REFLECTIONS ON ECONOMIC PROBLEMS BY PLATO, ARISTOTLE, AND AQUINAS

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Preface

The purpose and plan of this report are set out in the Introduction. Here, I only wish to express my gratitude to Professor Russell H. Baugh who has helped me greatly in the preparation of this report by discussing the various subjects as they were in the process of being prepared. I am very much indebted to Dr. Harold D. Hantz for his commentaries on the report and for the inspiration which his classes in Philosophy have furnished me as I attempted to correlate some of the material found in these two fields, Economics and Philosophy.

I should like also to acknowledge that I owe my first introduction into the relationships of Economics and Philosophy to Dean Raymond Thomas, and his comments on this report have been of great value.

Eugene L. Swearingen

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Introduction

This report has been entitled, "Reflections on Economic Problems by Plato, Aristotle, and Aquinas." I have attempted to find and coordinate the references which each of these three famous philosophers have made to economic problems. I have relied mainly on the original works of each writer because the ordinary text in either of the two fields fails to treat the subject adequately.

I am interested in this particular subject because I feel that Economics is only one branch of a larger field. In my opinion there is a need for economists who at least have a fair knowledge of the other social sciences. Few men realize how much their own philosophical foundation determines their thinking.

It is common knowledge that Marx was greatly influenced by the philosophy of Hegel. Adam Smith was a philosopher and a logician long before he became known as an economist. John Stuart Mill is famous for work in both fields. Machiavelli, Roger Bacon, Thomas Hobbes, John Locke, David Hume, and John R. Commons are just a few of the men known in economics who were greatly influenced by philosophy.

But it was not until I read Gruchy's recent book, "Modern Economic Thought,"[1] that I realized modern economic thought was being greatly transformed because of a change in basic philosophy. In fact, Gruchy feels the cause of the heterodox economics lies mainly in the difference in the "intellectual orientation of the economists." He says, "This heterodox orientation is a product of the thinking of Hegel, Marx, Darwin, and Spencer in Europe, and of Peirce, James, and Dewey in the United States."

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[1] Allan G. Gruchy, Modern Economic Thought. Prentice Hall, 1947.

Gruchy feels that the great books a man reads, the contacts with illustrious thinkers--in short, his basic intellectual orientation--"constitute the general framework of interpretation into which he fits his thought on particular economic issues, and in the light of which he makes his suggestions for the improvement of economic society." It determines the scope of scientific investigation. It is in reality the point of departure into the analysis of the economic world.

Gruchy is not the first to have noticed this effect. Charles A. Beard has said, "... Any selection and arrangement of facts pertaining to any large area of History, either local or world, is controlled inexorably by the frame of reference in the mind of the selector and arranger. This frame of reference includes things deemed necessary, things deemed possible and things deemed desirable."[2]

The difference between the philosophical basis of Economic Orthodoxy and of Economic Heterodoxy may be summarized as follows: The "static or equilibrium" economics assumed that beneath the fluctuations of daily economic activity there was an abiding structure or order which should be studied to find the principles or laws of economics. This was to be a universal economics, good for all countries and for all time to come. "Divine guidance" is a term used by Adam Smith to show his belief in a divinely ordered world. To the heterodox economist change is the important thing in our economic system. Newton's concept of an unchanging universe is exchanged for the Hegelian concept of "becoming" and for the Darwinian concept of "evolution." John R. Commons, for example, adopts Charles S. Peirce's ideas of changes and development and makes it the foundation for his dynamic

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[2] Charles A. Beard, "Written History as an Act of Faith," American Historical Review, XXXIX (January, 1934), 227-228.

approach to economics. Thus the holistic school of economics is more concerned with the dynamic, the fluid, the changing, and the pluralistic.

It is my intention to limit this report to three great thinkers. Plato and Aristotle are the most important of the Greek Philosophers, and St. Thomas Aquinas is one of the greatest thinkers of the middle ages and one of the first of the Church Fathers to recognize economic problems.

Space Accorded Plato and Aristotle in Standard Works on the History of Economic Thought

It is interesting to note the difference in the importance which different authors give to Plato and to Aristotle. Gide and Rist in their popular history "A History of Economic Doctrines" begin their work with the Physiocrats of the eighteenth century. Cannan, in his "Review of Economic Theory" (1929), p. 2, says that "we should be disappointed" if we expected to find "interesting economic speculation in the writings of the Greek philosophers." Schumpeter admits the indirect influence of Greek philosophy, but minimizes its detailed contribution in his "Epochen der Dogmen und Methodengeschichte," 2nd ed., 1925. Duhring claims that neither ancient nor medieval thought contributed anything "positive" to economic science. However, Marx, in a chapter which he wrote for Engels's "Anti-Duhring," gives Greek economic thought real importance.

Eric Roll, in his recent publication, "A History of Economic Thought,"[1] becomes the first of those writing comprehensive survey books to assign any real importance to Greek philosophy, as it effects economic thought. Roll calls Aristotle "the first analytical economist." Going further he says, "Throughout his 'Politics' and his 'Ethics' there is evident a keen understanding of the principles on which his own community was based. It was he who laid the foundations of science and who first posed the economic problems with which all later thinkers were concerned."

Of the students of early economic thought, Arthur Monroe in his book, "Early Economic Thought," 1930, seems to have devoted the most space to

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[1] Eric Roll, A History of Economic Thought. New York: Prentice-Hall, 1946, pp. 15-28.

Aristotle. However, Monroe has the obvious disadvantage of inadequate evaluation of the various contributions. His book is simply a collection of excerpts from various early writers who touched upon economic matters. He does not deal with Plato, and his excerpts from Aristotle are taken only from Aristotle's "Politics" and his "Nicomachean Ethics." I do not feel that the excerpts represent Aristotle's work in a satisfactory manner.

Direct or Indirect Contributions

I believe that most of the difference in opinion among the writers of the History of Economic Thought about the effect of Plato and Aristotle can be explained by one question. Has the author tried to find direct discussions of economic questions? If so, he will not find discussions of what would be called today "economic problems." But if he is looking for a real insight into the effect of property on men's lives, or the effect of the division of labor, then he should see Plato. If he looks for the source of the scientific methodology on which economic analysis rests he cannot overlook Aristotle.

