

# SAINT THOMAS D' AQUINUS' ECONOMIC IDEAS

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During the Middle Ages the clerical writers confronted the economic problem from the viewpoint of Christian virtue and the insuring of justice and peace. While, however, through Aristotle and the rest of the Socratic writers we are led from the whole to the individual, through the Scholastics we are led to the whole via the individual, while in Christ is contained the entire world.

The bases of these doctrines are pan-human and universal, setting off from the fundamental principle that the individual is first of all a spiritual and ethical being, whose happiness culminates in the happiness of the whole. Thus as the Socratic writers and the Scholastics maintained that without intervention in the economic relationships of man it is impossible to achieve a happy solution to the economic problem. Because, according to them, man is sinful and a prey to his weaknesses, he is a slave to his instincts which separate him from his Creator. However, man must not forget that Christ gave him a rule of life by which it is possible for him to return to Paradise. Love of one's neighbor who is a brother in Christ, and devotion to the spirit of virtue and justice is the basis on which is constructed the doctrines of the Scholastics who undertook to advise the governors on what needed to be done just as previously the ancients had advised the Republic on what needed to be done.

Already in the 1st century B.C. the invasions of the Barbarians began<sup>1</sup> and from 3rd century A.D. they continually expanded, reaching a peak during the 5th century A.D. until the economy took on a different form with the passage of time. The invasions of the Lombards and the Franks changed the economy in the West and the Franks brought to completion the complete feudalization of the economy. In addition, the Arab expansion weakened sea trade and brought about the deterioration of the economy so that it became the closed natural economy of the Castle. Besides the Arab expansion, the Danish, Hungarian and Norman invasions also contributed to this so that between the 9th and the 11th centuries the complete stagnation of the economy came about.

During this period it was not possible for there to be a discussion of economic phenomena and observations on economic development, since this meant an exten-

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1. L. Halphen: *Les Barbares*, Paris, 1948, J.B. Bury: *The Invasions of Europe by the Barbarians*, London 1928, F. Lot: *La Fin de Mondo antique et le debut du moyen Age*, Paris 1927, P. Villari: *Le invasioni barbariche in Italia*, Milano 1928, H. Humbert: *Les Germains*, Paris, 1952, L. Th. Houmanidis: *Historia Ekonomikon Theorion* (in Greeks) Athens 1968, p. 43 and *Mathimata Historias Ekonomikou Viou* (in Greek), Athens 1969, Part I.

sion of the economy outward and not a contraction of it inward, as we entered the 13th century, the forerunner of the Renaissance, and hence the writers of the Middle Ages proceeded to various formulations basically influenced by the Arabs<sup>2</sup> introducing the ideas of Aristotle into Europe, while their cornerstone was the Christian rule of life drawn from the Gospel.

The Scholastic writers attempted to find the just price<sup>2a</sup> (*justum pretium*) of the exchanged goods and services, combining as with Aristotle, their economic theory with the broader ethical and political problems. Here, however, it is necessary to note that Aristotle via the just price indicated the just exchange as being to the satisfaction of both the exchangers. The Scholastics, however, emphasized that the price of commodities must coincide with whatever was accepted by the society as just during the exchange based on Christian morality. This price, according to them, is the ideal, the just one, which the seller as well as the buyer is obliged to agree to<sup>3</sup>.

The most important of the Scholastic writers was St. Thomas d' Aquinas (1226-1274)<sup>4</sup> who was born in the region of Naples and came from noble family. At the age of ten he joined the Dominican Order and studied in Cologne under Albertus Magnus, whom he followed to Paris.

Aquinas surpassed his teacher in value, and taught philosophy and theology influenced by traditional Catholicism and by Aristotle in his support of the social nature

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2. Among these writers are: Al-Farabi (d. 950), Al-Ghazali (1058-1111), Al-Turtushi (1059-1129), Avempace (1085-1138), Averroes (1126-1198) and others.

2a. A. Saporì: op. cit. Vol. I p. 279. The first price was considered from the point of view of utility or of cost of production. Jean Paus Scotus (1274-1308) accepts these elements for the determination of value: a) The cost b) the risk c) the profit of the merchant which covers his expenses as also of his family (R. de Roover: p. 154). Saint Bernardino di Siena (1380-1444) argues that the just price is determined by three elements: a) Utility (*virtuositas*) b) scarcity (*raritas*) and c) the desire for satisfaction of a man (*complacibilitas*) which according to its intensity gives the value to a good, while the price is fixed «*sesundum estimationem fori occurrentis*. Saint Antonius di Firenze (1389-1459) as also G. Biel (1430-1489) considers rarity as the only element of value (L. Houmanides: *Historia Oikonomikon Theorion* p. 44-45, P. Taviani: *Il concetto di Utilità nella teoria economica*, Firenze, 1968-1970, Vol. I, II).

