

Was Carl Menger Aristotelian?

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Abstract: In an essay published in 2003, I defended the idea that Menger is not an ‘orthodox Aristotelian’. Gilles Campagnolo and Aurélien Lordon responded to my thesis in a paper published in 2011. In the present paper, I summarize and modify the argument of my 2003 paper, considering additional sources on Menger.

Keywords: Aristotle, Aristotelianism, Austrian school of economics, Menger (Carl), *Methodenstreit* (dispute over methods), methodology of economics.

1. INTRODUCTION

Several scholars have remarked upon Aristotle’s influence on Carl Menger’s epistemological, social, and economic ideas (Cf. Kauder 1953, 1957; Rothbard 1976, p. 68ff.; Bostaph 1978, p. 146; Campagnolo 2002, 2010; Chamillall 2000; Cubeddu 1985, 1993; Mäki1990, p. 295ff.; Smith 1986, 1990, 1994, *passim*). Indeed, Menger often expresses himself in an Aristotelian fashion: he states that he is looking for the essence or nature of economic phenomena (see 1950 [1871], pp. 5-8), and he proposes an epistemological framework partially inspired by Aristotelian ideas (1985 [1883], pp. 148-9, 220-2; Cubeddu 1985, 1993; Alter 1990), and he sometimes quotes Aristotle directly. All this often supports the view that *Menger was an Aristotelian*. However, as Max Alter suggests, we can question the precise nature of Menger’s Aristotelianism and the degree to which Aristotle’s thought penetrates Menger’s thinking (cf. Alter 1990, p. 112ff.). In the same vein of these doubts is Reinhard Schumacher and Scott Scheall’s recent work on an unfinished biography of Menger by his son Karl. They state (2020, p. 10):

Menger [K.] also uses the biography’s introduction to counter a more recent interpretation of his father as an Aristotelian. Karl argues that his father quoted Aristotle in the *Grundsätze* only to disagree with him. There is no evidence, Karl adds, that indicates a very profound Aristotelian influence on his father and much that argues against it. Karl does not name the target of this criticism, but it was probably aimed at either Emil Kauder (1957, 1959, 1961, 1962, 1965) or Murray Rothbard (1976), both of whom had offered Aristotelian interpretations of Menger in the years just before the biography was written. Incidentally, Hayek concurred

with Karl's assessment of this issue in a letter to the younger Menger, calling Menger père "as anti-Aristotelian as is possible," explicitly criticizing Kauder (Hayek n. d., our translation).

In the next section of this paper, I will introduce all the references made by Menger to Aristotle in the two editions of the *Principles of Political Economy* (1950 [1871], 1960 [1923]), in the *Investigations into the Method of the Social Sciences* (1985 [1883]), and in his paper "On money" (Campagnolo 2005 [1909]). This inventory will provide a first insight regarding the question: was Carl Menger an Aristotelian? For many more quotes of Aristotle by Menger, it is necessary to explore the archives, as Emil Kauder, Kiichiro Yagi and Gilles Campagnolo have, in turn already undertaken.

In what follows, I will raise three objections against the thesis that Menger endorsed an orthodox Aristotelian position. First, according to Aristotle, economics is a practical and *not* a theoretical science, as Menger seems to maintain. Menger's exact orientation of theoretical research seems to be much more of a *Naturwissenschaft* (natural science) than a practical science (Section 3). Second, even if we adopt as our starting point a conception of economics as a theoretical rather than practical, Menger's thesis that it is a 'methodological absurdity' to test conclusions derived from exact laws employing empirical evidence is *not* Aristotelian (Section 4). Finally, while Menger's explanation of the origin of so-called 'organic institutions' can be considered Aristotelian, the way these organic institutions function cannot (Section 5). In the last section I offer some conclusions.

2. MENGER'S REFERENCES TO ARISTOTLE

This section introduces Menger's references to Aristotle. I will first present some miscellaneous references concerning epistemology and politics, and then I will group them respectively under the topic of economics.

A reference appears in the *Investigations* about the imperfections of the realistic-empirical orientation of theoretical research. He supports his arguments by stating that "Aristotle recognized this correctly when he denied the strictly scientific character of induction" (1985 [1883], p. 57), which is correct when considering enumerative induction.

A second reference in the *Investigations* is in the context of Menger's explanation of the task of the exact theory of political economy. Though it does not explain the totality of social and human phenomena, it affords us "*the understanding of a special side of human life, to be sure, the most important, the economic*" (1985 [1883], p. 87, italics in original). He then affirms that the great theoreticians of ethical phenomena have started their theories with this methodological point of view, and he includes Plato and Aristotle. In effect, Aristotle's first book of *Politics* deals with *oikonomiké*. What is dubious is that he considered it as the most important aspect of human life.