I should make it clear that it is not my purpose to find evidence to support the idea that Plato and Aristotle were really economists parading as philosophers. Both of them make it abundantly clear that they are concerned with a much larger field. To concern oneself largely with economic matters would be to pass up the "good life." No--Plato and Aristotle were both philosophers. Of the two, Aristotle was the more realistic and gave more attention to details. He was more "down to earth" in his writings. It is natural that he was more concerned with subjects like "household management," "money," "usury," and "private property rights." But both of them wrote on economic matters because it is impossible to think of the total life of man without considering economic problems.

We must look at the society with which Plato and Aristotle were familiar in order to see the type of problems which confronted their society. The society of Athens did contain private property, division of labor, the use of money, and market exchange. "In the fifth century B. C. Athens had attained to a position of great power and prestige. It was the center of a maritime empire of importance and theleading sea power of the Mediterranean world. The seaport of Athens, the Piraeus, was the common market of all Greece. In the

Deigma of the port town goods from all parts of the eastern Mediterranean, as well as from the West, were placed on display. Athens was, as it were, the most important clearinghouse of the Mediterranean world."[1] This period marked the peak of Athens' influence in trade. The Peloponnesian War with its adverse outcome started them on a decline from which they never fully recovered. But Plato and Aristotle, being Athenians of some importance, could not but have been familiar with the economic problems of Athens. It is entirely possible that the ethical questions which Aristotle attempted to answer regarding property and the use of money have had a greater influence on men's minds than many a highly refined economic theory.

This does not mean that property rights are the same now as they were in antiquity. The rules of society regarding the rights of property have been subject to continual revision. In some tribal societies the "rights" have been very limited. In the Roman era property rights were extended so that a man could "use or abuse" the property which he owned. In general, today we allow men to use or withhold from use the property which they own, but we have placed limitations upon the abuse of property.

The constitution of Solon in the sixth century B. C. was the result of a growing conflict between economic classes within the Greek society. The nobles ordered Solon "to establish peace between the nobles and the people, and to take all legal measures that might be necessary to this end." It provided for the freeing of some slaves, it forbade the personal enslavement of the debtor, it set a maximum rate on interest for the use of money, reduced or cancelled many debts, divided the citizens into four classes on the basis of property owned, and reserved government offices to property

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[1] John Day, An Economic History of Athens Under Roman Domination. Columbia University Press, 1942, Chapter I.

owners. Just as in England much later, the reforms satisfied neither class and the struggle continued. Plato was well aware of this conflict and we will see later that his "ideal state" eliminates class conflict although it does not eliminate the classes.

Plato

Chronologically, it is Plato with whom we are first concerned. Plato was born in 428-27 B. C. and died in 348-7. It is known that he came from a rather influential family; however, very little is actually known about his personal life. His works, which we do have, are much more important than are the details of his life. Plato's two longest works are "The Republic" and the "Laws." We will be principally concerned with the "Republic." Plato writes in dialogue form with Socrates as the main character. Plato was a follower of Socrates and it might be argued that the contributions to economic thought are from the mind of Socrates. However, I feel that this question is not important in a paper of this kind.

The first book of the "Republic" provides the setting for the rest of the work. It is here that the question of "what is Justice" is introduced. In the second book Plato begins the construction of his "ideal state" and is confronted with some problems which are economic in character.

Socrates is speaking and he outlines the purpose of the State.[1] "A State, I said, arises, as I conceive, out of the needs of mankind; no one is self-sufficing but all of us have many wants." "Then as we have many wants, and many persons are needed to supply them, one takes a helper for one purpose and another for another; and when these partners and helpers are gathered together in one habitation the body of inhabitants is termed a State." "And they exchange with one another, and one gives and another receives, under the idea that the exchange will be for their good."

In the above quotations Plato not only says that the basic function of the State is to meet the "needs of mankind" but in the following few pages of

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[1] Plato, The Republic, Book II, Scribners Ed., p. 63.

the "Republic" he goes on to enumerate those needs, which are mainly economic in character. He gives a discussion on the necessity for the division of labor that is as convincing as is the argument of Adam Smith almost two thousand years later. "We must infer that all things are produced more plentifully and easily and of a better quality when one man does one thing which is natural to him and does it at the right time, and leaves other things."[2] He even hints at the idea which Smith was to develop later that the size of the market places a limit on the degree of specialization of labor.

In a later passage he traces the need for some type of market organization and the need for money as a medium of exchange.

> Then again, there is the situation of the city--to find a place where nothing need be imported is well nigh impossible.
>
> Then there must be another class of citizens who will bring the required supply from another city?
>
> There must.
>
> But if the trader goes empty-handed, having nothing which they require who would supply his need, he will come back empty-handed.
>
> That is certain.
>
> And therefore what they produce at home must be not only for themselves, but such both in quantity and quality as to accommodate those from whom their wants are supplied.
>
> ... Then we shall want merchants?
>
> We shall.
>
> And if merchandise is to be carried over the sea, skillful sailors will also be needed, and in considerable numbers?
>
> Yes, in considerable numbers.
>
> Then, again, within the city, how will they exchange their productions? To secure such an exchange was, as you will remember, one of our principal objects when we formed them into a society and constituted a State.

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[2] Ibid., p. 65.

Clearly they will buy and sell.

Then they will need a market-place, and a money-token for purposes of exchange.

Certainly.

Suppose now that a husbandman, or an artisan, brings some production to market, and he comes at a time when there is no one to exchange with him,--is he to leave his calling and sit idle in the market-place?

Not at all; he will find people there who, seeing the want, undertake the office of salesmen.[3]

I believe that the above quotation will clearly show Plato's knowledge of, and interest in, the basis for the division of labor, the need for exchange, the use of money, and the function of the merchant.

Plato does consider the social and economic aspects of division of labor. Justice in the State comes to be "each man doing that work for which he is best fitted." So we see that the society of the Ideal State is to be based on division of labor. But it remains for Marx to develop the idea that the nature of the State is determined by these economic considerations.

Xenophon, 440-355 B. C., gives in his "Cyropaedia," a remarkable analysis of the complex division of labor. Also in his short work, "On the Means of Improving the Revenues of the State of Athens," written about 355 B. C., he gives an enlightened discussion on state revenue, a subject which Plato has not dealt with effectively.

