

ΟΙΚΟΝΟΜΙΚΑΙ
ΚΟΙΝΩΝΙΚΑΙ
ΤΕΧΝΙΚΑΙ
ΕΚΔΟΣΙΣ

ΣΠΟΥΔΑΙ

ΤΡΙΜΗΝΙΑΙΑ

ΕΠΙΣΤΗΜΟΝΙΚΗ
ΕΠΙΘΕΩΡΗΣΙΣ

ΤΗΣ ΕΝ ΠΕΙΡΑΙΕΙ ΑΝΩΤΑΤΗΣ ΒΙΟΜΗΧΑΝΙΚΗΣ ΣΧΟΛΗΣ

ΟΙΚΟΝΟΜΙΚΟΝ ΕΤΟΣ
1978

ΑΠΡΙΛΙΟΣ - ΙΟΥΝΙΟΣ 1978

ΚΗ'
ΤΟΜΟΣ

ΑΡΙΘΜ.
ΤΕΥΧΟΥΣ **2**

HUMANITARIAN ECONOMICS

By LAZAROS TH. HOUMANIDIS

The Piraeus Graduate School of Industrial Studies

Introduction

The followings are dedicated to humanitarian economics, for which, in my opinion, there has never been a founder, although there are a few economists who could be considered as humanitarian. If we set aside Hodgskin (1787 - 1869), Edmonds (1803 - 1889), Saint - Simon (1760 - 1825), Sismondi (1775 - 1842), J. S. Mill (1806 - 1873), Carlyle (1795-1881), Le Play (1806-1882), Ruskin (1819 - 1900), L. Bourgeois (1851 - 1925), Ch. Gide (1847 - 1932), the writers of the Christian social movement¹, Tawney (1880 - 1962), there are no other economists who could be called humanitarians, for reasons which I will outline below.

Among the contemporary writers J. Hobson² (1858 - 1940) developed ideas which related to human welfare and that is why his economics are governed more by humanistic principles than by scientific structures. Because the writers on welfare, using A. Marshall as a departute point, are based on purely scientific economic criteria disregarding a more general viewpoint, in order to formulate a humanitarian doctrine. This is the reason a lot of them work following the path of economic calculus proceeding, as Vilfredo Pareto, to a distinction between utility and welfare³. We specifically underline two basic concepts of Hobson here, forced gain and human cost. Nevertheless, inspite of this effort of Hobson he did not present a humanitarian theory in order to formulate a system of humanistic economics which is why he remained more of a follower of Welfare Economics⁴.

Consequently I am obliged to present in brief my personal doctrine and theories which I have elaborated during my scientific career.

What differentiates basically humanitarian economics from other economic

doctrines is the rejection of homo oeconomicus who is completely lacking in the concepts of solidarity, a sentient world, tradition, culture and historico-institutional influences.

Professor Mark A. Lutz of the University of Maine, Orono, in his very interesting paper, «History of Humanistic Economics : From Sismondi to the Present» appears also to reject homo oeconomicus for humanitarian economics. He is certainly very right also excluding Marx and the Neo - Marxists from humanitarian economics. Because they adopted the idea of homo oeconomicus - capitalist who moves according to his own interest to enjoy much more surplus - value and homo oeconomicus - proletarian who tries to sell his commodity-labor force, much dearer. Humanism dominates in Marxist thought only when the communist regime will be established and man will be in an ideal and more stable environment ^{4a}.

Lutz gives the following definition for humanitarian economics : «Humanistic economics studies the relationship between needs satisfaction and economic activity, in stark contrast to the conventional science which focuses on human wants or preferences».

For me Humanitarian Economics examines the economic behavior of man as an individual -supreme value of life and as a social being as well as the ways of his economic and cultural progress under the idea of justice. Humanitarian Economics also studies the mechanisms of economic life and the economic phenomena which are governed by them in an ideal environment with a plexus of institutions combining the free individual spirit with social control through collective democratic forces as expressed by a humanitarian state.

I also do not think that can be numbered among those following humanitarian economics writers as Galbraith or Myrdal, as Professor Lutz maintains. But I agree that Commons, who has not been given the proper attention by economists, could be included among the humanitarians and I consider Fanfani too.

Economic Doctrines, a brief retrospect

Aristotle and the other ancient Greek philosophers were involved with the economy, the phenomena of which the Socratics examined on behalf of the prosperity of the Republic. The Romans who followed them were not able to reach the level of their teachers except to receive their bounty of thought.

The eudaemonism in the mentality of the Romans was rejected by the Church of the Middle Ages, with its reaction of ascetism, while the endeavors of Thomas d' Aquinas and the other Scholastics was turned toward the interpretation of economic phenomena from the viewpoint of the just price.

The presaging of the independent form of economics appeared during the Renaissance with the awakening of economic forces and the creation of nation states. Discoveries, the new ideals, the first Industrial Revolution (1540 - 1640)

gave rise to this awakening, which was manifested in mercantilism, while from the beginning of the 18th century a new form would be given to the rejuvenating of economic life and in the same century the ideas of transition towards naturalism appeared. Around the middle of that century, under the prohibitive commands of the monarchic state, the individual began to seek his freedom, which manifested itself with the French Revolution. Basically, Quesnay and physiocracy, Smith and economic liberalism were the successive forces, which through their doctrines gave rise to the new development of economic thought. Liberalism under political freedom found the proper climate for the promotion of the individual as a basic factor of the economy, until state intervention was considered an affliction, leading to the collapse of the absolutist monarchic state, which became a victim of its public finances and a prey to those who served it.

Under the above climate bourgeois society arose and with the passage of time the various monarchies adapted themselves to a coexistence with it, while England had already proceeded with those reforms, which if adopted by the monarchy in France would have kept the revolution which broke out there from taking place. Thus a new social class arose, acquiring wealth, which formerly belonged to the nobility. From this time on the real history of industrial society began as well as the development of the economic system, first formulated by Adam Smith.

The fall of the old idols, through liberal economics and the bourgeois revolution, signaled the increase of the pleasures of material goods and through their production the progress of technology. At the same time the foundations were laid for a cosmopolitanism opposed to the tragedy of war and mercantile dogmas were also condemned with the declaration of Montesquieu in which, «the natural outcome of trade is that it brings about peace». Here is peace, order and justice, which according to the classic writers was achieved through the law of self interest⁵, the indispensable factor for the smooth functioning of *laissez faire* and the founding of international free trade through it.

However, the rational order, based on the freedom of the individual, ownership and the inheritance right, found itself in conflict with justice, because of the ethical called forth by capital domination.

Liberalism created a new ethic, the promotion of commerce and industry, the veneration of *homo oeconomicus* and based on him, faith in the invisible hand, with which economic order was imposed, completely betraying the anti-profitteering spirit of the Church, which again found a barrier for its pursuits in Calvinism. Here is the reason why Saint Simon and his adherents sought the founding of a «New Christianity» renewed within industrial society. But this very *laissez faire*, through the antinomies it brought about, on the one hand gave rise to the radical reaction of Sismonde di Sismondi and on the other the reform endeavors of John Stuart Mill within the circles of the Classical School.

The contradictions in economic relations and economic life created additional great misunderstanding in the social field, so that the unspring critics of economic liberalism were strengthened, Proudhon critics and of the socialists and the most unrelenting critic of them all, Karl Marx.

Liberalism extolled homo oeconomicus and labor while at the same time viewing it as a commodity and these perceptions were adopted by Marxism, though it examined them from the opposite point of view, seeking to extract the antinomy from the capitalist by its own economic dogma so as to intensify the social struggle. Its materialistic viewpoint of history and its one-sided position on its evolution betrayed the existence of Reason as the ruling force in the causality of natural and human resistances. Thus arose the spiritual and social split in human society, which by means of laissez faire and the Marxist movement corrupted the road of justice and threw economics, society and politics into disorder. The appearance of later totalitarian regimes is due precisely to this cause.

The reaction of the voluntarism of the Economic National School and of the Historical School endeavored to restore the equilibrium disturbed by homo oeconomicus. Thus the comparison of homo societatis to individualism gave rise to a reaction in the newer individualistic Schools.

If state intervention on behalf of economic development was still met during the years of mercantilism this policy triumphed through the condemnation of laissez faire on behalf of development, industrialization, the increase of employment and the just distribution of the product. And it is true that the Classicists gave basic importance to production, but they never accepted the interference of the state in his, since the law of personal interest was sufficient for that. Here is the abstract construction of the final years of the 18th century and the first ones of the 19th century, which we again meet at the end of that century and the beginning of ours in the Pure Political Economy. The viewpoint concerning the law of self-interest was indeed so strong that production withdrew, with Carl Menger and the Austrian School, so that demand could be investigated as well as the hedonistic individual calculation of income, excluding any other factor. And this road was also followed via the mathematical formulations of the leader of Mathematical School, Léon Walras. So that once more naturalistic hedonistic calculation came to the forefront on behalf of the mobile individual, a principle also adopted by Alfred Marshall and the other Neo - Classicists.

However, Wicksell although naturalist prepared the soil for the cultivation of the «Keynesian Revolution». Keynes contributed announcing the end of laissez faire, a viewpoint which already been projected by the institutionalists. This is basically the policy before and certainly after the Second World War, when the various countries followed state intervention according to the various conditions which dominated in them, and adopting wideranging plans for their economic development, which required the assistance of the state, distinguish in this as fifth factor of production.

The intervention of the state, in its totalitarian form, is met in the Marxist world.

Thus the economic system of Marxism is condemned by the non-Marxist world and also within the circles of Marxism, by those who censured it in deed and ended finally, by finding it unsound as theory.

Under these conditions the world is now turning to a more eclectic way, and economic theory, which constitutes the material of ideological controversy, is removing itself from the dogmatic positions which shaped and set up the causes of political temptations and competition.

The today target of Economics

Thus today economic science deals as much with the problem of the freedom from poverty, as with wealth and the harmonization of the dependence cost among the various factors of production on behalf of prosperity not only for one class but the whole of society.

In addition, it condemns imperialism and develops the idea of humanistic universality for the safeguarding of international peace. In this climate the conflicting principles of individualism and socialism are harmonized and the inexorable dogmatism in economics is abandoned on behalf of the deduction of the statistical mathematical research.