The *Investigations* includes a whole Appendix (VII) concerning "Aristotle's Theory of the Origin of the State" (1985 [1883], pp. 220-222). It describes, picking up long passages from Aristotle's *Politics*, his genealogical natural process of constituting the *polis*, and he criticizes an interpretation of these passages that considers that civilized men are inconceivable without the state. An appraisal of Menger's interpretation exceeds the scope of this section, but it can be found in works of Campagnolo (2002, 2010, 2012). Also note that in the corresponding passages of *Politics* I, Aristotle simultaneously presents a genealogical and a metaphysical explanation of the *polis*. For him, though genealogically the *polis* appears as a temporally last step, it has metaphysical priority, because it is the final cause of the previous steps, and the final cause is ontologically the first cause. I will come back to this topic and reference in Section 5.

In the *Investigations*, there are also a few references to Aristotle supporting the idea that closeness to facts and adaptation to them are the marks of good politics, which I consider a correct interpretation of Aristotle by Menger (1985 [1883], pp. 163, 165, 166, 169, 184).

Concerning economic matters, there are references to Aristotle about the nature of "goods". In Appendix A (Chapter 1) of the *Principles*, Menger notes that "Aristotle calls the means of life and well-being

of men ‘goods’” (1950 [1871], p. 286; 1960 [1923], p. 21). While I did not find the term “good” in Aristotle’s passage as quoted by Menger (*Politics* I, 4 1253b 23-25), the idea is correct. Another reference to Aristotle concerning the nature of goods is in Chapter I of the *Principles* where Menger refers to “a special situation”—things that do not satisfy human needs but are however considered by men as goods. In a footnote, he asserts: “Aristotle (*De Anima* III, 10, 433a 25-38) already distinguished between true and imaginary goods according to whether the needs arise from rational deliberation or are irrational” (1950 [1871], p. 53, nt. 5; 1960 [1923], p. 23, nt. 12). I consider that the text referenced in *On the Soul* (*De Anima*) fits with Menger’s idea and is proof that Menger has read not only the *Nicomachean Ethics* and *Politics* but also other works of Aristotle.

There are also some references to Aristotle concerning use value, exchange value, and money. Appendix D to Chapter III starts by stating: “As early as Aristotle we find an attempt to discover a measure of the use-value of goods and to represent use value as the foundation of exchange value” (1950 [1871], pp. 295-6; 1960 [1923], p. 126, nt. 65). Menger partially quotes *Nicomachean Ethics* V, 5 1133a 26-1133b 10: “there must be something that can be the measure of all goods . . . This measure is, in reality, nothing other than need, which compares all goods. For if men desire nothing of if they desire all goods in the same way, there would not be trade on goods” (1950 [1871], p. 296; 1960 [1923], p. 126). Menger’s reading of this passage is a modern reading, which according to Campagnolo and Lagueux (2004) is somewhat of an anachronism because we cannot affirm whether Aristotle had preconceived the notions of use and exchange value.

Menger criticizes Aristotle because the Stagirite thinks that exchange can be only between equivalents. This criticism is present in the two editions of the *Principles* (1950 [1871], p. 305; 1960 [1923], p. 168) and in “On Money” (Campagnolo 2005 [1909], p. 259). I quote from the *Principles*:

The error of regarding the quantities of goods in an exchange as equivalents was made as early as Aristotle, who says: “To have more than one’s own is called gaining and to have less than one’s original share is called losing, e.g., in buying and selling . . . but when they get neither more nor less but just what belongs to themselves, they say that they have their own and that they neither lose nor gain.” (*Nicomachean Ethics*, v. 5. 1132b, 13–18.)

Continuing, Menger says:

If, then, first there is proportionate equality of goods, and then reciprocal action takes place, the result we mention will be effected. And this proportion will not be effected unless the goods are somehow equal (*ibid.*, 1133a, 10–26).

In “On Money” Menger explains (Campagnolo 2005 [1909], p. 260):

The old theory lies upon the idea that the equality of values is the main concern in the exchange process. Now, such a hypothesis is diametrically opposed to the real intentions of the traders. Neither one [partner] nor the other thinks in the least of exchanging some equal value for another equal value: the goal they follow is to satisfy their needs, as much as the resources at their disposal will allow each of them to do. Usually, exchange happens only when each partner believes they can see in it the means to make their economic situation better. People who do business do not care in the least about exchanging equal units, equal quantities of labor, identical production costs, “goods of equal economic value,” or “equal quantities of value enclosed in the exchanged products,” or anything similar. If they had such a purpose, it is sure they would find it quite difficult to act so. But they just do not think in the least of something like that. They trade in order to realize their economic profit, and they consider their mutual advantage when determining the amount of the goods they exchange. Exchange does not require any previous measuring.”

In personal correspondence, Campagnolo (May 13, 2021 and subsequently) wrote about this passage:

“Old theory” means the tradition that favors the idea of exchanging equivalents, notably the Classics (and Marx, of course, since he is a Classic with regard to labor, plus others like the Socialists of the chair: with these, Marx has in common the confidence in historicism). Those read Aristotle in the way that Menger disagrees with (and so Menger disagrees with Aristotle when interpreted in that way). Aristotle does not necessarily say so, but those “old theorists” interpret in that way the issue of “commensurability” of goods (or services) offered and received: what is underlying exchange must be “one”. In my view, this is due to the underlying *hypokeimenon* notion. They all think that what is offered and what is received in exchange must be “equal”. Exchange value is objectively one. And use value is regarded as objective (this is particularly clear with Marx quoting Aristotle at the beginning of *Capital*). And for Menger, that is “starting from the erroneous idea”.