Plato has used his theory of the division of labor as a support for the idea of "castes" which he uses as a basis for his ideal State. Perhaps the word "classes" should have been used instead of castes. Charles M. Bakewell, in one introduction to the "Republic," says, "It is important to note that Plato's three classes do not in any way represent a caste system, but rather what we should call a merit system; everyone's position in the social order

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[3] Ibid., pp. 66-67.

is determined not by birth, but solely by ability." In my opinion to characterize Plato's class society the result of a "merit system" is an error. It is true that the various classes were not closed and that individuals might move from one to another. However, in the Athenian state which Plato knew so well, class conflict was becoming a most important problem. Thus, in the ideal state the class division remains but the class antagonism is eliminated by making the difference between the rulers and the ruled even more marked. The rulers of Plato's ideal state were to be wise enough to place each man in his proper place. What happened if a man disagreed with the rulers "as to his proper place" is not answered.

There are a few passages in Plato which have given rise to the much misunderstood "communism" of Plato's ideal state. I am convinced that Plato was not, in fact could not have been, proposing the sort of Communism which we have today in theory or in practice. He was a member of a city-state not a nation-state, and he had been brought up to assume slave labour as an integral part of the economic order. He looked forward not to a world order but to a better city-state; he sought to avoid political exploitation of the lower classes but certainly he never aimed at procuring for the working class the full fruits of their labours; and because he accepted slavery he certainly did not intend for the working class to control the political system of the state. I believe that everything in Plato points to the belief that control of the political system by the workers would lead to catastrophe. This is not to say that Plato would have approved the control of government by capitalists. On the contrary, Plato was opposed to any vested interest being in control of government. Many books and articles being written today would lead to different conclusions than those I have reached above. Max Beer's

book, "Social Struggles in Antiquity,"[4] is, in my opinion, a masterful misstatement of the ideas of Plato. The excerpts are neither complete nor representative of the work. For a much better treatment I suggest "Plato Today,"[5] by Crossman.

Beer quotes the following passage from the "Republic." "We have arrived at the conclusion that in the perfect State wives and children are to be in common; and that all education and the pursuits of war and peace are also to be common, and the best philosophers and the bravest warriors are to be their kings."[6] The quotation is correct but like many excerpts it fails to convey the meaning intended by the author. Beer leaves the impression that this was for all society, in fact he says it is a mistake to believe that Plato intended the communal life for only certain classes. In reality, Plato had in book seven been discussing the education and the life of the guardians and the warriors. The statement which he directed to Glaucon at the beginning of the eighth book was a summary of their previous discussion.

I believe these controversial passages may be summarized as follows. The communal life of the State was to be shared by the two upper classes, the rulers and the warriors, and not by the third group, which included the great mass of the citizens. The communal life was a means to an end, not an end in itself. His proposal to abolish the private family and private property among the two upper classes was an attempt to eliminate what he felt was a

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[4] Max Beer, Social Struggles in Antiquity. International Publishers, 1925, Chapters II and IV.

[5] R. H. S. Crossman, Plato Today. Oxford University Press, 1939, Chapters VII and IX.

[6] Plato, op. cit., Book II, p. 313.

source of selfishness among those he wanted to have devoted to the society as a whole. Plato did not suggest the common life of these classes as an attack on the family or on private property as such. But he plans a life for the two upper classes which is essentially a life of service through devotion to the common good and in this money could not occupy an important part.

Another thing which has caused controversy in economic writings is Plato's ideas on the "dignity" of various types of labor. The Republic leaves little doubt that Plato considers the "good life" to be the life of contemplation. There is a certain dignity connected with doing well that work to which you are assigned, but it is certainly more honorable to do well the work of a philosopher than to do well the work of a common laborer. To this day there persists the belief that not only some occupations are unworthy, but in some cases that any type of manual labor is unworthy. Thorstein Veblen in his work, "The Theory of the Leisure Class,"[7] shows the importance which certain classes of our society still attach to "receiving an income from some other source than manual labor."

Plato had small regard for foreign trade, for merchants, and for salesmen. In England much later the rising merchant class of England was "looked down upon" by the English aristocracy. In America labor is regarded more highly but we still have "favored" occupations.

Max Beer again quotes from Plato's Laws, Book V, to support communism. "If the government be good, then no excessively rich people will exist in the State, and where there is no foolish wealth there will be no mean poverty, for the former creates the latter." The key even to this quotation is what

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[7] Thorstein Veblen, The Theory of the Leisure Class. The Macmillan Company, 1912.

Plato means by "excessively rich." Then there is the statement in the "Republic" which Beer does not quote, but which gives a different idea. Cephalus, who is an elderly rich man, is being questioned by Socrates. "They think that old age sits lightly upon you, not because of your happy disposition, but because you are rich, and wealth is well known to be a great comforter." And after Cephalus leaves the discussion Socrates says to the group, "And the great blessing of riches, I do not say to every man, but to a good man, is, that he has had no occasion to deceive or to defraud others, either intentionally or unintentionally ... now to this peace of mind the possession of wealth greatly contributes."[8]

Thus, I think a fairer statement of Plato's views on wealth is that the pursuit of wealth is not a noble end. I see nothing in my readings which leads me to believe that Plato was calling for an equal distribution of wealth, but Plato certainly felt that the highest ends were those of the mind and not those concerned with the accumulation of wealth.

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[8] Plato, op. cit., Book II, pp. 6-8.

Aristotle

Aristotle comes after Plato chronologically, (384-322 B. C.), but in many respects we shall see that he has had a greater influence on Economic thought. Aristotle, the son of a physician of note, was born at Stagira in Thrace. It is possible that his interest in biology can be traced to his father. He went to Athens in his early youth and studied under Plato until the great teacher's death twenty years later. When the Academy passed into the hands of a relative of Plato, Aristotle began travelling and after some years he went to Macedonia to act as tutor to the king's son, who later became Alexander the Great. Three years later Alexander assumed the throne and Aristotle returned to Athens where he set up a school called the Lyceum. He conducted the school for twelve years during which time Alexander died. Perhaps because of his former relations with Alexander, Aristotle was not popular in Athens and left "in order that Athens might not sin against Philosophy again." It was during his twelve years in Athens that he is supposed to have written most of his works which now comprise over ten volumes. All of his works are characterized by an impressive respect for facts and a striving for scientific precision.

Aristotle wrote on many subjects including logic, metaphysics, ethics, politics, rhetoric, poetry, history, psychology, and the natural sciences. His works on biology constitute over one-third of all his writings and are the most important single subject from the standpoint of space devoted in his writings. At least it is certain that his work in biology influenced all his later statements on other subjects.