In my opinion if the endeavors of the economists turn to the humanistic as also to the rational conception of the function of economy and the treatment of dependence cost through this that is, the dependence between the various factors of production in relation to the rewards between them, then harmonious order will be achieved in the economy and society.

For this purpose a moderate programming is necessary so that the economic forces can be directed toward a certain goal and so that an end can be put to anarchy, was in the economy of laissez faire. On the other hand, freedom in private initiative, within the framework of general programming, will allow the semi-automatic functioning of society and the adaptation of production towards saving and consumption. Thus a new economic system will be adopted without economic crises, without excessive expenditures and the semi-automatic reproduction of the social product justly distributed among the factors of production for the abolishing of dependence cost. In consequences, instead of the homo oeconomicus and the homo sovieticus a third type of person will be created. Because man is not only moved by his personal interest, but also by his altruistic feeling, without this meaning that we can exclude man's properties of individualism and hedonism. The third type of man (homo humanisticus), without excluding any of these properties of the individual puts him at the same time within society and its influences. And precisely this synthesis gives us the meaning of the huma-

nitarian economics with the ideal type of man - homo humanisticus differing from those titanic types, economic man (homo economicus) and soviet man (homo sovieticus) suffering and producing on behalf of the state.

A Humanitarian Philosophy and Sociology

Through Love man is established as the supreme value of life and from material death is brought to eternal Resurrection. Thus time relates one the hand to the empirical world in its objective sence, but in the world of ideas combined with human existence, time is subjective. The first time is related to good and evil and the struggle between them, while the second deals with eternity.

The way to Truth, however, because of various material barriers, is inaccessible, so that it must be opened though the moral humanistic rule of life, which leads man via limited freedom to the creation of the Good alone. Through freedom man co-operates with the Creator and toward this acts with Love.

Capitalism eulogized the individual and the principle of individualism was set up as the religion of societies. However, this conception brought the part into opposition with the whole. Furthermore, capitalism, based on the law of personal interest, nourished profitable egotism and plutocracy, creating polarity in the social classes.

Again, Marxism on its own part overlooked the individual and occupied itself with society, while disorder within it they considered as the generative cause of historical evolution.

The humanistic existential viewpoint sets off the individual but through him includes the society, the entire world. The perfection of the individual means the perfection of society and the individual's moral armament leads to order, harmony and happiness in society. However, why is there this differentiation between capitalism and Marxism? Besause capitalism is the philosophy of greed, while Marxism is the philosophy of coercion.

In order to solve the problem of wealth and its distribution Marxism ended in the creation of an absolutist social system, basing its achievement on a certain social class.

This is the reason why it abandoned the individual and occupied itself with society and its organization. The humanistic philosophy is democratic and without becoming involved with dogmas concerning social systems believes that in the hands of specialized scientists its method can rationally solve the various social problems, through the contriving of continually more perfect institutions, on behalf of man and his society. For that reason it accepts that the «thing in itself» is «the thing for ourselves» by means of the freedom of knowledge and sacrifice in Love.

But neither capitalism nor communism accepts this conception as proper concerning man and the evolution of his society.

Marx also rejected the existence of immutable moral law in time, believing that each viewpoint of society concerning justice and ethics was a creation of the ruling material production relationships.

We maintain that moral law springs from Reason and corresponds to the dimensions of the human soul.

In addition, as concerns morality, its object is basically not society but the individual. Because society is not related, as the individual is, with the end of life. Certainly, society needs moral evaluations and the distinction between Good and Evil, however, neither the Good nor the Evil can be explained without its unit, man. God is above Good and Evil, he is the absolute meaning of Good, so that the reflection of God in man and of man in God is expressed through love alone.

The religion of Love gives a deep meaning to life, thus serving the introverted seekings and the moral action of the individual through his meeting with the Divine. Moreover, this is the reason why the spirit is accepted as primary and the source of all creation. The spirit, however, in order to realize this high mission must not be deprived of freedom because otherwise it will lack the possibility of creation, which is so very necessary for the finding of truth. Spirit and freedom give true knowledge, which is so necessary for the proving of the mystery of life, the discovering of the truth within it and the adjustment of man to it. But spirit and freedom are deprived of their divine properties without love.

Through Freedom ignorance is vanquished and the spirit delivered, in order to treat, through love, that which dissolves the darkness and lends order and harmony to life. But neither homo oeconomicus nor homo sovieticus is ruled by love. The egotism and the seekings of self-interest of the former does not allow love. The latter also does not accept existence as divine and consequently as creative within freedom but places it within the whole and destroys it. From this freedom alone is constructive, when under this creative form it is combined with Love. So that the triptych of Love, Spirit and Freedom embodies the reconciliation of the two worlds, of spirit and matter. Thus only by means of the divine structure of Spirit, Love and Freedom, is Humanity brought to this delivering course, to the achievement of the union of the earthly Adam with the celestial. However, how is this course to take place? We will speak about this as we again return to Marx.

According to Marx the historical process is causative and is based, on the three basic laws of dialectics : a) the law of the [unity of opposites, b) the law of the change of quantity into quality and c) the law of the negation of negation.

In accordance with the first law, each union constitute the union of opposing elements; this identity of opposing elements also makes up the social equilibrium, as well as evolution which is due to the internal truth of the union of op-

posites. This union is temporary and relative while the struggle between the opposing elements is absolute. The relativeness of this union Marx presents to us through two classes which co - exist, while the absolute is the struggle between them.

However, for humanistic existential philosophy the absolute is the existence of God while the relative is the struggle between Good and Evil. Without proceeding into class distinction, ruled by hate, it seeks harmony and balance in the co - operation of the various social levels on behalf of the common interest.

Marx, however, is unconnected with and opposed to the above moral order believing the unity to be something relative and fleeting.

Thus, the law of the unity of opposites, according to Marx, uncovers the positive and the negative side of things, their union and dissolution within a perpetual struggle of clashing interests. The moral and the spiritual side of this life he considers as a consequence of this law.

Marx, however, does not explain the cause of this established unity. He considers it as existing by chance, accidentally, in nature and by need in society. But it is necessary, however, in accordance with the law of the unity of opposites for some reason to exist, which will govern this unity and at the same time its opposite. Thus, we are brought to the conception of the meaning of the supremacy of Reason.

The other law, the changing of quantity into quality, explains that the changes in society are sudden and violent, occurring by leaps and bounds, and are qualitative, that is, moving to a higher level than the preceeding one, and which are the result of cumulative quantitative factor.

In the language of economic analysis we would say that units of the factor of labor, because of the capitalistic manner of production, are replaced by units of capital until the conditions of polarity are created through the change. And here in the language of philosophy for this law of dialectics, the power of Reason appears since Marx's interpretation of the change from quantity to quality remains weak because this change is not by chance but springs from Reason.

For Marx the revolution is each renaissance of Humanity; from the humanistic existential viewpoint it is something very different. In accordance with the spirit of the Bible it is written : «And the first shall be last and the last first.» Here it is not a question of social classes, where the one class, the ruling one, will become the ruled and the other, the ruled, the ruling. Because then the former poor man would become rich and the former rich man poor. But in a just society, which is governed by the humanistic rule of life, each value will take its proper place in this, and here we have the revolutionary point of view of meritocracy in which matter does not enter in as the primary factor. Marx, however, subjects all the remaining factors to the material interests, which arise from the manner of the production. Thus the materialistic dialectic of Marx is placed between two

classes and only in the sphere of their material interests. It is, from the development of things, contrary to reality, as the masses do not get continually poorer.

On the contrary, from the publication of *D a s K a p i t a l* (1867) till today, as we know, profits and wages are continually rising.

The third law, the negation of negation, again philosophically projects the strength of Reason, while Marx spoke of the internal contradictions of the establishment within evolution so that the negation of negation is succeeded by a new negation and thus following the Hegelian historical procedure: «Theses — antithesis — synthesis — thesis — antithesis» etc.

However, this development, governed according to Marx by material causes, which give rise to revolution, leads Humanity from the more imperfect economic condition to the more perfect one. Thus, in history, according to the Marxian dialectic, the primitive community was succeeded by slavery and thus by its negation the serfdom - feudalism one and thus by its negation the capitalistic one so that we finally reach communism.

With this final stage, according to Marxism, ends the pre - history of Humanity, which is combined with individual ownership and the determinism of material productive forces, so that the true history of humanity can begin with communism, when determinism is negated at last and the wind of free will blows ^a. Thus, in the final analysis, Marxism extols interminism freedom, believing it to be the final achievement of the outcome of the class struggle in history. However, this absurd eschatology in relationship to this causality, Marx finds only under the abrogation of individual ownership. Humanistic philosophy, however, accepts that ownership is a divine right of man, arising precisely out of this freedom of his. Ownership is not put aside under the absolute of this meaning since all the material and immaterial goods have as their source the Creator, who has entrusted them to man so that he may use them better. Thus humanistic existential philosophy does not on the one hand accept the uncontrolled use of this exploitation, as happens under capitalism, and on the other does not support its complete socialization which is the basic demand of communism. For humanistic philosophy ownership is sacred, but it is subject to control and change when it goes contrary to the divine law of Love.

Man, as a creator in his own right, cannot be deprived of those things which he himself created within his freedom. Subsequently, depriving man of ownership is at the same time a denial of his freedom. Marxism shifting ownership to the whole puts it in its absolute form thus violating the freedom of the individual. A similar thing occurs under capitalism, whose placement of ownership under the absolute authority of the individual, nourishes egotism, greed and exploitation. This is precisely the reason why capitalism espouses the idea of utility and happiness, neither having any relationship to love.

According to the humanistic point of view regarding history the free will

of man stands out as the generative force of social development. Because spirit completes its destiny, elevating life through perishable matter, which he dominates.

The history of the world is a continual endeavor of men to overcome the various resistances, which block the application of rational order.

These oppositions, natural and human, have an unconscious influence on men during historical evolution. But on the other hand men, directed by Reason, put forth conscious aims and use methods for the overcoming of the various resistances on which they finally impose their will.

Of course, human society is subject to the determinism of the various resistances and individuals as well as their society would be completely captive to this determinism, if there was not this will exercised above all other by individuals who inspired by Reason determine the form of society toward the achievement of peace, order and social justice.