It is very difficult to interpret what Aristotle means in the *Nicomachean Ethics* V, 5 about exchange. However, this text Menger uses to criticize the equivalent view of the “classics” which are the focus of his discussion. There is an additional feature to highlight. Menger’s above quotation of Aristotle is not all from *Nicomachean Ethics* V, 5, as Menger cites. The first part of it is from *Nicomachean Ethics* V, 4, which is not about reciprocity in exchange, but about corrective justice. The logic of both is different as Campagnolo and Lagueux (2004) carefully argue: equality in corrective justice is arithmetic, while in reciprocity it is proportional. It is not possible to know whether the confusion is intentional or just a mistake. In any way, it strengthens Menger’s criticism.

Finally, there are three references to Aristotle on the nature of money. In the *Principles* Menger notes that Aristotle had “already observed that money serves as a measure in the trade of men” (1950 [1871], p. 277 and the same idea in 1960 [1923], p. 261, nt. 153). Again in the *Principles* (1950 [1871], p. 315 and almost word for word in 1960 [1923], p. 246, nt. 116) and in the *Investigations* (1985 [1883], p. 153), he agrees with Aristotle on the conventional nature of money quoting the right passages. The last reference to Aristotle is about the ease of transport and the relative stability of the price of metallic money (1950 [1871], p. 316; 1960 [1923], p. 246, nt. 116).

My conclusion is, first, that Menger was very familiar with Aristotle’s works as quoted by him; and second, that he used them to support his ideas, sometimes correctly, sometimes in a slightly forced way. In the following sections, I will present the reasons why I do not think that Menger “quoted Aristotle in the *Grundsätze* only to disagree with him”, as his son Karl states, but that Menger is only superficially Aristotelian.

3. ECONOMICS: PRACTICAL OR THEORETICAL SCIENCE?

A presentation of the first objection must be preceded by a rough presentation of Aristotle’s and Menger’s classifications of sciences, and by an examination of the epistemological status of economics. Aristotle distinguishes between theoretical, practical, and technical sciences (*Metaphysics* VI (E), 1, 1025b).¹

Aristotle deals with the theoretical sciences in *Posterior Analytics*, where he writes that science is an infallible, true and certain knowledge of a necessary universal object,² of “whatever belongs to something both of every case and in itself and as such”³ (*Analytics II*, I, 4, 73b 26). Universals show the causes (Cf. *Analytics II*, I, 31 88a 5). Thus, for Aristotle, science is the knowledge of things by their causes.

However, this definition only applies to the theoretical sciences. For Aristotle, practical science is not a science in the former ‘strict’ sense, but a science ‘by similarity’ (*kath’omoitesin*).⁴ First, human acts are not necessary but contingent. Second, practical sciences are not intrinsically unconcerned as the theoretical sciences are. For Aristotle, “science” is an analogical concept and its common feature must be a “state of capac-

ity to demonstrate,” (*Nicomachean Ethics* VI, 3, 1139b 32), a demonstrative habit. Thus, practical sciences are sciences despite not having a necessary subject-matter. They have these characteristics: they acknowledge the inexact character of their conclusions, they must be closely related to specific cases, they have an ethical commitment, they have a pragmatic end, and finally, they are methodologically *plural*. What are the practical sciences for Aristotle? Is economics (*oikonomike*) one of them? He answers:

For it [*Politics*] determines which science ought to exist in states, what kind of sciences each group of citizens must learn, and what degree of proficiency each must attain. We observe further that the most honored capacities, such as strategy, *oikonomike* and oratory are contained in politics (*NE* 1094a 26 -b 6).

Thus, for Aristotle, economic science is one of the practical sciences (see my 2006).

Let us pass to Menger, first to his classification of sciences. He divides research into two main orientations, historical and theoretical sciences, (cf. 1985 [1883], p. 38) whose ends are the cognition of the individual and general aspects of phenomena respectively (cf. 1985 [1883], p. 35). The theoretical orientation looks for typical forms and relationships between them (cf. 1985 [1883], p. 36). For him, “the purpose of the theoretical sciences is the understanding of the real world, knowledge of it beyond experience and control of it” (1985 [1883], p. 36). Menger identifies a third kind of knowledge: practical sciences or technologies. He applies this classification to economics, dividing it into history and statistics, dealing with individual aspects of economic phenomena, theoretical economics, focusing on general aspects of economic phenomena, and economic policy and finance—the practical branches of economics (cf. 1985 [1883], p. 39). Menger gathers these disciplines under the heading of “political economy” (cf. 1985 [1883], pp. 39-40). On theoretical research, Menger states:

Theoretical economics has the task of investigating the *general nature* and the *general connection* of economic phenomena [...] The phenomena, or certain aspects of them, and not their linguistic image, the concepts, are the object of theoretical research in the field of economy (1985 [1883], p. 37, footnote 4, italics in original).