With Aristotle, as with Plato, none of his works is devoted to purely economic questions, but there is every evidence to indicate that he was fully aware of the relation between economic considerations and other aspects

of life, and it is from this point of view that he discusses economic questions. Aristotle had great influence on the thinkers of his day and he has never ceased to be a great source of inspiration for thinking men to this day. Therefore, his views on economic matters were considered and were in a position to influence the development of economic thought.

One of the first topics which Aristotle takes up in his "Politics," Book I, is the question of household management, and under this he discusses slavery. He attempts to justify slavery by appealing to reason. "For that some should rule and others be ruled is a thing, not only necessary, but expedient; from the hour of their birth, some are marked for subjection, others for rule."[1]

Aristotle goes on in the first book of the "Politics" to distinguish between what he calls the natural and the unnatural forms of exchange. The former is merely "a part of the management of a household." It arises because men have a surplus of one item and wish to exchange it for other items which men may offer to trade. From this simple form of exchange has developed the more complex and unnatural form. It is called the art of money making.

> Of everything which we possess there are two uses: both belong to the thing as such, but not in the same manner, for one is the proper, and the other the improper or secondary use of it. For example, a shoe is used for wear, and is used for exchange; both are uses of the shoe. He who gives a shoe in exchange for money or food to him who wants one, does indeed use the shoe as a shoe, but this is not its proper or primary purpose, for a shoe is not made to be an object of barter. The same may be said of all possessions, for the art of exchange extends to all of them, and it arises at first in a natural manner from the circumstance that some have too little, others too much. Hence we may infer that retail trade is not a natural part of the part of the art of money-making; had it been so, men would have ceased to exchange when they had enough.[2]

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[1] Aristotle, Politics, Book I, Jowett translation.

[2] Ibid., Book I.

From the above quotation we see that Aristotle is the first to distinguish between the two types of value, use value and exchange value. He was laying the foundation for a part of economic thought which has remained to the present day. Also Aristotle is pointing out that exchange in a limited form may take place which is "natural," but that exchange for the art of making money is "unnatural." The first is needed for the satisfaction of men's natural wants.

Plato had given thought to the origin and function of money but Aristotle goes further in his analysis.

> When the inhabitants of one country became more dependent on those of another, and they imported what they needed, and exported the surplus, money necessarily came into use. For the various necessaries of life are not easily carried about, and hence men agreed to employ in their dealings with each other something which was intrinsically useful and easily applicable to the purposes of life, for example, iron, silver, and the like. Of this the value was at first measured by size and weight, but in process of time they put a stamp upon it, to save the trouble of weighing and to mark the value.[3]

Aristotle thus traces the causes which lead to the development of indirect exchange, and he shows the origin of coins. It is the accumulation of money as an end in itself which draws fire from Aristotle.

> The quality of courage, for example, is not intended to make money, but to inspire confidence; neither is this the aim of the general's or of the physician's art; but the one aims at victory and the other at health. Nevertheless, some men turn every quality or art into a means of making money; this they conceive to be the end, and to the promotion of the end all things contribute.[4]

Aristotle places great stress on a thing's "function" in all his works. Since he regards the end of money-making as unnatural it is not surprising that he attacks interest (which he calls usury because the idea of "interest above a certain rate being unjust" is of recent origin). The Church Fathers

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[3] Ibid., Book I.

[4] Ibid., Book I.

of the middle ages went back to Aristotle for support in their attack on the baser aspects of trade and on usury.

> Of the two sorts of money-making one, as I have just said, is a part of household management, the other is retail trade: the former necessary and honorable, the latter a kind of exchange which is justly censured; for it is unnatural, and a mode by which men gain from one another. The most hated sort, and with the greatest reason, is usury, which makes a gain out of money itself, and not from the natural use of it. For money was intended to be used in exchange, but not to increase at interest. ... Wherefore of all modes of making money this is the most unnatural.[5]

Aristotle shows that he is familiar with the effects of monopoly of prices. He recounts the story of Thales, the Milesian philosopher, who had proved his disregard for money in a striking way. Reproached for his poverty Thales proved that he could make money if he so desired. On the basis of his knowledge of astronomy he determined that the next year would be a good year for olives. He then leased all the available olive presses at a low price and the next year when the demand was high he extracted a high price. He also tells of the man of Sicily who bought up the iron and the iron mines thus gaining 200% profit.

"As I was saying, his device for getting money is of universal application, and is nothing but the creation of a monopoly. It is an art often practiced by cities when they are in want of money; they make a monopoly of provisions."

Roll says that in Aristotle "For the first time in the history of economic thought the dichotomy of money and real capital is stated."[6] In the "Ethics," Book V, Aristotle hints at but never arrives at a real theory of value. He does discuss the ethics involved in exchange and his writings

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[5] Ibid., Book I.

[6] Roll, op. cit., pp. 25-26.

became the basis of the idea of a "justprice," a subject which will interest us when we get to the early Church Fathers.

In the "Nicomachean Ethics," Book V, Aristotle gives his discussion of what constitutes justice in exchange.

> It follows that such things as are the subjects of exchange must in some sense be comparable. This is the reason for the invention of money. Money is a sort of medium or mean; for it measures everything and consequently measures among other things excess or defect, e.g., the number of shoes which are equivalent to a house or a meal.[7]

Later in the same work Aristotle finds that money also acts as a sort of measuring stick for the value of a thing in exchange. Also that it possesses a rather constant value and thus is a way of "storing up value."

> Money is serviceable with a view to future exchange; it is a sort of security which we possess that, if we do not want a thing now, we shall be able to get it when we do want it; for if a person brings money, it must be in his power to get what he wants.
>
> It is true that money is subject to the same laws as other things; its value is not always the same; still it tends to have a more constant value than anything else. All things, then, must have a pecuniary value, as this will always facilitate exchange, and so will facilitate association.
>
> Money, therefore, is like a measure that equates things, by making them commensurable; for association would be impossible without exchange, exchange without equality, and equality without commensurability.[8]

Thus Aristotle shows the need for some standard of measurement upon which the world agrees. Money then is the universal standard of measurement which makes all things commensurable. He says:

> Let A be a house, B ten minea, C a couch. Now A is half B, if the house is worth, or is equal to, five minae. Again, the couch C is the tenth part of B. It is clear then that the number of couches which are equal to a house is five.[9]

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[7] Aristotle, Nicomachean Ethics, Weldon Translation.