The person inspired by Reason ($\Lambda\acute{o}\gamma\omicron\varsigma$) directs his action and consciously places the targets of his goals independent of the influence and the control of the environment by him. This is the meaning of the will of the human personality, drawing its strength from Reason.

This viewpoint that the existing institutions tend toward their negation because of evolution, determined by the will of individuals toward the attainment of and the creation of better institutions, dynamically adds to human society, as well as combining the historical function with the dialectic toward progress.

Also, this viewpoint explains historical decline, when, that is, people fail to overcome the resistances, natural and human, and the historical high point when they succeed at this, while giving a historical as well as an extra-historical explanation of the fate of man from Genesis till the eternal Resurrection.

Setting the Creation as the starting point of the historical procedure we are brought to the fall of man, due to his material substance, in which he has tasted the fruits of the Tree of Knowledge but has lacked the fruits of the Tree of Life. Here is crime, hate, death, but here also is the ceaseless endeavor of man in hope, faith and love to cast off his passions and return to Paradise. Here we have a terrible, tremendous but at the same time beautiful struggle against Evil, which waxes and wanes. This struggle is conducted through the existential moral rule of life. This is the reason why the existential procedure sets off from the individual, from human personality expressing creation within freedom and conceiving thus the totality of individuals in their symbiosis and development. Here is the humanistic existential interpretation of history, which is not material but moral.

For Marx the historical evolution had economic causes. An expression of these causes is the struggle of the ruled against the rulers. For us historical evolution is moral. For us instead of the class struggle we have the struggle between Good and Evil within the soul of man, and by extension within his society, with the domination of Good, through the illumination of Reason.

In conclusion, for humanistic existential philosophy, history has man as the protagonist, governed by hope and progress; for these to exist there must be a destination and if this exists then life has value, the supreme expression of which is man. He is the highest moral category, so that he is the most valuable capital, not according to the concept of Stalin⁷, but according to the humanistic way of looking at it.

According to us, the endeavor for peace, order and social justice is achieved only when it is based on Love. A society without Love is a «bone house» which lacks the Resurrection through the Crucifixion. Because only love which reaches up to sacrifice, is that which can elevate life. Love is the every flourishing tree of life, the bearer of hope, that which gives meaning to life. But Love also entails sacrifice, courage against evil, faith and forbearance in the fight against it and hope for the final and favorable outcome in the struggle against it.

This is at the same time the humanistic action, which leads to true knowledge. This is the only method through which is built the souls of men and their societies. Without this method men will not succeed in being happy, but even if they are happy, this is due only to Love. The humanistic action is not an act of hate but an act of love. This is the greatness of the true appearance of the human soul, granting belief in the fate of man, his destiny. And this destiny is conceived as setting off from human existence. Thus the existential system of life, economic and social, is first of all anthropocentric and then cosmocentric.

The humanistic philosophy enters into all corners of life and naturally into the economic. Based on its principles we cannot maintain ourselves on a dogmatic view such as the economy of private enterprise or nationalization. We are obliged to maintain the principle of man as the supreme value of life and led by numbers, objectively, to proceed with the application of our program. Otherwise, inspired by the dogma of capitalism or of communism, we should be led far from the ideal solution of the economic and social problem. Humanistic existential deontology carves out the general lines, based on which each one will adapt himself to reality. This is the reason why it is always living and demonstrable as a solution of the problems of life.

Thus, it is necessary for us to open a third way, the humanistic, so that we can achieve peace, order and social justice. For this it is necessary for us to accept the intervention of the state as a representative of the will of its citizens. Because this state is not the organ of one class, but of the collective forces of Democracy, which accept a limiting of their freedom on behalf of it.

History, according to us, does not evolve through class struggle and dialectical clash, bringing forth the leader of the ideas of each social class possessing the material productive forces. History follows the procedure of a complex of factors, which act together, each one of them influencing, more or less, the historical evolution in accordance with existing conditions. Within these the class strug-

gle develops as phenomenon of human society, but not, however, as the one and only cause of historical change and development.

According to the conditions and pre-suppositions of an era we have the analogous form and rhythm of the class struggle. And this struggle does not only refer to two classes but sometimes to alliances and sometimes to collisions between classes as well as the alliance of formerly opposed parties against the former allegiances.

Many times the political motive prevails in this struggle, other times the economic or the religious motive. It is possible for the lowest class to be strengthened, which usually occurs through individuals belonging to the ruling class, and sometimes a portion of the upper class, which allies itself with the lower class or a part of it. Thus, the collision of interests does not relate to two classes alone.

From the French Revolution, which brought equality into the political field, also begun the change in the social and industrial economic organization. In a truly democratic society, the social and economic distinction is a bridge so that instead of a struggle of the classes, in accordance with its competitive meaning, we have the clash of interests of social levels, within which individuals move first toward one and then toward the other level. And despite the fact that they clash these social levels also co-operate among themselves in the more general interest of the nation. Thus, the various interest groups aim at getting their satisfaction but their co-existence as well, with the rest of the groups, by having the best institutions. And the better they succeed at this, the more the techniques and the economy are developed in harmony with these institutions and the more the social income rises and is distributed according to the most just method, while competition between the sections lessens.

Value and Distribution

The humanistic spirit suffuses the economy in order to satisfy the material side of human life as the supreme value. The creation, moreover, of a system mingling the principles of individualism and socialism means not only a fundamental procuring of the greatest productive result but also the largest satisfaction of the bearers of the economy through the just distribution of product.

The cornerstone of the economic problem is the phenomenon of value, on which depends the price and the distribution of the produced good. And a well-governed society must be ruled by the principle of the just price, that is, the coincidence of social scarcity - utility and the social cost. Consequently, without extending ourselves into details and multifarious discussions, we will attempt below to set forth in general lines the framework of a non-dogmatic, rational and flexible economy, that can be applied according to the prevailing preconditions, terms and conditions of every country.

In the development of our thoughts we will not combine in the beginning the phenomenon of value with money, in order to develop a general theory, because value cannot be explained «en soi» by a «general theory». In addition, the factor of money is not the only factor of economic forces with which we can direct the economy. Such a process of thought would certainly lead us into the nets of inflation and would lead us away from the problem of distribution which has value as its touchstone. But we will not, however, take the factor of money as completely neutral, since this would be impossible in a dynamic economy, in which the credit money creeps in as a factor in the economy as well, influencing the level of prices.

Since man is the measure of all things value is the individual evaluation of a commodity and this in combination with other commodities which can be acquired by him.

The first value is direct, in relation to this good, and indirect, in the relationship of the meaning of this to the other goods, and is a formulation concerning value, investigated by Edgeworth and the Neo - Marginalists (Mises, Hayek, Mayer, Robbins, Stigler, Perroux, etc.). In general subjective value in which the evaluation is related to the need of the good was examined by the Hedonists of the Austrian and Mathematical Schools. Of course, these evaluations are not unrelated to the cost of production or the labor as a term of value. When, however, we refer to value, as this is shaped in the perception of economically acting individuals in their co-existence, then we must consider above all others the influences of the social factor, given that individualistic subjective value is under the control of social value. We will examine this viewpoint below, but first we will proceed with what we consider to be the indispensable distinction of goods.

Goods are divided into three categories :

- a) The scarce goods.
- b) The not easily multiplied.
- c) The easily multiplied.

The value of scarce goods is determined by their scarcity-utility (rare statues, rare pictures, rare works of art, scarce raw materials, etc.), their price by their demand, which is measured in the relationship of the scarcity - utility among these scarce goods or services, based on individual perceptions or those of the society concerning value; their demand is that which effects upon price.

The value of the not easily multiplied goods is determined as much by their scarcity - utility, which directs demand, as by their supply, which is directed by the cost of their production.

The value of easily multiplied goods is determined by the cost of their production; their supply is that which effects upon the formulation of price.

If we take into account an isolated man, the significance which he gives to a good determines the value of that good for that individual. And the smaller cost he pays out in relation to the desire he has to acquire this good the more value

this has, in relation to another good of a like degree of desire, but requiring greater sacrifice for its acquisition. Thus, the preference of the individual will turn toward the first good and he will abandon the second, with which he will become involved if he is able to sacrifice for this enjoyment various goods left over from the first endeavor which he undertook in order to be satisfied by the first good.

If now our individual is placed within society, his personal choice, as an economic calculation, will be changed, because he will not be independent of social control, in Durkheim's expression and sense. And when we speak about social control we mean the influence of the «society» factor on the desires of the individual, turning him toward preference a or b and giving him the social concept of the value of the object he prefers.

Thus, the value of a good or service will not completely depend on the significance which the individual gives to it, because of its scarcity - utility for him, but also from the society's evaluation of the scarcity - utility of this object in relation to the cost expended for it.

Consequently value is not only individual - subjective but also social - objective. The latter refers to the plexus of exchanges in the market and the price distinctions as a consequence of the partial and total evaluations of utility in the unit of quantity and the cost of this.

Also, we must take into account during the shaping of social control not only static behavior, but the dynamic as well, in the shaping of value, and indeed historically, from historical stage to historical stage. Because the first one is of assistance to theory and the latter places this under the control of reality.

A completely monopolistic organization of the market does not refer to the real value of goods, as the supply is arranged by the monopolist at a level of exploitation of the consumer.

The justification that the monopolist will improve the product in order to preserve the monopoly, has relative significance because greater effort is expended in free competition in the market game although imperfect monopoly, which refers to quality, can properly be characterized as divertive because this imperfect competition creates justified surplus income.

In an economy, such as the humanistic and of course rational, the mechanisms of the market and their strengthening via the statistical numerical index and accounting, will be strengthened and become more flexible and semi-automatic, so that there will arise the adaptation of production to saving and consumption, the flow of money will encounter the flow of goods and services without a gap. A chance diversion of this mechanism from its harmonious function will be replaced by the policy of public works, the direct taxation and the quantity of money.

Here we must observe that the price of one category of goods or services (scarce, non-multiplied, multiplied) will go up as much as the prices of the other

categories of goods or services and vice versa, on the basis of the system of the interdependence of prices in the market.