Menger does not intend to build concepts and models that “represent” reality, but to grasp reality itself. For him, as Kauder suggests, “laws are not constructions of our mind but descriptions of the eternal configurations in economic life” (Kauder 1957, p. 416).⁵

Within theoretical research, Menger considers two orientations: *realistic-empirical* and *exact*. The former “arranges the totality of the real phenomena in definite empirical forms and in an empirical way to determine the regularities in their coexistence and succession” (1985 [1883], p. 56). To do so, it uses induction, which cannot provide scientific certainty, as Aristotle recognizes (cf. 1985 [1883], p. 57), already mentioned in the previous section). Menger is referring to empirical induction (not essential induction or ‘abstraction’). This is confirmed when he quotes Bacon (cf. 1985 [1883], pp. 57, 60). Thus, the realistic-empirical orientation, as Menger understands it, leads to *real types* and *empirical laws* in their “full empirical reality” (1985 [1883], pp. 56-7), italics in original). Consequently, its conclusions are fallible.⁶ For him, in real economic acts, we do not only have economically pure reasons but also “error, ignorance, and external compulsion” (1985 [1883], p. 64).

The exact orientation of theoretical research aims to determine the exact (or infallible) laws of phenomena. The method is to seek “to ascertain the *simplest elements* of everything real” (1985 [1883], p. 60). In this way, one arrives at *qualitatively* strict typical empirical forms and typical relationships that are *laws* of phenomena (cf. 1985 [1883], p. 61). These “bear within themselves the guarantee of absoluteness” (1985 [1883], p. 59) and they hold independently of spatial and temporal conditions (cf. 1985 [1883], p. 112). We grasp them by “abstraction” (1985 [1883], pp. 62, 65, 218). Mäki notes that Menger is referring to Aristotelian abstraction that leads to universal concepts and relations through them.⁷ Thus, Menger’s theoretical exact re-

search resembles Aristotle's theoretical science. Referring to this exact orientation, Menger uses the slogan "*scire est per causas scire*" ("to know is to causally know"), (1985 [1883], p. 93) and he states, as already mentioned in the previous Section:

The great theoreticians in the realm of ethical phenomena have from the beginning started out with these methodological points of view. With this view Plato and Aristotle also approached the task of constructing theories of social phenomena (1985 [1883], p. 87).

Let us see now what economics is according to Menger. For Menger, the matching of human needs with goods able to satisfy them, is at the root of economic activity (cf. 1985 [1883], p. 94 ff.). He states: "by *economy* we understand the precautionary activity of humans directed toward covering their material needs; by *national economy*, the social form of this activity" (1985 [1883], p. 63). Summing up, economic action is a kind of human intentional action.

Yet, when Menger specifies the characteristics of economic action, tension seems to arise between its intentional and exact character, between reality and theory, between the realistic and the exact orientation of research. He affirms:

The most original factors of human economy are the needs, the goods offered directly to humans by nature [...], and the desire for the most complete satisfaction of needs possible [...] All these factors are ultimately given by the particular situation, independent of human choice" (1985 [1883], p. 63).

Menger develops this idea in Appendix VI, entitled "The Starting Point and the Goal of All Human Economy Are Strictly Determined". Here he states that "economy is really nothing else than the way which we travel from the previously indicated starting point of human activity to the previously indicated goal" (1985 [1883], p. 217). Therefore, he concludes that *the best way of studying human activity* is the exact orientation:

The *exact* orientation of theoretical research in the above field [...] examines the phenomena of *abstract economic reality*, phenomena which are strictly determined, as we saw. It thus, to be sure, does not arrive at exact laws of the *real*, in part extremely uneconomic, phenomena of human economy but it does arrive at exact laws of economic reality (1985 [1883], p. 218).

That is to say, the only way to reach exact conclusions is to accept that they are unreal. He acknowledges that "the results of exact research [...] are true only with certain presuppositions, with presuppositions which in reality do not always apply" (1985 [1883], p. 69). Some of these assumptions are that people are governed by egoism, that they are uninfluenced by error, ignorance, as well as by external compulsion, (cf. 1985 [1883], p. 64) and that they have perfect knowledge (cf. 1985 [1883], p. 71). For Menger, freedom of the human will is one of the elements that make a difference between economic theory and the real world (cf. 1985 [1883], p. 214). He is thus disregarding freedom and other features of real economic actions. Therefore, in his writings, economics seems to become a sort of mechanical *technique* or a *Naturwissenschaft*.