[8] Ibid., Weldon Translation.

[9] Ibid., Weldon Translation.

Roll gives further credit to Aristotle when he says, "In his analysis of the principles of a society in transition from agricultural self-sufficiency to trade and commerce he remained unsurpassed for centuries. He remains also the chief source of inspiration of all those who wish to effect a worthy compromise between the baser and the higher pursuits of man."[10]

Aristotle leaves little room for doubt as to his feelings about communal property. In the second book of the "Politics" he attacks Plato's "proposed new order of society." Furthermore, Aristotle was always against revolutions, all extreme reforms, and all extremes in life.

> The present arrangement, if improved as it might be by good customs and laws, would be far better (than community of property), and would have the advantages of both systems. Property should be in a sense common, but, as a general rule, private; for, when everyone has a distinct interest, men will not complain of one another, and they will make more progress, because everyone will be attending to his own business.[11]

It is interesting to note that Aristotle does not consider all pleasure which comes from the use of private property as evil. In fact, it is a natural pleasure.

> Again, how immeasurably greater is the pleasure, when a man feels a thing to be his own; for the love of self is a feeling implanted by nature and not given in vain, although selfishness is rightly censured; this however, is not the mere love of money; for all, or almost all, men love money, and other such objects in a measure. And further, there is the greatest pleasure in doing a kindness or service to friends or guests or companions, which can only be rendered when a man has private property. The advantage is lost by the excessive unification of the state ... No one, when men have all things in common, will any longer set an example of liberality or do any liberal action; for liberality consists in the use which is made of property.[12]

Aristotle recognizes the appeal that the communistic propaganda has for the common man.

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[10] Roll, op. cit., p. 28.

[11] Aristotle, Politics, Book II, Jowett Translation.

[12] Ibid., Book II.

> Such legislation (that which would abolish private property) may have a specious appearance of benevolence; men readily listen to it, and are easily induced to believe that in some wonderful manner everybody will become everybody's friend, especially when one is heard denouncing the evils now existing in states, suits about contracts, convictions for perjury, flatteries of rich men and the like, which are said to arise out of the possession of private property. These evils, however, are due to a very different cause--the wickedness of human nature. Indeed, we see that there is much more quarrelling among those who have all things in common.[13]

One must read Book II of the "Politics" in its entirety to see the full list of objections which Aristotle raises to communal property, but it is very interesting to note that Aristotle urges all the objections which have been raised against Socialism or Communism in all the ages since his death.

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13 Ibid., Book II.

St. Thomas Aquinas

It is interesting to note that almost a thousand years lie between the fall of the Greek and Roman civilizations and what might be called the later Middle Ages. Contrary to the belief of many who look back on social development, the "dark ages" were not entirely dark, and we find many things developing which carried into the period of Commercial Capitalism. The system of slavery had gradually been replaced by the feudal society, probably due to the fact that slavery proved to be uneconomical.

The Church had come to play a more and more important role in the affairs of men. From a loosely organized group of Jews, small in number, the Christian religion had, through men like Paul, been spread to the Gentiles, and was with its growth in numbers becoming increasingly institutionalized. It is during the Middle Ages that the Church extends its power from the spiritual life of man to the material. The Church itself owned much land, it controlled much power, and its very unity gave it a universal power which, according to Pirenne,[1] made it the most important feudal institution.

As with Aristotle, the Church Fathers wrote on economic matters as they would any other practical matter. Economics was a part of man's life and they treated it as a part of ethics or politics. In general they condemned avarice and covetousness and subordinated the material advancement of the individual to that "more glorious end" salvation.

Christ had condemned the search for riches, saying, "It is easier for a camel to pass through the needle's eye than for a rich man to enter the kingdom of heaven." Saint Augustine had feared that trade turned men away

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[1] H. Pirenne, Economic and Social History of Medieval Europe, 1936. P. 13.

from God. But as we get into the later Middle Ages "we find in the most important of them (the early Church Fathers), Saint Thomas Aquinas, a distinct tendency to reconcile theological dogma with the existing conditions of economic life."[2]

Before we proceed further with the ideas of Aquinas, let us look briefly at his life. Born in 1225, the son of the Count of Aquino, he was destined to become a military man. "Thomas was the largest of the Count's seven sons. What a soldier he would have made for his country and for his king! Why, fighting was as natural an instinct to the sons of a nobleman as mating. The wellborn Italian of those days had a threefold duty in life--to breed, to lead, to bleed."[3] But Thomas was a "disgrace" to his father: he preferred thinking to fighting.

When Aquinas insisted on following the Church, his family decided that he should take a degree in theology and become a Bishop. The Church, too, was a great career. Social prestige and money and all kinds of honor accrued to the bishopric. But this kind of life was not for Thomas. He announced to his family that he wished to become a friar. This meant taking the vows of poverty, giving up a career, in fact, losing all the advantages which the Church could offer to a member of a noble family. The family imprisoned Thomas and pleaded with him to give up his plan. When he refused, his sister helped him to escape, and he later joined the Dominican Order. A youth of great talent, he was given the best of training in the Church. In France he studied under Albertus Magnus, one of the greatest teachers of that day. Albertus was a walking and talking summary of medieval culture.

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[2] Roll, op. cit., p. 39.

[3] Henry Thomas and Dana Lee Thomas, Living Biographies of Great Philosophers. P. 70.

Aquinas obtained his doctorate about 1257. At the age of thirty-three he was appointed professor of religion at the University of Paris, and his fame as a teacher spread rapidly. "He attracted crowds of students to him. They recognized his massive dignity. They remarked that he was rightly called Thomas--the word "Thomas" means "depth"--for this man was deep beyond all the teachers of his day."[4]

Aquinas wrote voluminously. He had decided to weave the sayings of the Holy Fathers and the Scriptures into one vast philosophical system to embrace the intellectual, moral, and theological life of the Catholic world. In all, he wrote about sixty volumes, of which the "Summa Theologica" comprises over twenty volumes. This work, which is his most important, is a complete exposition of theology and summary of the Christian philosophy.