3. A. Piettre: *Pensée Économique et Théories Contemporaines*, Paris, 1965, p. 27, L. Th. Houmanidis: *Historia Oikonomikon Theorion*, p. 44, A. Gray (The development of Economic Doctrines, London 1959 p. 56) says: «No one under any circumstances should take advantage of his neighbours».

4. A. Gosselin: *La Doctrine Politique de Saint Thomas d' Aquinas*. Paris, 1928. F.J.L. Hearnshaw: *The Social and Political Ideas of Some Great Medieval Thinkers*, London 1923. Jarret Bode: *Social Theories of the Middle Ages*, Boston 1926. G. O' Brien: *An Essay on Medieval Economic Teaching* London 1920. V. Braints: *Esquisse des Théories Économiques professées par les Écrivains des XVII et XIV siècles*, Louvain 1895. G. Barbieri: *Il Pensiero Economico dall' Antichità a la Scolastica*, Bari 1960. P.E. Taviani: *Il concetto d' Utilità nella teoria Economica*, Firenze 1968-1970, Vol. I, II. R. de Roover: *La Doctrine Scolastique en matière du Monopole et son application à la Politique Économique des communes italiennes*, etç «*Studi in onore li Amintore Fanfani*» Vol. I p. 151-179. A. Saporì: *Il Giusto in prezzo nella doctrina di San Tomasso e nella pratico del suo tempo* etç «*Studi in Storia Economica*» Firenze 1956.

of man and the importance of the State as the basis of a Christian rule of life. That is why he teaches obedience to the rules of the State which is based on a mixed political system of monarchy, aristocracy and democracy. A code of laws had to be based on the word of the Lord and they are respected by every-body for the sake of the promotion of the whole and the individual, for which the State and the government act. And while he accepts slavery, he also supports equality among people and as a result the existence of some rights for the slave, namely, the right to live and to have a family. He also accepts the existence of ownership but he recommends its usage according to the general welfare. «The temporal goods-he says- while God grant us are ours as to the ownership» (Summa Theologica: II, II 32:8,2).

Poverty according to him, is not desirable because it generates a great deal of evil, and he supports education for all and prosperity for all. As to the value of commodities, Aquinus accepted that the just price was determined through the «communis aestimatio» and that the price could not go below cost, because production must be continued, «ac villius emi quam secundum so valeat: semper autem peccatum est ubi aliqua circa hoc fraus contingerit»<sup>5</sup>. Because of the milieu of that time and the prevailing view of the just price Aquinus, as the rest of the scholastic thinkers (Albertus Magnus (1193-1280), Jean Duns Scotus (1274-1308), Buridanus (1300-1359), St. Bernardinus di Siena (1380-1444), St. Antoninus di Firenze (1389-1459), G. Biel (1430-1489) etc. did not enter further in to the investigation of the shaping of supply and demand, though he and the others touched upon the subject of monopolistic price<sup>5</sup>.

The Scholastics also gave great value to labor, influenced by the Apostle Paul who declared that «if any would not work, neither should he eat»<sup>6</sup> praising work as the most moral and ideal means for the obtaining of the necessities of life<sup>7</sup>. Aquinus observed that the employer wants to pay as little as possible<sup>8</sup> and since he is aided in this by the over-abundant supply of labor, the wages tend to be the least needed to cover the cost of subsistence. Thus he proposes a wage as much higher than level as possible, even if it is against the interest of the employer, because the laboring part of society must be happy<sup>9</sup>. This is the reason why instead of the words *justum pretium* concerning wages, Aquinus used the term *quasi pretium* which included something over the wages of the laborer which, was not only for the covering of expenses he

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5. St. Thomas *Summa Theologica* p. II, 2, 2, 977.

6. R. De Roover *La Doctrine Scolastique*, p. 154.

7. St. Paul *Epistle to the Thessalonians*, 3, C 10.

8. G. Barbieri *Il pensiero economico dall' Antichità alla Scolastica*, Bari 1960.

9. T. d' Aquinus: *Summa Theologia*, p. II, 1, 2, 9, 114 article 1 and a 2, and 105 No 5 and 6. Also see M. Richa: *Travail et Salaire à travers la Scolastique*, Paris 1933, p. 57 and A. Panfani *Storia delle Dontrine Economiche*, Milano, 1955, p. 97.

10. Ibid.

might have but for his family as well<sup>11</sup>. But it is a strange fact that while all the Scholastics support the worker they condemn all monopolistic organization of the market by the worker's guilds<sup>12</sup>.