However, this conclusion must be nuanced in the light of the second edition of the *Principles* and an article on the classification of economic sciences. In this edition of the *Principles*, Menger distinguishes two orientations of the economy: a "technical-economic" ("die technisch-ökonomische Disposition" 1923, p. 73) and an 'economizing' ("die spandere" 1923, p. 74; "die ökonomisierende" 1923, p. 76). The first orientation aims at providing the goods that we need, and the second, when insufficiency of means prevails, aims at doing so by "economizing" in the best possible way. We cannot identify, he affirms, the concept of "economy" ("Wirtschaft") with the concept of "economical" ("Wirtschaftlichkeit", 1923, p. 61). Thus, it is not paradoxical to speak of an "economic economy" ("einer wirtschaftlichen (ökonomischen) [...] Wirtschaft") and of a

“non-economic economy” (“unwirtschaftlichen (unökonomischen) Wirtschaft” (ibid.).⁸ As Giandomenica Becchio maintains “Menger clarified that these two basic directions of human economy ‘spring from *causes that are different and independent from one another*’ and they are actually independent of one other, but they are connected and their connection determines the most complete meaning of the nature of the human economy” (2014, p. 247).

This is consistent with his article “Toward a Systematic Classification of the Economic Sciences” from 1889 (1960). This plurality matches with the previous distinction of the economy. A plurality of subject-matters (plural but related) calls for a plurality of sciences (plural but related). The article aims at ascertaining “*the position of economic theory [Wirtschaftstheorie] within the entire dominion of the economic sciences [Wirtschaftswissenschaften] in general*” (1960, p. 3), with the former dealing with the economy in the restricted sense and the latter with the economy in a broad sense that includes the ‘non-economic economy’.

Additionally, economic theory has the role of demonstrating (*Darstellung*) and understanding (*Verständnis*) economic phenomena (1889, p. 6; 1960, p. 7). The German words “to understand” and “understanding” (*Verstehen* and *Verständnis*), especially in Menger’s time, had a specific meaning related to a way of explaining in the human sciences by capturing the intentional aspect of human actions: a “comprehension”, or “appreciation”. Understanding is also a role of applied science (1960, p. 20). He uses the term “practical sciences” (*praktische Wissenschaften*) as equivalent to “applied science”, referring to *anthropina philosophia* (an expression of Aristotle, “all the sciences of man” [*alle Menschheitswissenschaften*], Menger explains) which *reasonably* (*verständlich*) apply general principles to specific cases (1889, p. 18 footnote 1; 1960, p. 35, endnote 14).

He states: “both the exact and the realistic orientation of theoretical research have the aim of making us understand theoretically *all* the phenomena of the economy, each in *its way*” ([1883] 1985, p. 68). In his 1889 article he speaks about two “essentially distinct principles of classification [of sciences]: on the one hand, according to the nature of the objects of inquiry, i.e., the different *fields* of reality which constitute the subject of scientific cognition; and on the other hand, according to the different lines of scientific inquiry, i.e., the different *methods of approaching* reality” (1960, p. 4; see also [1883] 1985, Appendix II, p. 198). However, he had stated that both orientations usually work together: “In scientific *presentation*, however, exact and realistic knowledge are seldom treated separately” ([1883] 1985, p. 67).

Besides, he argues against “epistemologists” (*Erkenntnistheoretiken*) that have a narrow notion of science and affirms that history and applied economics are sciences because they help us to understand (*Verständnis*) human ends (see 1960, p. 14).

All in all, though the priority is for the exact orientation of theoretical investigation, the later considerations “downgrade” this priority and nears Menger’s conception with Aristotle’s because he considers practical sciences of economics under a wider umbrella of economic sciences.

From the aforementioned analysis, one can draw the following conclusion: for Aristotle economics was a practical science while, for Menger, economics has a relevant core which is the exact theoretical orientation. This latter orientation resembles Aristotle’s theoretical science. Consequently, there is a difference between Aristotle’s and Menger’s conception of economics: for Aristotle it is an only practical science, while for Menger it is both theoretical and practical, but the priority is theoretical. Menger states that he is looking for the “laws of economicity” (*Gesetze der Wirtschaftlichkeit*) (1985 [1883], p. 73, cf. also the translator’s footnote). However, this is not economics but a kind of philosophy of economics.

For Menger, there is only a difference of degree between natural and human sciences (cf. 1985 [1883], pp. 52, 58-9, 214-5, 219). The relevant difference is between theoretical and historical research, and between realistic and exact orientations. The fact that social phenomena give rise to less strict laws than natural phenomena does not lead theoretical science to become either practical or historical (cf. 1985 [1883], p. 51). The title of Appendix V states that “in the Realm of Human Phenomena Exact Laws (So-Called ‘Laws of Nature’) Can Be Established under the Same Formal Presuppositions as in the Realm of Natural Phenomena” (1985 [1883], p. 214). Likewise, Menger explains that the fact that abstract economics analyzes *only* some aspects of any phenomenon does not imply that it is a partial science that should be subordinated to a general theo-

ry of social phenomena (cf. 1985 [1883], p. 79). As long as the exact orientation prevails, economics becomes practically assimilated to a *Naturwissenschaft*. The empirical-realistic orientation and the practical sciences of economics, on the other hand, include some aspects of Aristotle's practical sciences. It becomes clear then that, despite using Aristotelian devices, Menger's conception of science is different from Aristotle's, or, that there is at least a tension between looking for exactness and contingency.