> He discusses everything pertaining to God and life and conduct and mind. To give an idea of the scope of the work, let us mention a few of the chapter headings. He considers the question of, states his proof for, and answers the objections to the "Existence of God," the "Simplicity of God," the "Supreme and Eternal Goodness of God," the "Knowledge and Will and Love of God." He then discusses the "Creation of the World," the "Problem of Evil," the "Needs of Human Conduct" and the "Nature of Happiness." From these general investigations he narrows his discussion down to the field of human ethics and considers wherein man's happiness exists--whether in riches, honor, fame, glory, power or pleasure, or in a combination of all these factors. He discusses in particular the problem of human passion, notably the passions of love, of hatred, of desire, of pain and of sorrow, of fear and of anger. Then he passes on to a systematic study of human habits, of civil and moral law, of war and peace, of sedition and homicide, of theft and robbery, of usury, of fraudulent dealing in buying and selling, of hope and despair, of flattery, hypocrisy, pusillanimity, courage, nobility, martyrdom, charity, compassion and faith. And finally, having thus in the cold light of analysis reviewed every branch of human activity, he concludes with a stirring recapitulation of the good life and of the humble path which men must travel on earth if they are to find their way to the Kingdom of Heaven.[5]

It is the second part of Part II which considers the nature and consequences

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[4] Ibid., p. 75.

[5] Ibid., p. 78.

of human actions and which deals with economic subjects. This material is found in volumes nine and ten of the bound work.

Plato and Aristotle had emphasized the "life of reason." But in the more than thirteen hundred years which separate Aristotle and Aquinas, philosophy had become the "handmaid of theology." The inner life of man had changed greatly. There was now the belief that the world was created for man--it was the setting for the drama of man seeking his salvation. There was now one God, a transcendent being, our Father, and the creator of all things. Man is basically a sinner and must be saved through Jesus Christ. The low and the humble are the beloved, the life of humility is the best life. Fundamental truth is "revealed truth," not the truth which may be obtained by reason. "Reason," in the sense which Plato and Aristotle used it, could never be the final test of truth.

Philosophy had thus become subordinate to religion and was primarily concerned with the relation of man's soul to his God. Knowledge which does not contribute to salvation is pointless. St. Augustine, (353-430 A. D.), one of the greatest of the early theologians, fortified the Christian religion with his study of Platonism. Boethius, (480-525 A. D.), a Greek, had translated a very small part of Aristotle, and except for this Aristotle was unknown in the Western World until the 12th and 13th centuries.

The lack of any adequate knowledge of the works of Aristotle by the Western World is one of the most interesting stories in history. Due to language barriers, it almost seems that the advances in thinking made by Aristotle were lost for fourteen centuries. Certain Arabic translations had been made in the fifth century and others were made later. As the Mohammedans moved across Africa and into Spain, the Arabian scholars brought the works of Aristotle. At first the words of Aristotle were banned by the Church as heretical. But in 1254 the University of Paris began to teach about

Aristotle, and St. Thomas Aquinas made Aristotle part of the Church Doctrine.

One might well ask the question, "Why did a naturalistic philosopher become the cornerstone in a super-naturalistic doctrine?" The answer seems to be this. The systematic method of thought used by Aristotle appealed to Aquinas who was also a systematic thinker. Parts of the metaphysics and ethics of Aristotle can have a spiritual interpretation. Aristotle had used the term "Theos," meaning God, to show the pattern and structure of nature. This form was not a material thing. Of course, Aristotle had thought of God as in Nature, not a transcendent being as in Christianity. Aristotle had spoken of the eternal order in nature. Under Aquinas this order becomes the "eternal pattern of God." As the Western World became acquainted with the scientific and inquiring spirit of Aristotle's works, men began to consider his views with great respect. It was much more expedient for the Church to encompass the works of Aristotle, taking those elements which were acceptable to Christianity and ignoring those opposed to Christianity than it would have been to reject all of the thinking of so great a man. Thomas Aquinas refers to Aristotle as "the philosopher," as if there had never been another.

Why did Aquinas concern himself with economic problems? The Church Fathers were faced with the problem of taking broad "God given" principles and applying them to the problems of everyday living. A religion like Christianity must be practiced in relation to the problems of the world. It is for this reason that substantially all of St. Thomas' economic teaching is found in the moral part of his "Summa Theologica." The method which he uses to approach the problems is known as the "Scholastic Method." He states the problem which might be called the thesis. He states the objections, gives his reply in a general form, and then very systematically gives his answers to each of the objections.

The subjects which he examined pertaining to economics can be listed under seven general headings: private ownership, the virtue of justic, use of wealth, duties connected with wealth, the just price and just wage, trade, and usury. We will examine each of these.

The subject of private ownership is considered in question 57, article 3, and question 66, article 2. In the former article he says, "For if a particular piece of land be considered absolutely, it contains no reason why it should belong to one man more than to another, but if it be considered in respect of its adaptability to cultivation, it has a certain commensuration to be the property of one and not of another man, as the Philosopher shows (Polit. ii. 2)." The title of article 2, question 66 is, "Whether it is Lawful for a man to possess a thing as his own." His answer is:

> Two things are competent to man in respect of exterior things. One is the power to procure and dispense them, and in this regard it is lawful for man to possess property. Moreover, this is necessary to human life for three reasons. First, because every man is more careful to procure what is for himself alone than that which is common to many or to all; since each one would shirk the labour and leave to another that which concerns the community, as happens where there is a great number of servants. Secondly, because human affairs are conducted in more orderly fashion if each man is charged with taking care of some particular thing himself, whereas there would be confusion if everyone had to look after any one thing indeterminately. Thirdly, because a more peaceful state is ensured to man if each one is contented with his own.. Hence it is observed that quarrels arise more frequently where there is no division of the things possessed. The second thing that is competent to man with regard to external things is their use. In this respect man ought to possess external things, not as his own, but as common, so that, to wit, he is ready to communicate them to others in their need ... Hence the ownership of possessions is not contrary to the natural law, but an addition thereto devised by human reason.[6]

Aquinas then says that the use of external goods is necessary for every individual, but he declares that private ownership is necessary as a social institution. Aquinas, as a member of the Dominican Order, has renounced

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[6] St. Thomas Aquinas, Summa Theologica, Vol. 10, p. 224.

wealth. It is impossible to argue that he knew nothing of the communal life, and for this reason his arguments for the private possession of property seem to have more meaning. The reader will, of course, note the similarity between the arguments of Aristotle and Aquinas on this point and on other points to be dealt with later. You can not read the writings of the Church Fathers without realizing the great effect which Plato and Aristotle had on Medieval thinking.