Present day economic theories revolve around consumption, having turned their backs on production, which is basic for distribution and supplementary for value. Thus, they have distanced themselves from the correct direction for the interpretation of the phenomenon of value. Also Marx's theory of value and surplus value, which constitutes his fundamental supposition on economy and through which he proves the antinomy of the capitalistic establishment, is not correct ⁸.

This Marxist theory concerning value does not explain why two products of the same quantity of labor have different values and moreover does not explain why commodities absolutely deprived of the factor of labor or with the least payment of labor have a large value. Also the Marxist theory not only explains incorrectly the value of increased commodities according to volition but completely abstractly puts aside the view of the unwilled shaping of the value of increased commodities viewing their labor as a compound of multiplied simple labor. Another observation it would be possible to formulate is on the socially necessary time, which in the final analysis is a subjective evaluation because the evaluation of individuals determines this, so that the produced commodity is not a thing «in itself» but a thing «for us». In addition, the Marxist theory of value does not explain for what reason manufacturing activity has recourse to the production of A and not of B commodity as well as A and not B combination of factors.

The theory of Marx displays a weakness, because he wanted to maintain the factor of labor, which he combined with its bearer, the proletariat, its exploitation by capitalists and the historical mission of the former to destroy the latter. Marx's theory of value and surplus value, which constitutes his fundamental supposition on economy and through which he proves the antinomy of the capitalistic establishment, is not correct.

Therefore, since the Marxist theory concerning value is not correct, it collapses.

On the basis of the above, the viewpoint concerning surplus value cannot be accepted. Furthermore, for the advanced countries, which have a strong labor union movement, this is not confirmed though there is a tendency of capitalists to achieve surplus labor. However, this phenomenon is also met in countries which are underdeveloped and in labor union organization.

It is precisely the intrusion of politics into the work of Marx and his scathing and ironical remarks against every contrary opinion which created a greater reaction to his work by economists than would have been expected within the strict limits of a purely scientific investigation. So that most new economists avoid stu-

dying his work because of their prejudice while many other writers are deprived of an objective criticism on the matter.

But also the events which had been so prophetically trumpeted increased this tendency. Marx's views on impoverishment were not confirmed by events. Throughout the 19th century and during this century profits and wages have continually gone up thus proving the baselessness of the evolutionary system of Marx.

The change of capitalism is due less to reasons of economic function than to institutional ones and the like. The ideas and the institutions of a just society influence the capitalistic system, so that in time it casts off its extreme individualistic form, changing into an establishment combining a free individual spirit and democratic social authority. So that capitalism is changed, the State by means of tax payment is added to the factors of production as a regulator of the programming of the social product. In addition, the accumulation of capital instead of being a cause of antinomy, offers the possibility of the exploitation of new sources of wealth and development in the under-developed countries, while the concentration of the enterprises moves along in like fashion with the harmonization of incomes, the co-existence of medium enterprises and the agricultural means of ownership. Also the great might of capital has been limited, since the working class gained political power and since the recognition of the wage as its reward and not as a reward of its labor. Also, the raising of the intellectual level resulted in the increase of productivity through the governing factors (private initiative and state assistance) raising the possibilities of the performing factor.

Anyway despite the imperfection of Marxist Political Economy and the groundlessness of its conclusions, it was one of the stages of the history of economic thought; Marxist thought contributed to science because :

a) It turned the attention of contemporary economists to the macroeconomic and evolutionary view of the economy. Keynes as well as Schumpeter influenced by Marx led the way, though with a different goal, to important views on the system.

b) Marx also turned the attention of economists away from deductive and abstract investigation and to sociological and historical factors, having taken into consideration the interiority of the capitalist system through a historical macroscopic interpretation and through the development of the struggling classes so that his system can be considered meta-economical.

c) Through his historical-materialistic conception of history, Marx proved the importance of the interdependence of social classes and indirectly pointed out to non-Marxists economists the concept of a rational economic order leading to a lessening of the degree of dependence and regulation of economic equilibrium on the basis of a policy of employment.

Anyway, Marx's method of historical materialism is not correct, the econo-

mic factor is not the determiner of historical development, though the economic factor is one of the most important factors in historical evolution. It is not correct to subjugate all the weighty factored in society such as the religious, the institutional, the political, customs, etc., to one, the economic. On the contrary it is correct to place the economic factor together with the rest of the social factors.

A complex of factors governs historical development, which is not mechanistic because it has various functions with results contrary to those expected by historical materialistic opinion.

But also the theory of the class struggle, according to Marx, which springs from the concept of the commodity as a product of labor, containing contradictory production relationships, is not correct. Because the conflict of interest does not refer to only two classes - kees of society but to the conflicts between producers and consumers, large entrepreneurs and small entrepreneurs, bankers and manufacturers and also within one and the same social layer. It is these social layers and not the social classes, since the democratic manner of life altered the social structure of the social strata, which are interdependent. This dependence certainly entails a certain cost among their economic relationships. However, these various dependencies are harmonized under the modern state, which is recompensed through tax and which cooperates in the work of production of the social product and brings about cooperation between the social layers.

In addition, the historical materialistic conception of history is not only outside of social reality, but does not offer any ideological satisfaction to man as the supreme value of life because it subjects the human being causally to matter.

The historical materialistic conception of Marx conflicts with that of man's free will as a generative force of social evolution, because the spirit supplements his destiny, elevating life by means of perishable matter, which it subjugates. Such is the power of spirit that Marx was obliged, even if in a closed way, to recognize it.

This history of the world, we believe, is the continual rational endeavor of people to overcome the various resistances, which hinder the application of rational order by man. These natural and human resistences determines the rise and the decline of historical march to the future, but the umanity struggle against the various resistences is waged by Reason. It is because of this that History in so closely linked to human personality which overcomes the different resistences for progress, otherwise in case it is fail to succeed progress, then mankind in order to have rise is on the way of decline.

Present day economic theories revolve around consumption, having turned their backs on production, which is basic for distribution and supplementary for value. Thus, they have distanced themselves from the correct direction for the interpretation of the phenomenon of value, confronting it one - sidedly, because production relates to the improvement of the means of production, the natural environment, the level of culture, which takes part in this, and the social forces

which proceed in the distribution of shares from the production.

The possession of the means of production by an individual does not mean exploitation, but this is not excluded either, when the economy extends beyond competitive production and within the dynamic procedure of the economy monopolistic profit is created or when the production is uncontrolled, and in general when the distribution occurs without the control of the collective forces of democracy.

Here it is not necessary for us to study the Marxist view of value any further, but we will deal with the weaknesses of the theory of subjective value ⁹.

The theory of subjective value or the marginal utility ¹⁰ was equally one-sided as the Marxist theory, based on consumption alone, ignoring production and accepting that man moved only within the world of economics, abandoning the concrete in favor of the abstract, the imperfect and real in favor of the perfect and ideal.

Thus, the theory of marginal utility presents the following weaknesses :

- a) It did not conceive that supply could also be imposed on demand.
- b) The consumer is unable to proceed with a precise calculation of the utilities under comparison ¹¹.
- c) During the comparison it did not take into account the factor of society ¹².
- d) The scale of utility is theoretical and not of practical significance ¹³ and
- e) This scale or degree of utility is not given fact. The individual does not sufficiently know this classification of wants to be able to turn his demand to a certain good and for a certain quantity, but he must take into account the social limits, under which he lives and which have an influence on him until he changes his preference ¹⁴.

The objective and subjective theories of value were combined by the Neo - Classicists — though they were not, however, able to conceive of the supra - individual factor — based on the homo oeconomicus of the classicists, which the adherents of subjective value also considered as the ideal type of the capitalistic market.

Besides the above, the objective theory as well as the subjective theory and the combination of the two, ignored the division of goods in correlation with the scarcity-utility and the cost within society. Also, they did not take into account the five factors of production : land, the reward from which is land rent; labor, rewarded by the wages, capital rewarded through interest ; entrepreneurial initiative rewarded by profit and the state, rewarded by tax.

These factors are met within the technological, the natural and the spiritual, etc., environment so that the cost is a cause and consequence of these factors. Within the complex of these factors arises proportionally the dependence cost or the dependence effect.

If men are able to achieve the harmonization of their needs with the existing

reserves of goods and their environment is exploited for the just distribution of produced wealth, then the conflict of their interests will tend to disappear. And we say «tend» because by the nature of the scarcity of wealth and the element in of freedom the nature of man this conflict will never disappear completely.

Thus I am obliged to add some more lines to explain my theory of cost of dependence.

The value of labor is determined as any other service by its cost and utility.

The cost is composed of two elements : The one is material and concerns the subsistence of the laborer and his family, including education and other expenses and the other is psychical and this is the sacrifice to which the laborer is submitted in his inferior position in the hierarchy of production and in his dependence on the employer. This is what I call cost of dependence.

The laborer not only compares repose with wages, but also he takes into account his dependence in production and the psychological effect on him of such inferiority, especially as regards his employer or he is an entrepreneur or the state, whom he is ready to avoid. The higher is the reward of the laborer the lesser is the cost of dependence. When, however, the entrepreneur seeks to reduce wages or to increase the working hours, then the cost of dependence rises and the reaction against the existing system of social production on the part of laborers, rises. For this purpose the regulative intervention of the state becomes indispensable in order to avoid monopolies, to come to the aid of small incomes, to supervise the just distribution of products and to create outlets for the prevention of unemployment etc.

The above cost of labor it appears as social estimation, which with the disposal stock of labor and its capacity determines supply. When, however, we talk of social cost we should have in mind the marginal social cost and this is the minimum cost of each working stratum (unskilled, skilled and highly skilled) below which the cost of dependence will be increased with a consequent active reaction of the laborers, given that we shall witness a displacement of laborers.

At the contrary if wages are high the cost of dependence will diminish to zero but never being equal to zero because of the basic psychological law of the disutility of dependence. These changes in the level of the wages are of the highest significance and prove the importance of the syndicates in their resistance against excessive displacements, the stabilization of the workers in the developed countries and the difficult posture of the workers in the under-developed ones, where there do not exist organized labor forces. The marginal social cost is the minimum level of wages which determines, the supply of labor, while the highest level is its marginal social utility, which determines the demand of it.

