Aristotle’s View on Economics (Oikonomia)*

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According to Aristotle, happiness (eudaimonia) is the soul’s activity (energeia) according to virtue (kat’ aretēn), especially the best and most complete virtue. Given consideration of Aristotle’s view of virtue-based happiness, material goods, i.e., the wealth (ploutos), does not seem to be important for human beings’ happiness. Thus some scholars such as Ross and Mulgan have thought that Aristotle had a hostile view of wealth-getting, especially trade. It can be said that Aristotle shares Plato’s view that an excessive desire for wealth makes citizens distrustful and hostile, and thus could deteriorate the good, or justice, for a human being’s soul and their community (polis). However, it is not true that Aristotle denies the value of wealth, for wealth, i.e., money, as an external good, could contribute to human beings’ existence and the achievement of happiness. Aristotle said, “no man can live well, or indeed live at all, unless he be provided with necessaries.” So we can say that Aristotle’s condemnation of wealth is not

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1 Aristotle, *NE*, 1098a16-18.


a denial of wealth per se. Given that wealth is considered as good for happiness, why does Aristotle consider trade (kapēlikē) as the negative kind of oikonomia? Are there any justified reasons that he strongly criticizes kapēlikē as the unnatural wealth getting (chrēmatistikē)?

In this paper I attempt to answer the above mentioned questions through the analysis of the Politics Book One and Nicomachean Ethics Book Four. To achieve this end, first, I examine generally the meaning of the oikonomia, especially two kinds of oikonomia: natural chrēmatistikē and unnatural chrēmatistikē. Next, I inquire into the reasons why Aristotle criticizes trade (kapēlikē) in relation to its end (telos). Lastly, through the examination of Nicomachean Ethics Book Four, I examine two ethical virtues, liberality (eleutheriotēs) and magnificence (megaloprepeia), which are concerned with the use of wealth.

In Book one of the Politics, after defining the end of oikonomia as wealth or property, Aristotle asks “whether the art of getting wealth is the same with the art of managing a household or a part of it, or is instrumental to it”⁵. And he tries to answer this question by saying:

“There are two sorts of wealth-getting (chrēmatistikē) . . . [and] one is a part of household management, [and] the other is trade: the former is necessary and honorable, while that which consists in exchange is justly censured; for it is not in accordance with nature, and involves men’s gain from one another. As this is so, usury is most reasonably hated, because its gain comes from money itself and not from that for the sake of which money was invented. For money was brought into existence for the purpose of exchange, but interest increases the amount of the money itself” (Pol, 1258a38-1258b5)⁶

⁵ Aristotle, Pol, 1256a4-5.