A quotation from Haldane's "The Marxist Philosophy and the Sciences" will suffice to show that even modern writers are concerned with the words of Aquinas. Following a discussion of Marxism, Haldane says:

> There are two other important philosophies which issue in action to a very considerable extent. The first is the scholastic philosophy whose greatest exponent was St. Thomas Aquinas. That philosophy represents not merely the opinions of a few people, or even of the whole body of priests and monks, but the practice of the great medieval civilization. That philosophy is still active in guiding the activity of the Roman Catholic Church. It is, therefore, deserving of study whether we adhere or object to it, simply because the Catholic Church is a very important institution. The second of these practically important philosophies is what a century or two ago was called natural philosophy and is now called science.[7]

The three reasons given by St. Thomas do not make any distinction between the goods of consumption and the instruments of production. In his day, there were no machines or factories or large public utilities. The instruments of production were all comprised in land, the tools of the artisan, and the equipment of the merchant and the trader. But, since Thomas made no distinction, it may be assumed that he saw no distinction, and that he intended his statement to apply to both types of goods. Even with changed economic conditions the Catholic Church still adheres to Aquinas' teachings on the subject of private ownership of property. Pope Pius XI added the

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[7] J. B. S. Haldane, The Marxist Philosophy and the Sciences, p. 4.

thought that public utilities may be reserved to the state, but the general position remains unchanged.

Aquinas then discusses the use of wealth. In the quotation given above St. Thomas had pointed out that the right of ownership and the right to the use of property are not the same thing. Some societies have indeed held that the misuse or even the non-use of property forfeits the right to ownership. We are told that some societies do not regard the taking of food by the hungry as stealing. On the other extreme, St. Ambrose says that "to refuse to succor the needy when you can and are well off" is theft. The obligation of using one's goods so as to supply the needy reflects the traditional Christian conception of ownership as stewardship. Aquinas says:

> Now according to the natural order established by Divine providence, the goods of the earth are designed to supply the needs of men. Wherefore the division and appropriation of things which are based on human law, do not preclude the fact that man's needs have to be remedied by means of these very things. Hence whatever certain people have in superabundance is due, by natural law, to the purpose of succoring the poor.[8]

In the same passage Aquinas says, "It is not theft, properly speaking, to take secretly and use another's property in a case of extreme need; because that which he takes for the support of his life becomes his own property by reason of that need." Thus we see that Aquinas follows Aristotle in his support of the private ownership of property, but he also recognizes the right of every man to life and to the food necessary for the sustenance of life. It might be pointed out that our present society would regard the taking of another's property, even in extreme need, as theft.

In question 32 Aquinas takes up the duties of those who possess wealth. He takes up the subject of almsgiving and states the general rule given by the Gospel according to St. Luke: "What remaineth, give alms." Then he

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[8] Aquinas, op. cit., Vol. 10, pp. 232-33.

lists what seem to be exceptions and reasons for them:

> Whoever gives away what he needs himself, squanders his own substance, and that is to be a prodigal, according to the Philosopher (Ethics, iv. i) ... If a man found himself in the presence of a case of urgency, and had merely sufficient to support himself and his children, or others under his charge, he would be throwing away his life and that of others if he were to give away in alms, what was then necessary to him ... It would be inordinate to deprive oneself of one's own, in order to give to others to such an extent that the residue would be insufficient for one to live in keeping with one's station and the ordinary occurrences of life: for no man ought to live unbecomingly.[9]

In a further discussion Aquinas states that goods which are regarded as necessary for the maintenance of a person's station in life can be diminished somewhat without endangering the essentials of such station or standard. Thus, we see the general obligation to give out of a man's superfluities to the needy. But, a reading of Thorstein Veblen's "Theory of the Leisure Class" will make us wonder just when a man regards himself as having reached the standard at "which he ought to live." Aquinas had rejected a personal life of plenty for a life of poverty. He does not seem willing to force others to do likewise. But it is true that the standards of living of today are more elastic than they were in the days of Aquinas. In summary, Aquinas regards "superfluous" wealth as morally subject to the call of the needy, but a person is not obliged to remove the need of another at the cost of creating need for himself.

St. Thomas analyzes the function of a community as follows:

> Now it is evident that all who are included in a community, stand in relation to that community as parts to a whole; while a part, as such, belongs to a whole, so that whatever is the good of a part can be directed to the good of the whole.[10]

The title of question seventy-seven is "Of Cheating, Which is Committed in Buying and Selling." Aquinas again quotes Aristotle who had said that

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[9] Aquinas, op. cit., Vol. 9, pp. 420-21.

[10] Aquinas, op. cit., Vol. 10, p. 122.

buying and selling have been established for the common advantage of both parties, one of whom requires that which belongs to the other, and vice versa. "Justice," according to Aquinas, requires the exchange of two equal things, and consequently, to sell a thing for more than its worth, or to buy it for less than its worth, is in itself unjust and unlawful.

In an attack on monopoly prices St. Thomas says:

> Yet if the one man derive a great advantage by becoming possessed of the other man's property, and the seller be not at a loss through being without that thing, the latter ought not to raise the price, because the advantage accruing to the buyer, is not due to the seller, but to a circumstance affecting the buyer.[11]

St. Augustine had given the example of a man who gave the "just price" for a book to a man who through ignorance asked a low price for it. Aquinas says, "If a man find that he derives great advantage from something he has bought, he may, of his own accord, pay the seller something over and above." Aquinas never tells us specifically what the "just price" is or how it is determined. He indicated that it is connected with the cost of production which is in the main the cost of maintaining the laborer according to the accepted and customary standards of his class. In question seventy-seven, article two, he says, "In each place those who govern the state must determine the just measures of things saleable, with due consideration for the conditions of place and time." Also, he recognizes the difference which will result in price because of the variations in supply. In a later part of the same passage he shows that both he and St. Augustine had some conception of "utility" in the determination of value.

> As Augustine says (De Civ. Dei xi. 16) the price of things saleable does not depend on their degree of nature, since at times a horse fetches a higher price than a slave; but it depends on their usefulness to man.[12]

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[11] Ibid., p. 319.

[12] Ibid., p. 323.