In case of highly skilled labor mainly the demand will determine its price, while of the skilled labor the supply and demand and of the unskilled labor the supply will be effective in determining its price.

Competition, the sway of institutions and the resistance of Labor Unions

obligate the entrepreneurs to continually increase their technical capital and to engage in rational ameliorations. But whilst the technical capital is increased at the expense of labor (preferred by the entrepreneur as being more disciplinary and effective) there is, on the other hand, an increase both in product and in profits as also in wages.

Finally, and before I close my thoughts, I believe it would be indispensable to refer to the tug-of-war during the various phases of the economic cycle, given that the strategy of the bargaining both of the laborers and the entrepreneurs as also their resistance and successes depend on cycle's phases¹⁵.

In examining the ascending phase of the cycle we see that the increase of prices has usually as a result, to improve employment and, therefore, to increase the demand of labor with a consequent rise in wages, especially those nominal rather than real. In this case the laborers will press for higher wages and the employers will be obliged to submit to their demands, given that their business is going well and their expectations are optimistic. When on the other hand, prices fall, the position of labor becomes difficult, as the entrepreneurs will insist on a reduction of the nominal wages¹⁶.

But when prices are going up the entrepreneurs, despite the pressure of the Labor Unions, enjoy a better reward from the product, proportionally to what labor gets, because this increase favors various combinations which, when they are carried out in sight of a quick rise in prices, extend the difference between cost and the price of the product will further. For the laborers, however, things are different because, although they receive higher wages than formerly, nevertheless their real wages do not follow the same rate of increment as nominal wages, and are thus unable to offset the rise in prices.

Besides, as during the period of departure from the state of depression to that of recovery in the cycle prices ascend slowly before their recovery receives an impetus, which increases at a faster pace commensurately with the oncoming prosperity, the entrepreneurs find themselves in a more privileged position than the laborers, as the symptoms of recovery are not so clear-cut, to urge the laborers to demand an increase in their wages.

Thus, generally employers in a period of prosperity find themselves in a more ex post privileged position, obtaining more profits because the product is sold at higher prices than it is possible for the laborers ex ante to do with their wages, given that employers are influenced by expectations and laborers by employment. When on the other hand, cycle is going down prices are falling then wages go down also, but not proportionately to the profits as the laborers, through their Unions, strive to keep wages, especially the nominal ones, at the former levels.

The fall in profits during depression is followed by a decrease in the rate of interest, which helps to create more hopeful previsions for the future, for a new recovery.

As however, a reduction in wages becomes difficult, as a result that everyone tries to keep his wage as formerly, Unions resist and now entrepreneur is the dependent part of the bargaining.

From what we have exposed hitherto we see that during recovery of the cycle, those who are in a more advantageous position are the employers, whereas when the opposite is the case the tables are turned and the profits of the entrepreneurs fall incessantly and in an analogy much more faster than wages.

The inclination to imitate those in the higher strata in society and the habits thus formed render well high impossible the regression of wages, if by such regression the laborer were to discontinue his old mode of living. Thus, the laborer and his family strive to keep their income the same as before, that is, analogous to their requirements in the prosperity period. For this reason the laborer's mode of living is subjected to two count-opposing sways, the one tending to bring it down to its lowest possible limit cost of living and the other leading to richer and more complex requisites of life and this can be reached at through the highest level of labor's wage. Thus, social sways force laborers to react against any diminuation in wants of curtailment in enjoyment and habits acquired during the prosperity period.

To solve the problem and the opposition between laborers and entrepreneurs, during depression, the State helps the latter to give employment to the former.

Of course, the supply of labor besides other factors, is not made independently of labor's existing conditions, in the productive procedure and, generally, of the customs and institutions in force and, in this trend of thought, one could point out that the wants of a Greek are different from those of an English. Also, the wants of the Asiatics are not similar to those of the Europeans, a fact which is of the utmost importance as far as the cost of labor and the possibilities of competition in the international market is concerned.

The meaning of dependence cost arises from the basic law of freedom according to which no one accepts working for another whether it is a question of another individual or the state itself.

The dependence cost is the α and the ω which governs the history of mankind during the period when the stronger dominates the weaker and in consequence when social differentiation appears in the hierarchy of production. However with the retreat of the old organization of society the dependence cost would diminished through the intervention of the state and the collective forces of democracy and will tend to disappear without however this ever happening entirely for reasons we have already explained. Thus, Marxist theory is not realistic but falls under the influence of German romanticism, believing that with the abolition of the system of individual ownership the class struggle will cease to exist.

According to us the conflict of interests, as has been shown, always con-

tinues while the dependence cost precisely reflects the degree of this conflict of interests, which always exists. And only through social democracy and rational economy is it possible to reduce the dependence cost, toward zero.

In the example of the Pure Economics, the dependence cost does not exist because each of the factors of production receives what it offers. Reality, however, is different, because here the economic world is not isolated from the other ones.

The Physiocrats and the Classicist were the first to perceive the meaning of this dependence, but they passed through this without conceiving the size of its presence. Marx, led astray by the Hegelian dialectic, interwove the dependence with the theory of surplus value. Thus, according to Marx, when surplus value has been eradicated, with the founding of communism, this will entail complete equality and naturally, he could say, the disappearance of the dependence cost.

Generally, the originality of theory concerning value and prices, is not due to the investigation of the choice of the consumer, as for example with the curve of expenditure of Sir J. R. Hicks, but to the generalization which the economists proceeded to for their purpose, so they were included in the research concerning value and price and other variables, relating to technology, the establishment of enterprise, the presenting of product, the existing institutions, etc.¹⁷.

Nevertheless, the angle of imperfect competition was examined (E. Chamberlin, J. Robinson, etc.)¹⁸ as the reality of the market, combined with the viewpoint concerning expectation and value under the Institutional School through the concept of Futurity by J. R. Commons. Marshall's theory concerning short and long periods also included the dynamic of economic factors via expectation, to which J. M. Keynes contributed. Thus, the price of supply during the short period cannot be considered independently of future prices and costs, while anything relating to long periods must take into account the technological variable (J. Robinson, O. Lange) and the improvement of production (M. Kalecki). These theories, however, did not take into account the supra-individual factor, nor the dependence cost as governing the distribution of wealth, and in consequence the theory of value was not supported on a correct basis. There is still the older contribution such as that of Von Wieser concerning the stratification of prices and that of Seligman and the Institutionalists who also aided economic thought, but they did not succeed either in correctly placing the phenomenon of value.

We must not only examine the stratification of prices, for the sake of certain kinds of goods, which are demanded by a certain level of income, but we must examine the sequence which combines these goods with the other ones their prices with the prices of the other goods and the validity of the law of imitation of the remaining income levels toward the demand for these goods, etc.

This complex of prices and the relationship between prices of wholesale and retail buying was examined by W. Mitchell¹⁹ and the prices of the inner-depend-

ence of the multiple markets by F. Oulès²⁰ both of whom, however, were led astray by the investigation of the institutional nature (Mitchell) or by generalizations on behalf of economic equilibrium (Oulès) without, however, being able to investigate economic value and dependence cost.

A luxury car f.e. is demanded by the highest income levels and this calls forth agitation for its acquisition by the lower income levels. It is possible, however, for an ordinary automobile to be sought by the high income levels for reasons of fuel economy or the desire to imitate the possession of a car similar to that of the lower income levels²¹.

Democratization, mass production and the shaping of common needs on the part of the rich and the poor income classes, refers not only to consumption goods, but shapes knowledge of needs, quantity of needs and stability of prices.

In a social democracy, within which the various incomes are directed toward certain basic goods of general enjoyment that can be acquired as well as demanded by all, the level of prices will show stability and the dependence cost will lessen. Here, however, we must take into account economic progress, which is expressed in terms of satisfaction and of pain. We will distinguish the progress in the difference between them. «If — as Professor Perroux says — we take two periods we can say there is progress, when during the latter period we have greater satisfaction at the same cost of the former period or when during the second period we have similar satisfaction to the previous period at a smaller cost than that of the preceeding period or when we have a larger satisfaction with a smaller cost»²². Naturally, when we speak about this progress it is necessary for the satisfaction to be collective, in the sense of the just distribution of the product. That is, when the technology and the expanded production constitute basic factors of economic development and progress, as well as social justice, when the product is distributed justly. Thus, with humanitarian Economics we plan not only on the basis of the consumer example, as according to the Galbraithian proposal, but also via the more general example of the citizen of social democracy so that justice will be achieved and in consequence the dependence will be mitigated.

It would be possible to say against all that we have maintained that such a system would limit and direct the needs at the expense of progress, which is shown by the appearance of very numerous markets which elicit new production. Our position, however, we have to reply, does not rule out the appearance of new needs and more demand of luxury objects. That which stands out is the grouping of needs, as much as possible. This is basic for a truly democratic society. If previously certain needs referred to one social class exclusively, today these are the prerogative of the entire people, so that the continual democratization of our life, politically, economically and socially, will mitigate the dependence cost and strengthen the social equilibrium.

The humanitarian Economics are not based dogmatically on private enterprise or nationalized enterprise, but adapts itself, according to the circumstances,

more towards one or the other. Governed by the principle of justice it harmonizes the rewards in the most just manner, because it is not based on the egotistic motives of individuals, wherein each factor is rewarded at the expense of another and each social group at the expense of another and thus the dependence cost rises. This is achieved under a regime of natural parameters in which a system of equilibrium dominates because of the minimalization of monopolies and the financing of bank credit.

Humanistic Economy achieves this precisely through the emphasis on speciality and state assistance, that is the harmonious regulating of the relations and the rewards between various cooperating levels of the society on the basis of a beneficent programming plan of economic operation.

For this reason the regime of the Humanistic Economy is not based on one social class, but on all the social strata, thus representing the interests of the entire collective forces of social democracy.

The Humanistic Economy does not allow the existence of excessive work, which is the exploitation of the worker by the employer, but strengthens free labor unionism and intervenes through the state as an arbitrator of labor relations. In addition, under a humanistic economy the state undertakes private firms, so that work of social production will be co-ordinated more effectively, as private initiative is unable to achieve the increase in the volume of product and its just distribution. Because Humanistic Economy is also flexible, based on numbers and experience, it is consequently neither formally capitalistic nor formally socialistic but a humanitarian economy combining individualism with socialism.