4. THE INFALLIBILITY OF THE EXACT ORIENTATION IS NOT AN ARISTOTELIAN PROPOSITION

The empirical-realistic orientation of theoretical research is the first necessary step in research (cf. 1985 [1883], pp. 66-7). However, for Menger, the conclusions of the exact orientation cannot be corrected by empirical evidence. He considers that trying to do so implies a misunderstanding of the exact orientation of theoretical research (cf. 1985 [1883], p. 69): "It [the exact orientation] arrives at results of theoretical research which, to be sure, must not be tested by full empirical reality" (1985 [1883], p. 61). He adds: "Testing the exact theory of economy by the full empirical method is simply a methodological absurdity, a failure to recognize the bases and presuppositions of exact research" (1985 [1883], p. 69).

This view moves Menger away from Aristotle as far as being a 'real' scientist is concerned, since Aristotle does not have any problem in testing theories. However, Menger's methodological position here coincides with Aristotle's in his *Posterior Analytics*. Aristotle's views regarding the testing of theories do not present themselves as a clear and easy topic. When we read *Posterior Analytics*, we do not encounter the idea of empirical testing. This book, as said above, deals with the theoretical sciences, an axiomatic-deductive syllogistic system. Science goes from principles to conclusions in an infallible way. In *Posterior Analytics*, the conclusions reached are right because they follow the rules of justification as he defined them. Instead, as I previously explained in section 3, the method of practical sciences is plural. Aristotle develops this methodological plurality in his *Politics* and *Nicomachean Ethics*. This also applies to the cases of physics and biology. Every deduction is based on principles that are not all obtained by deduction. The way toward principles begins with induction. First, we have essential induction, that is, an abstraction of a universal concept or relation. That supposes contact with experience because "it is consequently impossible to come to grasp universals except through induction" (*Posterior Analytics*, I, 18, 81b 2). But this is only a first step for, in actual science, the way toward principles includes experience, dialectic testing of arguments, and authoritative opinions. In his studies—especially biological (*On the Part of Animals*, *The History of Animals*), physical (*Meteorology*), and, practical (Ethics and Politics) –, Aristotle gives ample room to experience. He does this to discover scientific principles and to verify them. In *Generation of Animals*, while dealing with the generation of bees, Aristotle asserts that "credit must be given rather to observation than to theories, and to theories only if what they affirm agrees with the observed facts" (*Generation of Animals*, III 10, 760b 31). Le Blond (1939, p. 242) shows how Aristotle uses experience in detailed observation as well as in an experiment: "flux and reflux of the research going from facts to theories and from theories to facts."

Summing up, the Mengerian claim about the methodological absurdity of empirically testing conclusions of exact research is consistent with the epistemological framework of the *Posterior Analytics*. But, Menger does not fully understand Aristotle as a real scientist. The Aristotelian theoretical scientific framework does not refrain from testing conclusions by experience, since abstraction comes from, and goes back to reality, and Aristotle did test conclusions.

5. THE ORGANICALLY CREATED SOCIAL STRUCTURES AND THEIR METHOD OF STUDY

Menger elaborates on his understanding of organic structures in Book Three of the *Investigations*, "The Organic Understanding of Social Phenomena" (1985 [1883], pp. 127-159). For him, we can distinguish two kinds of social phenomena: those with an intentional origin and those that originate spontaneously in an

unintended way. Menger draws an analogy between social phenomena that result from human calculations and mechanisms. Examples of such institutions are those that stem from “positive legislation” and, sometimes, laws: “we interpret these phenomena *pragmatically* by investigating the aims which in the concrete case have guided the social unions, or their rulers, in the establishment and advancement of the social phenomena under discussion here” (1985 [1883], p. 145).

Phenomena belonging to the second kind, like money, language, law, morality, cities, and states, are spontaneously created and are to be interpreted ‘organically’. They are “the unintended social result of individually teleological factors” (1985 [1883], p. 158). He includes among them economic institutions such as market, wages, prices, division of labor, interest rates, which “are not the result of socially teleological causes, but the unintended result of innumerable efforts of economic subjects pursuing *individual* interests” (1985 [1883], p. 158).⁹ What is the meaning of organism for Menger? Menger states:

Natural organisms almost without exception exhibit, when closely observed, a really admirable functionality which is not, however, the result of human *calculation*, but of a *natural* process. Similarly we can observe in numerous social institutions a strikingly apparent functionality with respect to the whole. But with closer consideration they still do not prove to be the result of an *intention aimed at this purpose*, i.e., the result of an agreement of members of society or of positive legislation. They, too, present themselves to us rather as “natural” products (in a certain sense), as *unintended results of historical development* (1985 [1883], p. 130).