Aquinas says, "It is an act of justice to give a just price for a thing; so, also, to pay the wages of work and labor is an act of justice." He does not discuss the "just wage" in as much detail as he does the "just price." Probably this is due to the fact that in medieval times there were very few wage earners and the big economic problem was to see that the commodities produced by the artisan should bring a price which would enable him to maintain his customary mode of living. Aquinas is then stating the very principle upon which the minimum wage laws of the United States are based; wages must be set at such a level as to enable the worker to live decently. Our minimum wage laws have in effect ruled out the competitive element at the bottom of the wage scale, and the value of the labor becomes of us as for Aquinas, the cost of a decent living for the laborer.

St. Thomas has a good deal to say about trading. The typical Christian attitude had been opposition to trading and to the men who engaged in the profession. We have seen that Plato and Aristotle did not value the trader highly although they recognized the function which he performed. Jesus Christ had emphasized the value of human labor, and the practice of a buyer in selling a thing unchanged at a higher price, i.e., at a profit, had been condemned. But the world was changing and trade was becoming increasingly important. St. Thomas is one of the first to step forward with some justification for trading.

> Trading, considered in itself, has a certain debasement attaching thereto, in so far as, by its very nature, it does not imply a virtuous or necessary end. Nevertheless, gain which is the end of trading, though not implying, by its nature, anything virtuous or necessary, does not, in itself, connote anything sinful or contrary to virtue: wherefore, nothing prevents gain from being directed to some necessary or even virtuous end, and thus trading becomes lawful. Thus, for instance, a man may intend the moderate gain which he seeks to acquire by trading for the upkeep of his household, or for the assistance of the needy: or again, a man may take to trade for some public advantage, for instance,

> lest his country lack the necessaries of life, and seek gain, not as an end, but as payment for his labour.[13]

The above is quite a departure from established doctrine, but Aquinas was trying to reconcile practice with doctrine. Notice that he justifies "moderate" gain. Business ethics today set no such maximum; but the "fair rate of return" in the public utility legislation, and the "excess-profits" tax are both examples of what Aquinas meant by moderate gain. However, the reasons for moderate gain which Aquinas gives seem to be almost a last attempt to keep some control on profit making. From the teleological viewpoint, Aquinas is simply saying that trading, while neutral in itself, may become good if the end in view is good. He specifically says that trading for the upkeep of a man's household is lawful, also trading for the good of one's country is good. With the addition of the justification of gain as a payment for a man's labor, we find that Aquinas has met the demands of a changing economic life by bringing theology in line with practices which could no longer be restrained.

Some people may feel that to insinuate that the Church must conform to changing economic, social, and political conditions is disrespectful. Personally, I feel that the great power of the Christian Church has been this very thing, its ability to change with changing conditions and when necessary to absorb diverse movements. I have no doubt that the Church was made stronger by the absorption of the teachings of Aristotle, a pagan philosopher.

The last economic subject with which Aquinas deals was that of usury. Usury in medieval times meant the taking of any interest, not just an excessive rate as it is used today. In question seventy-eight he gives a

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[13] Ibid., pp. 327-28.

very full treatment of the "Sin of Usury." I will refrain from quoting from the text, because the arguments are much the same as those of Aristotle which have already been presented earlier in this paper.

St. Thomas regards risk and labor as the two justifications for reward. Usury was a sin largely because money is by nature barren and intended only to facilitate exchange. It may be said that the whole of Medieval society was in general opposition to usury. There are several reasons. There was no opportunity for the type of productive investment which we know today. Most of the need for borrowing of money came about because of need for consumptive rather than productive goods. Famines, excessive taxation, and oppression by rulers often caused the people to need money for consumption goods. When the facilities for borrowing were limited as they were in the medieval ages, it placed the money-lenders in a position to extract large payments for the use of money. Probably some racial prejudice entered into the situation, but the point which I wish to make is that Aquinas was stating a position which was then regarded as the position which protected the people from the unscrupulous money-lenders of the day. To argue that the strict prohibitions laid down by St. Thomas could not operate today is futile--Aquinas was writing for an economy different from what we have today.

Conclusion

In conclusion may I say that the total number of pages devoted to the field of economics by the Philosophers I have studied is not great. Originally I had planned to make this report a study of the "effect" of these three Philosophers on later economic thought. I found that any attempt to evaluate, or even trace, ideas which they originated or synthesized led to most difficult problems. I found for example that Aristotle distinguished between use value and exchange value; he recognized the principles on which a community is based; he shows the manner in which money came into use; he attacks usury on moral grounds; he shows a knowledge of monopoly and monopoly pricing; his writings later became the basis of the "just price"; he answers the arguments for communism in a brilliant defense of the institution of private property; and what is perhaps more important, even if impossible to measure, is his development of a scientific method of analyzing problems. However, when one tries to evaluate these accomplishments he finds no adequate unit of measurement. There seems to be no yardstick for measuring the effect of an idea. Thus, I was forced to limit my report to the statements on economic problems which I could find in the works of each writer. I doubt that any reader of this paper would deny that Plato, Aristotle, and Aquinas have all influenced economic thought, but I also suspect that the readers would fail to agree on how great the effect has been.

Plato outlines the development of the City-State and recognizes its economic function; he saw the need for division of labor, for the exchange of commodities, and for money to act as a medium of exchange; and he discusses the distribution of wealth which still remains a most difficult problem.

Aquinas added to Aristotle's defense of private property; he recognized

the effect of supply and demand on price; he gives a higher place to trade than any Church Father before him; and he attempted to reconcile Church Doctrine and the economic practices of his day.

I will not hesitate to say that I consider the contributions of Aristotle more important than those of Plato and Aquinas. If none of the contributions seem important to the reader, just remember that Aristotle and Plato were writing over two thousand years ago, then ask yourself how much further we have progressed toward the solution of economic problems.

The material for this report has been gathered rather laboriously through the reading of many of the ethical, philosophical, and theological works of the writers. Because the men were not primarily interested in economics, any report of this kind must of necessity consist of a synthesis of a large number of scattered passages. I have endeavored to build what I think was the economic philosophy of each of the writers. I have tried not to "read" anything into their writings, so I have quoted passages when I thought it would aid in conveying the real meaning of the writer.

Lastly, no one realizes better than I that any thorough study of the effect of Philosophy on Economic literature must include such men as Hobbes, Locke, Hume, Adam Smith, Malthus, J. S. Mill, Kant, Fichte, Hegel, Peirce, James, and Dewey. I am sure from my own investigations that no satisfactory treatment of the subject is available. The material is still intriguing but time limits the extent of this report.

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