The aim of state assistance is, on the one hand, to increase the national income and on the other to regulate the competitive order toward a rational order, in which the dependence cost can be eradicated.

Humanitarian economics is not the system of *laissez faire* of capitalism nor the expropriation of ownership and the non-existence of entrepreneurial initiative of communism. It is not capitalistic, nevertheless it protects ownership; it is not communistic, nevertheless it accepts social control. Also this economics accepts individual ownership, but not however, in its absolute sense, as in capitalism, which places it under the absolute proprietorship of the individual, nor in the absolute sense of communism, which places it within the untransferrable and inviolate right of the state, coinciding with the political party of its ruling class, the members of it. Humanitarian economics conceives the meaning of ownership as a gift of the freedom of the individual, of his creative forces in his freedom and the ownership of the means of production, not however for this to be a cause of exploitation of man by man so that a class struggle will arise from it. This system of Economy does not abolish individual ownership but it controls or nationalizes it, when it comes into conflict with the natural parameters. Because we must not forget that freedom in society means the freedom of all its members and not the freedom of one meaning the lack of freedom for another, so that the co-ope-

ration of the social levels will be achieved. This is the reason why the humanistic and also Rational Economy is flexible and realistic, accepting private enterprise, as well as nationalization, if this is considered necessary on the basis of indices, and not dogmatically so that working at the expense of the total functioning entrepreneurial unit is avoided.

Under the humanistic Economy we have the co-operation of the five factors of production (land, labor, capital, entrepreneurial initiative and state assistance) for the production of the income so that dependence cost between these factors is minimalized in their reward thus allowing the normal proceeding of economic and social life.

At the peak of the social pyramid is where the strongest of all the vehicles of the economy is, the banker, which is why in order to regulate the dependence cost it becomes necessary to concentrate banks according to type and to nationalize them or through a series of control measures to apply banking capital to social function, serving the interest of the whole. However, to achieve the minimalization of dependence cost, which constitutes the basic psychological and social law, there must be established a rational governing of the economy. Precisely here arises the shaping of the third way, in which all the factors of production are harmonized on behalf of the interests of the whole and the development of the moral and material forces of the nation.

In order to lessen the dependence cost from unemployment, the humanitarian Economics espouses a policy of public works devoted to its lessening and as much as possible to its eradication. Also, it controls or nationalizes the monopolies according to the kind so that the dependence cost of the consumer because of the monopolist will disappear, and limits via co-operatives the parasitic working middleman, which augments the dependence cost to the consumer on the part of the merchant.

And as for land relations under the humanitarian Economics, the state, imposes taxes, having in mind the composition of the land and the products growing on it, also organizes large firms of agricultural exploitation, according to whether the type of product allows it, and strengthens the agricultural cooperatives, as an independent economic unit, backing works of drainage and land reclamation proceeding to the re-forestation of the land and the regulation of agricultural debts, as well as ceding lands to communities and individual cultivators.

For all this and for its other services and its needs, the state receives payment which is, as was shown, tax, which must be in proportion to the magnitude of the utility of the assistance granted by it. And the greater the magnitude and the kind of tax, in relation to the utility of the services offered by the state, the greater is the dependence cost of the citizens to the state, while when the magnitude of the provided tax is proportionate to the utility provided by it, the dependence cost is smaller.

With the treatment by the state of dependence cost is achieved the founding of social democracy, which does not set up social classes between the strata but co-operation among them. Thus, the democratic state is not as a formality independent of the interests of the various social groups but in its essence represents the interests of the entire people, acts on its order and regulates the partial interests of the social levels on behalf of its progress and prosperity.

Under the humanitarian Economics the free activity of individuals is permitted as well as the development of their capabilities and initiative as long as these are harmonized with the interest of the social whole. Because the interest of the social whole requires the unhindered activity of individuals since this is a social benefit. Precisely for the strengthening and the promotion of individual virtues, social democracy allows ownership, the right to inheritance and free consumption. With the only difference that the democratic social state imposes its control, when the individual initiative strays from its social aim or when the economic unit is not productive, then the economic unit is nationalized or is ceded to better entrepreneurial initiative.

In addition, under the humanitarian Economics the state proceeds on to works of state ownership, nationalizing organizations of public benefit and taking part in other enterprises. Also it occasionally enters into certain restrictions of consumption, imposes a just tax structure and in general adopts all measures to avoid social differentiation such as the participation of workers in profits, etc. Ownership is a sacred right of man, but the limitation of the social antinomies arising from this is the basis on which is supported the modern form of social democracy. Thus the businessman is considered as a factor of production since he works socially and the state through the direct tax and the participation of the workers in the profits achieves the redistribution of income.

Under the regime of humanistic and Rational Economy through the statistical science view of the economy we get a flexibility in the adaptation of production toward saving and consumption. It is precisely the mathematical and statistical view of the economic phenomena, along with the other coefficients we have already referred to in our pages devoted to the value of money, which aids in the regulation of the quantity of money so that the flow of the circulating money is harmonized with the flow of goods and services. And for this the humanistic rational economy accepts the mechanism of the market as the best judge of production toward investment and of the consumer toward the goods and for this reason is rational. On the other hand with the regulation of the economic forces and the rationalized dependence cost we succeed in limiting the quantity of credit money and thus insuring a more steady economic equilibrium, which it is impossible to obtain with the system of more credit money.

Money and equilibrium

The legacy of Keynes to science was so important that we are obliged to refer to him as also to his followers or simply to those influenced by him. This legacy can be limited to two basic views which compete with each other as far as monetary theory and policy are concerned. The first one is that of the Monetarists ²³ (Friedman) and the second one that of the Fiscalists (Samuelson), which are working the same foundation of the paper money and monetized credit system to maintain full employment and price stability, while a third one tries to go through the first two (Ascheim). Friedman's view that money can come from heavens in a percentage which produces a steady rise in its quantity ²⁴ gives us the idea, on the one hand, about the easy money supply, yet it explains that the increase of the prices and incomes, as Kaldor says, comes from the sky by means of a helicopter ²⁵.

But the importance of the dynamic process from the increase of the quantity of money depends, as Don Patinkin claims, upon the manner in which this came into the economy ²⁶. Thus Don Patinkin and other economists as well, would not disagree to the policy of handling a deflationary gap with a budgetary policy ²⁷.

There is no doubt that the quantitative theorists follow the easy way of the monetary supply and through it the stimulation of the economy, but the fiscal policy is fundamental for the economic development and the policy on money. Anyway, the policy on economic development bringing the economy to expansion has consequences on the rise of prices. Also the wrong distribution of public resources may cause inflation ²⁸.

According to our opinion the Walras model, assumes the existence of a system of economic and monetary equilibrium and by the method of successive approaches we may have the State replace the entrepreneur coordinator, who is between the two markets of services and products. We can say that the natural parameter — to use the expression of professor Rugina ²⁹ — replying also to his aspect for a steady equilibrium, is not destroyed if we replace the private monopoly by the State monopoly for certain enterprises, so that the natural parameter is strengthened in case the State replaces the private initiative, which avoids undertaking a certain business or because a firm monopolizes the market with a higher price than the free competition's price. Thus the monopoly will be conducted by the State at prices of perfect competition so that the marginal cost is adjusted to the price ³⁰.

Consequently in the model of a Rational Economy ³¹, which is not dogmatic towards either the private enterprise or the nationalized one, we have domination of perfect competition prices with a monetary stability, with differential profits but with nationalization and other changes of a social nature which minimize the cost of dependence ³².

We must now add a per functionary reference to the factors which determine the value of money.

The various equations and functions, which have been presented in the literature up to now, on the determination of the value of money and its changes, are not satisfactory.

The classic quantitative equations of the Fischerian type (Newcomb, Pantaleoni, Fisher, Kemmerer, Lubbock, Schumpeter, Penderon, etc.) have not taken into consideration, in principle, the factors of production, as well as other elements, while P is an index to them whose level is not given by the explanation of the value of money, except only the change of prices between two periods of time. They also display the weak point of not giving a complete interpretation of the velocity of money.

The quantitative equations of the Cambridge School (Marshall, Pigou, Robertson, Hawtrey, Keynes of «A Tract on Monetary Reform»), determine from their side the value of money at a point in time, when relative prices are conceived as steady. In addition, they examine the demand for money and they overlook the investment goods.

With Walras' view on equilibrium, the cash, which people desire to keep (encaisses désirés)³³ are not excluded, a view which Karl Marx could also not accept³⁴.

Keynes' equation in «A Tract on Monetary Reform» (1923) as well as his fundamental equation $PO = MV$ in «A Treatise on Money» (1930) relate the quantitative theories of the classical type conceiving money as a medium of exchange. The «General Theory» on the other hand examines money also in the sense of a store of value by the combination of these within the general theory of value of interest and employment, a path that Wicksell first opened with his book «Geldzins and Guterpreise» (1898).

Say's Law of Markets always accepts the equality between the value of distributed rewards to the factors of production and the value of the produced product excluding the possibility of disequilibrium in view of the assumption that production creates its own demand.

Keynes opposed Say's law invoking deficient demand, and combining this with liquidity preference and the propensity to invest or otherwise with the interest and the marginal efficiency of capital. But Keynesian theory has been proved erroneous because: a) The deficient demand is relative and cyclical and not permanent and is not verified by today's reality, having over efficiency demand and of course because the policy of expence - abundance. This economic policy does not bring the monetary flow towards an equilibrium with the flow of goods and services.

b) The increase of the liquidity preference appears with decline of the marginal efficiency of capital, which occurs during the downward phase of the cycle, proving in this way a transient and not permanent decrease in investment.

c) The increase in the liquidity preference happens also, when the stock exchange market booms in the upward phase of the cycle. Thus while interest determines the investment, at the same time the interest is determined by the investment (L. Th. Houmanidis: Aspects on the History of Monetary Fluctuations and Inflation «International Congress of Public Finance and Fiscal Policy», Athens, November 1976, p. 19).

Don Patinkin through his own theory has placed himself also outside actual realities having accepted that the needs are unchanged and also that production and prices are steady. He therefore disregarded the time element and the changes herein. In continuation, he did not consider the advance payments and the increase in the quantity of money. The importance of the fluctuation for various factors is missing from his theory.