The organic explanation explains the origin and the function of this kind of social institution. However, Menger uses this analogy carefully: “it is an inexact one,” it is not strict (1985 [1883], p. 132; cf. p. 133). Firstly, there is not mutual causation between parts and the whole (cf. 1985 [1883], pp. 132-3). Secondly, social organisms are not the product of natural forces, but human efforts (cf. 1985 [1883], p. 133). Then, because Menger wants to preserve the notion of the individual, “the acknowledgment of a number of social phenomena as ‘organisms’ is in no way in contradiction to the aspiration for exact (atomistic!) understanding of them” (1985 [1883], p. 141). Menger is stressing that these phenomena are *unintended results* of individual human efforts pursuing individual interests, and *not results from a common will* directed toward the design and establishment of those institutions (cf. 1985 [1883], p. 133). I move on to pragmatic social institutions and phenomena, and mechanisms, quoting Menger once again:

A large number of social structures are not the result of a natural process, in whatever sense this may be thought of. They are the result of a purposeful activity of humans directed toward their establishment and development (the result if the agreement of the members of society or of positive legislation). Social phenomena of this type, too, usually exhibit a purposefulness of their parts with respect to the whole. But this is not the consequence of a natural “organic” process, but *the result of human calculation which makes a multiplicity of means serve one end*. Thus we cannot properly speak of the “organic” nature or origin of these social phenomena which, even if an analogy come into question, are not analogous to *organisms* but to *mechanisms* (1985 [1883], p. 133).

Finally, what is the difference between organism and mechanism according to Menger? He asserts:

The organism is distinguished from the mechanism by the fact that on the one hand it is not, like the latter, a product of human calculation but of a natural process. On the other hand its individual part (each organ) is conditioned not only in its normal *function*, but also in its normal *nature* by the connection of the parts to form a higher unit (the organism in its totality) and by the normal nature of the other parts (the organs). This is by no means the case with a mechanism (1985 [1883], p. 132, footnote 46).

Menger subsumes the problem raised by organic institutions for the social scientist into this question: “How can it be that institutions which serve the common welfare and are extremely significant for its development come into being without a common will directed toward establishing them?” (1985 [1883], p. 146). For him, if we are to understand the functioning of organic institutions, we must achieve a theoretical understanding of the origin and change of such institutions (cf. 1985 [1883], p. 147): “The methods for the exact understanding of the origin of the ‘organically’ created social structures and those for the solution of the main problems of exact economics are by nature identical” (1985 [1883], p. 159).

Menger relates the analogy between natural organisms and social phenomena to Plato and Aristotle (cf. 1985 [1883], p. 131). This is where I raise my third objection which can be summarized as follows: first, this analogy is not Aristotelian and, second, except for the explanation he gives of the origin of organic institutions, what he tries to explain through the analogy is not Aristotelian either.

“Organicism” is the label for a group of philosophical currents that apply the analogy of natural organisms to different fields: biology, a world-view, a conception of society and state. This position is discussed in Otto von Gierke’s *Das deutsche Genossenschaftsrecht*. The organicist analogy, von Gierke explains, is present in the very idea of society as an organism, and the explanation of the origin and growth of social institutions (cf. von Gierke 1934, 1963 [1868], p. 110, 118 ff.). Organicism as a conception about society evolves as a theory that maintains that society works as a biological organism. Within this organism, parts “naturally” operate for the benefit of the whole which, conversely, affects the parts. This analogy may lead to a loss of individuality and survival of the parts independently from the whole, which is not the case for Menger, as explained.

Aristotle used such analogies when referring to the relation of the whole to the parts in the case of the *polis*. In this instance, however, the parts of the *polis* survive substantially once separated from the whole: the choir and the singers; the ship and its captain and crew; the gymnasts; the physician and his patients. These analogies are adequate because, for Aristotle, the *polis* is a whole whose parts are subsistent and have different functions oriented toward the end of the whole: “The *polis* is composed of unlike elements” (*Politics*, III, 4, 1277a 7ss.).

Therefore, it is not appropriate to attribute the organic analogy to Aristotle, as Menger does, because, firstly, Aristotle does not use it predominantly and, secondly, it may be misleading: while substantial parts do not survive in the organic analogy, Aristotle defended this survival, as Menger does. Menger’s view is like Aristotle’s but the label “organic” results confusing because it refers to a doctrine that is neither Aristotle’s nor Menger’s.

The relevant difference between Aristotle and Menger concerning this point lies in the way in which Menger uses the organic analogy. According to Aristotle, the fact that some institutions like a house, a village, and a *polis* have a natural character does not exclude the possibility, or the need, of a teleological orientation that is part of the very natural process of the relevant institution. Teleology is central to Aristotle’s conception of social wholes. From an Aristotelian point of view, individual actions do not automatically guarantee an ordination to a general end; the natural orientation has to be discovered and achieved with effort: it is not reached spontaneously, unintendedly. For Aristotle, order in the human realm is not a fact but a task. This point of view differs from Menger’s. Aristotle would assert that social phenomena are the result of innumerable individual efforts that take care of the general end of a given society. Justice as a general virtue consists in taking care of the end of society as a whole (cf. *Nicomachean Ethics*, V, 1-2). Furthermore, there is a coincidence between what the individual has to do and the general end: the end of politics is simultaneously the good for each man (cf. *Nicomachean Ethics*, I, 2).