The Scholastics adapting their doctrines for a well-ruled Christian society and influenced by Aristotle, condemned every action that aimed at profit beyond the normal level and the unproductivity of money as well. Thus Aquinas, espousing the concept of «datum nihil inde sperantes», accepted the granting of loans and their repayment but not, however, as a reward<sup>13</sup>. Finally, however, the Scholastics accepted the taking of interest based on the «danum emergens» in the case of overdue paying of a loan granted by the lender<sup>17</sup>, while Aquinas accepted that the supplier of capital to an enterprise could enjoy a profit according to how much capital he had invested<sup>15</sup>. As for money he advised not to alter its value which represents the value of commodities and which is determined like them, that is, by the estimation of the community<sup>16</sup>. The same estimation concerns also in profit which is the risk-bearing as a part of the cost of the commercial enterprise and a legitimate source of income included in «taccamento» (Summa Theol. II, II 78:2,5).

These are the basic idea of Aquinas who was inspired by the Gospel and by Aristotle advising people to know and adopt the word of Christ in their life, in every circumstance and for all time, Thus the Gospel was not considered a social science or economic science tract, but a divine Testament guiding man toward ethical order and rationalism in his life in accordance with it. In his freedom man necessarily developed his personal talent and had the right of ownership over his creations, not however to make a profit at the expense of the others, nor to develop his reproductive instinct so as to destroy the equilibrium between population and the means

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11. T. d' Aquinas Ibid and G. Barbieri: p. 274.

12. A. Fanfani: *Le Origini dello capitalismo in Italia* in «Vita è Pensiero» Milano 1933.

13. St. Thomas d' Aquinas: *Summa Theol. II, 22, 32* article 7 See also J. Finkelstein - A.L. Thimen: *Economics and Society*, New York p. 69, St. Augustine (254-430) had maintained that the lender must give his capital to the poor and moreover with some charity. (St. Augustine *Liber der Vertis*, Vol. 35, 35c., II).

14. L. Th. Houmanidis: p. 46 Brants observes that during the 13th and 14th centuries the interest was taken according to the principle of loan because of the uncertainty of it being repaid to the lender. (V. Brans *Esquisse* 149-151).

15. St. Thomas d' Aquinas: *Summa Theol. 2, 2 & 78* article 2, 5.

16. St. Thomas d' Aquinas: *De Regime Principum I, II XIV*. Accursius (1182-1260) had accepted that the value of the currency is just when can be determined by the community and his disciple Azo would accept the same view. Also Oresmius in his work *Tractatus de Origine Natura et jure necnor et de Mutationibus Monetarum* (1358) (B. Gordon: *Economic Analysis before Adam Smith* London 1975, p. 132-133) published in France in 1360, will maintain the same thing saying that the right to mint coins belongs to the ruler but not the right to change the stamp of coin because he destroys the wealth of his subjects. Dante will condemn Phillippe Le Bel to a horrible punishment for altering the currency. (Dante: *Paradiso*, XIX).

for his preservation. And this last idea was adopted by Aquinas from Aristotle, while Raoul de Preles feared that the increase of population could cause starvation (R. Gonnard: *Histoire des Doctrines de Population*, at Paris 1923 Vol. I p. 77). Material goods are useful to man as long as he makes good and just use of the «*proprietas possessionum non est contra just naturali superadditur or adiventioem rationis humanae*». And through this conception all the Scholastics sought, the just price, which indeed was adopted by the *taceamento*, which was a wooden board (*tacca*) won which were inscribed the elements of cost to certify it<sup>17</sup>. This is the reason why the economic thought of the Middle Ages was based on morality for otherwise it would have been at the merey of the anarchy of evil<sup>18</sup>. «The earth was devastated», Isaih says, during pre-Christian times» by the inhabitants because they wrote off the laws and did not show obedience to the commandments»<sup>19</sup>.

From the 11th century to the 15th century the economy was waking up, mercantile capitalism was rising helped by geographic discoveries, the first Industrial Revolution (1540-1640), humanism, Religious Reformation and the appearance of national states.

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17. A. Fanfani: *Storia delle Dottrine Economiche*, p. 110 and *Storia Economica*, Torino 1965, pp. 175-176. A. Saporì: *Storia Economica*, Firenze 1955, pp. 216, 265 and L. Houmanidis: *Mathimata Histórias Economía Viou*, p. 295, A. Fanani: *Le Origine*, p. 92 and R. de Roover p. 164.

18. G. Palomba: *Saggi Crittie* (Economica Terica ed Economic Stories) Roma, 1976, p. 210.

19. Isiah XXIV, 5.