Friedman's theory too, in spite of his attempt to renew the quantitative theory, has some weak points. Because, on the one hand his is a pure theory of choice and on the other it is a short time analysis from which the element of foresight is missing. In addition, changes in prices and the nominal income can precede the changes of the actual cash that the owners wish to keep. Of course, Friedman in his wellknown article: «The Quantity Theory of Money — A Restatement, Studies in the Quantity Theory of Money» (1956) used a broadly defined variable, which is supposed to represent «any... variables that can be expected to affect tastes and preference...» such as indexes of migration miles of railway travels and the like». He also interprets u as «including variables affecting... the relevant technological condition or production»³⁵.

We shall just mention many variables which affect the value of money and we shall proceed here below to formulate a function.

In general, the above theories, with Patinkin as a partial exception, are anti-merchandising in the problem of the value of money and in this way they result in inflation.

Asheim's and others' reaction, without referring to some views on neutral money as that of Hayek, was justified as we have suggested. Yet these views do not formulate a function which can show the determination and change of value of money and which could contain not only the production factors but also the technological factor as well as the non-monetary factor and expectations.

To this effect we offer the following function according to our own views :

$$V_m = \frac{1}{P} = f \left(M, V, r, \frac{E}{O} \right)$$

The V_m in the above function is the value of money, P is the general level of prices, M is the total quantity of money, V is its velocity, r the general level of interest, 0 the possibilities of production (capital and technological equipment, rationalization of production and its general conditions,³⁶ the reaction of labor unions, of the entrepreneurs, the fundamental banking system, and other basic factors affecting production directly or indirectly), E the forecasted future results of production.

According to our function the quantity of money influences the level of prices and the rate of interest through the holding of cash; the prices in turn affect the quantity of money exactly, as the rate of interest through the quantity of money affects the level of prices. The velocity of money affects its quantity and, through this, the rate of interest and the level of prices. But the quantity of money also affects the velocity, and also the rate of interest and prices. All parts of the function affect the value of money, which is the dependent variable.

In the relation $E/0$ we must take into consideration certain factors concerning the special conditions of a country in as much as this relation concerns the social, economic, political and institutional structures, etc.

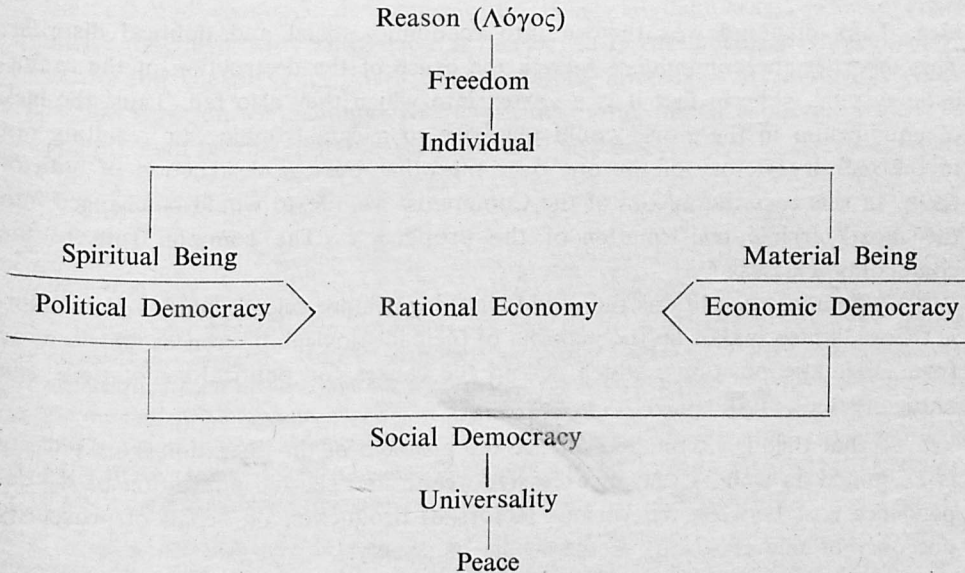
In the case $0 > E$ then the prices will fall but if $0 < E$, it is obvious that the opposite will happen. As the productive forces evolve and develop, the ratio $\frac{E}{0}$ will increase and we shall have a rise in prices, in the long run. In the case again where we have full employment, the increase of E in relation to 0 as well as the increase of the $\frac{E}{0}$ will cause inflation. If $E = 0$ we have equilibrium and in this case money may be counted as a numéraire and the rate of interest should be such as to equalize the holding of cash and the total quantity of money.

Under the system of the humanistic economy we propose, the humanitarian state to be established as the regulator of the social and economic relations and the co-ordinator of social control, without the disappearance of individual freedom and initiative since the wiping out of individual freedom is tyranny and unbridled freedom is anarchy.

For all that we have developed we could make an Economic - Humanistic Social Table on which appears the connection of the various above meanings.

From Reason - Λόγος arises the creation, by means of spirit and freedom, for the founding of a society of love, Man, who is spiritual and material being, is the bearer of this. Through freedom of the spirit and love man is brought to the interior of life and deals with it instead of its surface, which is the world of matter. Though we must not be ignorant of the significance of the laws which govern nature because man also belongs to the material world.

A NEW HUMANISTIC ECONOMIC TABLE



Man, the supreme value of life, is a spiritual and moral being and has the need of political freedoms and political democracy, and because he is also a material being and has need of the means of life, so that he can develop his creative capability, economic democracy is essential to him.

After the First World War the intervention of the state was again sought for the restoration of the economic equilibrium disturbed by the war, Fascism unleashed this intervention to the most extreme fringes of freedomlessness within a system providing for the individual ownership of the means of production, and supported monopolies so that while politically there was a sterile and backward situation, on the level of the economy there was the totally monstrous appearance of political and economic imperialism.

After the Second World War the various countries followed state intervention even more, according to their dominate pre-supposition and adopted wide-ranging plans for their economic development, which required the assistance of the state, accepting this as a fifth factor of production.

Without a doubt the Keynesian revolution was a factor in this within the centers of individualism, which declared the end of laissez faire, a viewpoint which had already been projected by the Institutionalists.

The intervention of the state is also met in those countries adopting the Marxist system, but in its totalitarian form, so that after the defeat of fascism the division of the world was continued instead of the humanistic Universality, the desire for which had been forged on the field of battle by those who had fought for the

idea. Thus mankind was thrown into economic, social and political disorder. This disorder the communists view as the cause of the destruction of the capitalistic system, while in fact it is a vortex into which they also fall. Thus, the lack of equilibrium in the world could give rise to a catastrophic war resulting not in the military victory of the one over the other but the destruction of both of them. In this case the maxim of the Communist Manifesto would be changed into the most terrible confirmation of the prophecy: «The common ruin of the contending classes»³⁷.

Under these conditions the world is taking a more eclectic road, and economic theory, which makes up the material of their ideological differences, moves away from dogmatic positions, which set up the causes for political temptations and antagonisms.

So that through economic science the problem of the liberation from poverty is examined as well as that of excessive wealth and the harmonization of the dependence cost between the various factors of production on behalf of prosperity not only of one class but of the whole of society.

Capitalism is a system individualistic and purely economic. It organizes the economy of the market, brings down the cost of production, develops the technique of exchanges, etc; despite its disturbances, whether it wants it this way or not, it does not promise a different future to its people, it does not make humanistic promises, it lacks messianism, it is the act and theory of the economic life of the economically acting individual.

Socialism is the replacement of religion, with expectation of justice and peace. Because of that capitalism and socialism do not fight with the same weapons³⁸. Through the family, the Church and the University, the spirit which dominates is anti-capitalistic. However, socialism sometimes becomes adopted and when this happens it presents weaknesses. In consequence, we are confronted with the problem of being satisfied by the economic operation and also freed from the denial of our hopes for future happiness. Thus, with the idea that which capitalism had to offer it has offered and that which socialism had to say for capitalism³⁹ it has said, we must open a third way, more generalized, in which capitalism and socialism will constitute instances of this.

Toward this aim it is necessary for us to generalize the economy until we have a benevolent program to govern the economic forces, and in consequence bring an end to their anarchy. On the other hand, the freedom of individual enterprise within the framework of benevolent programming will allow the semi-automatic function of the economy and the adaptation of production toward saving and consumption, and thus, the application of the system of Humanistic Economy without economic crises or excessive expenditures, with the semi-automatic production of the normal product divided justly among the factors of production. Thus, the humanistic order of society will be achieved under a regime combining

political and economic democracy, that is, social democracy, which brings us closer to Universality and Peace. If consequently capitalism is the senility of the world and socialism its youth then Social Democracy is its maturity. And this is the diagram of humanitarian political and social economic order, which accepts man as the supreme value of life.

N O T E S

1. About this movement see my *History of Economic Theories*, (in greek) Athens 1976, Chapter X, The Christian social movement confronted the economic problem from the doctrinal point of view and not from the economic mechanisms, on which side it presented weaknesses. Although humanitarians such as Le Play, Léon Bourgeois, Charles Gide and others interfere more in economic doctrine and praxis, the humanitarian conception was not formulated, while in the recent book of Amintore Fanfani (*Capitalismo, Socialità e Partecipazione* Milano ed. 1976), there is a humanistic critic of the systems.

2. L. Houmanidis : *History of Economic Theories*, Athens, 1976, p. 443. Concerning the humanistic economics of Hobson also see the above mentioned paper of Professor Mark Lutz entitled : «The History of Humanistic Economics : From Sismondi to the Present», p. 15ff.

3. 4. V. J. Tarascio : Paretian Welfare Theory, come neglected aspects in «*Journal of Political Economy*», vol. 77, 1909, p. 4ff. See also H.E. Mishan : *Welfare Economics*, New York, ed. 2, 1909 pp. 225 - 261.

4a. Marx describes his own idea of communism as humanistic. «This communism - he says - as completed naturalism is humanism, as completed humanism is naturalism. It is the genuine resolution of the antagonism between man and nature and between man and man» (D. McLellan) *Marx before Marxism*, Penguin Books, 1972, p. 236).

5. S. Hollander : *Adam Smith and the Self-Interest Axiom*, in «*The Journal of Law and Economics*», Vol. XX, 1977, pp. 133 - 152.

