp. 63-89).

The dispute of the dualism of soul-body can lead us to abandon the basis of the two doctrines of the Cartesian and Newtonian economics: the notions of the autonomy of the economy and value-free science. Here, Keynes' argument—economics should be a moral theory—attracts our attention. By “moral theory,” he means a theory that “employs introspection and judgments of value” (Keynes, p. 297), that is, a theory explaining general patterns of social laws as coming from typical psychologies and motives of participants, and thus allowing us to criticize or valuate the typical psychologies and morality of the participants. As Keynes argues,

Economics is essentially a moral science and not a natural science. ...I mentioned before that it deals with introspection and with values. I might have added that it deals with motives, expectations, psychological uncertainties. One has to be constantly on guard against treating the materials as constant and homogeneous. It is as though the fall of the apple to the ground depended on the apple's motives, on whether it is worth falling to the ground, and whether the ground wanted to the apple to fall, and on mistaken calculations on the part of the apple as to how far it was from the centre of the earth (v.14, p. 300).

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