As regards the origin and development of some social institutions, Menger follows Aristotle more faithfully. He explains that social institutions are phenomena that have not always existed, but that they follow a process of birth (cf. 1985 [1883], p. 149 and Appendix VII). However, Menger’s loyalty to Aristotle is not complete for, from an Aristotelian point of view, it is not correct to state, as Menger does, that instincts impel man to associate with others and to form a state (cf. 1985 [1883], p. 222). Aristotle asserts that a house, a village, and a *polis* have a natural origin, but ‘natural’ does not mean ‘instinctive’. For him, acts concern-

ing the *polis* are *voluntary*. Besides, for Menger, *polis* means the state, an identification with which Aristotle would disagree. The modern state bears little resemblance to the *Aristotelian polis*.

Given the fact that Menger's organism is not exactly Aristotelian, where could it come from? Menger clarifies this point in the Preface to *Investigations*: "In the field of linguistic research, of political science, and of jurisprudence new orientations of research have come to prevail (...) How obvious was the notion of applying these efforts to our field of knowledge!", organicists efforts (1985 [1883], p. 29).¹⁰

All in all, I conclude that although the understanding of the origin of organic social institutions has similarities with Aristotle's position, Menger's conception of it is not entirely Aristotelian. Besides, even by disregarding this analogy, Menger's idea of some institutions being originated as unintended consequences of individual actions does not properly correspond to Aristotle's conception about the same institutions.

6. CONCLUSION

Among historians of economic thought, it is generally assumed that Menger was an Aristotelian. This paper has raised doubts about the "purity" of this Aristotelianism. First, a general survey of Menger's references to Aristotle has been provided in Section 1. Then, three arguments against Menger's suggested Aristotelianism have been analyzed. The first is that while for Aristotle economics is a practical science, for Menger the core of it is theoretical science. The second is that the Mengerian idea about the 'untestability' of the conclusions of theoretical research is not a tenet employed by Aristotle both in practical and natural theoretical science. Third, Menger explains some social institutions or phenomena in a way that, although making use of some Aristotelian concepts, is not Aristotelian. The three objections against Menger's Aristotelianism here presented suggest that caution is needed when making such claims. Menger uses Aristotle's concepts, he knows Aristotle's philosophy, and he applies some of them to the social field. However, his knowledge does not fully capture the "spirit" that embeds them. My conclusion: Menger was not a strict Aristotelian.

NOTES

- 1 For Aristotle's concept of science and *oikonomike* as science, see Crespo 2014. In respect to the ontological nature of *oikonomike*, see Crespo 2006.
- 2 Cf. *Posterior Analytics* 4, 73a 23-4; 6, 74b 14; 8, 75b 24; see also *Nicomachean Ethics* (NE) VI, 3, 1139b 23-4.
- 3 Cf. *Analytics* I, 31, 87b 28-35; *De Anima*, II, 5, 417b 23; *Metaphysics* E, 2, 1026b 24 - 1027a 20 and K, 8, 1064b 27-1065a 5.
- 4 This solution is proposed by Gauthier (1970), II, pp. 23-5, 453-5, relying on NE VI, 3.
- 5 In a letter to Walras, Menger states that "We do not simply study quantitative relationships but also the NATURE (*das WESEN*) of economic phenomena." Quoted by Hutchison 1973, p. 17, footnote 5. In the same letter, Menger insists on the *divergence* of their interests: cf. Campagnolo 2010: 304, endnote 46, p. 371.
- 6 As E. Kauder suggests, the formulation used in a letter to Walras—"des lois fixes"—is more adequate, because more than exactness, Menger is meaning infallibility (cf. 1957, p. 103).
- 7 Cf. Mäki 1990, p. 295. This position is also held by Smith (1990, pp. 266-7; 1994, pp. 34-5). And Alter (1990, p. 107).
- 8 I will not discuss here the fidelity of this second edition prepared by Menger's son Karl with his father's thinking. Scheall and Schumacher (2018), based on Karl's diaries, deal with the relation between Carl and Karl. They show that Karl did great part of his work of revising the text during Carl's last years of life, from 1918 (Carl died in February 1921) and "he [Karl] noted that organizing the chapter on the economy was his greatest accomplishment as editor of the 2nd edition" (2018, p. 666).
- 9 Cf. also 1892: 255 about money: "Money has not been generated by law. In its origin it is a social, and not a state-institution."

- 10 He refers to authors quoted in the rest of the book: Wilhelm von Humboldt on linguistics, E. Burke on Politics, Herbert Spencer, on the topic of ethics, and Fr. C. von Savigny, K. F. Eichhorn, B. G. Niebuhr and—before them—G. Hugo and Justus Möser, on Law, Albert E. F. Schäffle, on the conception of society. They are all authors who belong to a new kind of organicism. Alter (1982, 1990) points out the clear influence that they exercised on Menger in this regard. Lawrence White also indicates this in his Introduction to the English version of *Investigations* (8ff.). Yagi 1997, Meyer 1990 and Hutchison 1973 also agree.

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