6. Here again we must refer to F. Engels : *Socialism : Utopian and Scientific* in «*Karl Marx and Friedrich Engels Selected Works*», Moscow, 1962, Vol. II, pp. 149ff.

7. I. V. Staline : *L'Homme le capitale le plus precieux*, French trans., ed. soc. int. Paris, 1946.

8. L. Th. Houmanidis : *The Theory of wages, from Classicists until today*, (in greek) (with a preface by A. Fanfani) Athens, 1957, second ed. 1965, p. 86ff, and *History of Economic Theories*, p. 150ff.

9. This is the reason why although Keynes based himself on labor, his theory is not Marxist and is unrelated to the one of surplus value. Because Keynes measured employment and value-labor, that is, he examined one side of the dependency, taking into account as a unit of measurement the employment of the unit of labor, the nominal wage of which he called a wage unit, which is the value produced by one hour of simple and not specialized labor (J. M. Keynes : *The General Theory*, p. 41) Why does no one ask, just as no one asks of Marxist theory how many hours of usual labor correspond to one hour of unusual labor?

10. L. Th. Houmanidis : op. cit., p. 114ff.
11. B. N. Nogarro : *Le Développement de la Pensée Économique*, Paris, 1944, p. 79, 231ff.
12. Edwin Seligman (*Principles of Economics*, 1909) conceived of the idea of the supra-individual factor, maintaining the theory of «social value» in which there is indirect utility, arising from the good, of which the society estimates the value (direct utility) and cost (negative utility) which the individuals of a society are disposed to undertake for the production of this good. Thus, Seligman ended with the supra-individual factor, without however, taking into account the reasons for this change of behavior. (L. Th. Houmanidis : *The subjective theory of value, from Physiocrates until today (in greek)*, Athens 1954, p. 105).
13. This viewpoint was formulated by Lexis.
14. J. Marchal : *Cours d'Économie Politique*, Paris, ed. 1949, p. 770 - 771.
15. See also the book of Sir John Hicks «*The Theory of Wages* (1932) and the after Second World War interesting articles of C. M. Stevens (*On The Theory of Negotiation in «Quarterly Journal of Economics»*, 73 (1958), M. W. Reder (*Job scarcity and the nature of Union Power in «Industrial Labor Relations Review»*, 13 (1959).
16. L. Th. Houmanidis : *The subjective Theory of Value*, p. 116.
17. The Institutional School contributed to this, except, however, as we saw, they subjected the reductive method to the inductive and the historical one thus removing themselves from economic theory, an indispensable tool for finding the laws which govern the phenomena of a science. Concerning this see, L. Th. Houmanidis : *History of Economic Theories*, ch. XIV.
18. Concerning this also in B. Haley : *Value and Distribution in «A Survey of Contemporary Economics»* (H. Ellis), Philadelphia, 1948, p. 1ff.
19. W. Mitchell : *Business Cycles*, edit. Berkley, 1941, p. 92ff.
20. F. Oulès : *Les insuffisances théoriques fondamentales de la doctrine économique de la première École de Lausanne*.
21. Agitations of this kind are, of course, due to a variety of factors, while the usual phenomenon is for the lower income groups to mimic the higher ones. Here the contribution of Duesenberry could be examined (*Income Giving and the Theory of Consumer Behavior*, Cambridge, Mass. 1949) and R. Nurkse (*Problems of capital formation in underdeveloped countries*, Oxford, 1958) on the effect of display relative to the influences of prices between developed and underdeveloped countries.
22. Perroux : *Le Capitalisme*, Paris, 1948, p. 11.
23. G. Haberler distinguishes these into two groups which do not always agree : those which do not accept that inflation is dealt with monetary measures (monetarists) and that the pressures for salary increases do not create inflation and those (new inflationists) who claim that a steadily foreseen inflation of 5 % even of 10 % is allowable (G. Haberler : *Income Policy and Inflation. An Analysis of Basic Principles in American Enterprise Institute*, 1971, Greek translation in «*Spoudai*», «*Studies*»), vol. XXIII, p. 430) Schicter who is not so acute supported a 3 % rate of increase while Tubin follows the extremes way that is to deceive the public through inflation (G. Haberler, p. 429 and by th same author : *Inflation, its Causes and Cures*, AEI, Washington, 1966, p. 95), Gordon unites these two views in favor of the directed inflation (R. J. Gordon : *Steady Anticipated Inflation*

Mirage of Oasis: «Booking Papers on Economic Analysis No 2, 1977»). The monetarists ascribe inflation as an excess in the necessary quantity of money. The fiscalists ascribe inflation as unproductive public expenditure or the excess of it over tax receipts.

24. M. Friedman: *The Optimum Quantity of Money and Other Essays*, Chicago, 1969, p. 9. The latest article of Friedman in the «Times» (13 Sept. 1976) is interesting, in which under the title «Inflation»: *The tax which never has to be passed by Parliament*» clarifies his theory in relation to that of Keynes.

25. N. Kaldor: *The New Monetarism* in «Lloyd's Bank Review», July, 1970, 4.

26. Don Patinkin: *Money, Interest and Prices*, New York, 1965, p. 23.

27. This is especially underlined by J. Aschheim: *Monetarism versus Fiscalism: Towards reconciliation* in «Banca Nazionale di Lavoro», Sept. 1975, pp. 227-228.

28. R.A. Musgrave: *The Theory of Public Finance*, New York, p. 22ff.

29. For Professor Rugina the Walras model assumes the existence of a system of economic and monetary equilibrium based on a set of free, open markets and all prices be expressed only in the natural parameter of the numéraire. It is possible further to conceive that the natural parameter of the numéraire has been integrated with a Marxian system of decentralized social markets, where the prices are not dictated by the Government Central Planning Authority but are determined by the real economic conditions as expressed in the local free-choice aggregate demand and available supply. In a Marxian decentralized market, socialism state enterprises under the given conditions would calculate equilibrium prices equal to marginal costs exactly as in the system of perfect competition of the Walrasian type. (A. Rugina: *American Capitalism at a Crossroads!* New York 1976, p. 18, 43, 210).

30. Walras on the other hand did not refuse the application of nationalization through the «Economie Rationnelle Sociale» in order to achieve a fair ration of value towards rarity (L. Walras: *Études d'Économie Politique Appliquée*, Lausanne, 1898, p. 273), Contemporary author have pointed out the monopoly and the necessary state intervention against it (M. C. Kalecki: *Theory of Economic Dynamics*, 1954, J. Galbraith: *American Capitalism, the Concept of Countervailing Power*, 1955) and also to create an office against speculation in order to restrict the monopoly domination on prices (A. Lerner: *Economics of Control*, 1944). Machlup on the contrary supported that for the U.S.A. (after 1941) the behavior of the monopolies was to check the rise of prices and this for reasons of national policy as also to keep their cleints. Duesenberry also maintained that the total of the American monopolies increased their prices but not more of the level of their cost.

31. L. Houmanidis: *Ein Dritter Weg* in «Regensburger Universitäts-Zeitung», No 2, 1971 as also in: *Comparative Economic Systems*, (in greek) p. 286.

32. L. Th. Houmanidis: *The Theory of Wages, from the Classicists until Today*, (Preface by A. Fanfani), Athens, 1957, 2nd Edition, 1965.

33, 34. According to Léon Walras the value of money is formed either by the increase of its supply or by its decrease in relation to the desired cash (encaisses désirées). If the level of the prices, which are expressed by the chosen goods - money (numéraire) is P_a and Q_a is the amount of the circulating money and H the desired cash then $Q_a P_a = H$. If we take into consideration

also the credit money (F) then $(Q_a + F)P_a = H$, and in this case the economic equilibrium will be disturbed because the money circuit may not correspond to the circuit of goods and services, while with the numéraire we succeed in having a stable equilibrium excepting the output of gold out of the country (L. Walras : *Elements d'Économie Politique Pure*, Lausanne, 1874, ed. 1926 pp. 311, 352). Marx coincides with those views of Walras, according to Rugina, when we have simple production, i.e. the circuit starts with the sale of the commodity and ends with the purchase of same (C - M - C) (we have commodity - money numéraire). In the case, however, of the developed production, capital money interferes as, M - C - M' (we have credit-money antinuméraire and so we shall have disequilibrium) (A. Rugina : *A monetary dialogue with Karl Marx : Its significance for both capitalist and socialist economies* «East European Quarterly», vol III, No. 3, 1975) Anyway, Marx in his theories on supervalue says : «I was therefore wrong in saying in the first part» (Marx speaks about the two first paragraphs of the part «Money» of the «Critique of Political Economy») «that M - C - M must always be M - C - M' (value of merchandise plus surplus value) (K. Marx : *Theories of Surplus Value*, Part 1, Moscow, ed S. Ry-zanskaya, 1969, p. 322) Marx also gives an explanation for the non - coincidence of value and price and at the same time refuses, for certain cases of sales below cost, the existence of a surplus value. (K. Marx : p. 327). When reading another paragraph of Marx we see that a surplus value does not always exist. «The simple circulation of commodities — selling in order to buy — is a means of carrying out a purpose unconnected with circulation, namely, the appropriation of use-values the satisfaction of wants. The circulation of money as capital is on the contrary an end in itself for the expansion of value takes place only within this constantly renewed movement. The circulation of capital has therefore no limits». (K. Marx : «Selected Works» *Capital*, Moscow no year, vol. 1, p. 150). In this way, Marx as Aristotle preceeds we might say to a distinction between Οικονομίας and Χρηματιστικῆς (Aristotle : *Politics*, 1257a, 9) the first regarding the best satisfaction of wants and the second the continuous enrichment.

35. M. Friedman : p. 10.

36. If the rate of increase of the production factors is faster than the rate of increase of the volume of production, then in this case the prices will decrease and vice-versa.

37. K. Marx, F. Engels : *Manifesto of the Communist Party* in «K. Marx and Frederick Engels Selected Works», Moscow. 1962, vol. I, p. 34.

38. D. Valley : *A la Recherche d'une Doctrine Économique*, Paris, 1966, p. 139.

39. P. Dieterlen : *Au delà du Capitalisme*, Paris, 1745, p. 372ff.