A Prolegomena to the Economics of St. Thomas Aquinas

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A PROLEGOMENA
TO THE ECONOMICS OF
ST. THOMAS AQUINAS

by
William H. Conley

Submitted in partial fulfillment of the requirements for the degree of Master of Arts.
VITA

Born in Sharon, Wisconsin. Attended the public schools there and graduated from the Sharon High School. Received the degree of Bachelor of Science in Commerce from Loyola University, 1930. Received the degree of Master of Business Administration from Northwestern University, 1932.

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The present report will attempt to set forth the background for the thinking of St. Thomas Aquinas on economic problems. The emphasis is on the basic principles of Thomistic ethics rather than on the solution to special problems of economics. Consequently, the task has been one of exclusion.

A certain amount of contrast between the present outlook on economics and that of St. Thomas has been included.

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INTRODUCTION

Economics, as it is generally understood to-day, is considered a social science and it is treated as a distinct branch of learning. We must remember, however, that such has been the case for only a comparatively short time. Adam Smith was probably the first to put economics in a separate category and label it as an independent science. Unfortunately it is from him that much of present day economic thinking takes its form. Strange as it may seem, Smith himself was a moral philosopher, but by directing most of his attention to the economic activities of man and by departing from the philosophical approach he came to be known as the "Father of Modern Economics." Thus, from 1776, the date of the publication of Smith's greatest work (1), economics has been treated as a distinct branch of learning.

Prior to that time a study of the economic activity of man had not been neglected. (2) On the contrary we find that economic problems peculiar to each period had been given careful consideration. However, since economic activities were recognized as human acts - they were treated as parts of ethics, they were problems considered by the philosophers. Thus it was that St. Thomas Aquinas, who was interested in all reality, gave consideration to what we
would call to-day the field of economics. The problems of that day differed from the problems we have at the present in that they were less complex. Likewise, they were not as important for then economic welfare was not considered the primary interest of human beings. But, the principles which St. Thomas applied to the problems of the thirteenth century are worthy of consideration at any time or any period.

The present investigation will attempt to set forth a prolegomena to the economics of St. Thomas. By this is meant the background or the basis of the economic thinking of St. Thomas. To him economic activity came within the category of human acts. Therefore, it is necessary to understand his general treatment of human acts before considering any special kind of human acts. This study will attempt to set forth, as the prolegomena to the economics of St. Thomas 1) the nature of man and his place in the universe; 2) man as a social being; 3) the internal principles of man's actions; and 4) the application of these general principles to some specific economic problems by St. Thomas.
CHAPTER I

The Nature of Man and His Place in the Order of the Universe

In order to understand the economics of St. Thomas it is necessary to recognize the place it occupies in the Thomistic synthesis. It cannot be considered as a distinct and separate branch of learning. At the outset of the *Summa Theologica*, St. Thomas indicates the scope of his work and the relationship of the topics treated:

"The main purpose of this sacred science is to make us acquainted with God, as He is in Himself and as the source and goal of things, and in a special way of man. We mean to give an analysis of this problem, and shall first treat of God, secondly of the movement of man toward God, and thirdly of Christ, who, as man, is our way to God." (3)

Thus we see that St. Thomas did not confine himself merely to a consideration of God but considered at length man's relation to God and man's relation to man.

From this consideration it is evident why St. Thomas did not treat economics as a separate science. Neither would he treat politics separately, that is, as independent of ethics. Rather, he treated all human acts under ethics for there he considered how man should conduct himself in his movement toward God. Thus all human acts: social, political, and economic were a part of the ethics of St. Thomas.
Because of this it is necessary for us to look to the general nature of the ethics of St. Thomas. It is on the basis of the principles set forth that he considered any economic problem.

If ethics treats of man's movement toward God our first point of enquiry must be in regard to the nature of man. Man is something different from everything else in the universe for he is a union of a spiritual and a material entity created by God. According to the principle of order first things must be placed first. Therefore, the spiritual side of man is of primary importance - everything must be subject to it. However, even though the spirit is of primary importance it is extrinsically dependent on matter in its existence in man. For this reason St. Thomas considers material things at some length. Were it not for this extrinsic dependence on matter he would have been justified in excluding all such considerations. But, since man is, at least in a sense, dependent on matter, material things must be considered. Among these considerations we find the topics relating to economics. However, as we proceed in this study we shall see how St. Thomas' notion of the primacy of the spiritual side is kept before us in all considerations.

A second characteristic of man that must be set forth is that he is a self directing being. (4) He is the
principle of his actions and has free choice and dominion over them. (5) In the ethics of St. Thomas we find a consideration of how man chooses in his movements on his way to his end. (6) It is assumed in this study, though it may be shown clearly in the metaphysics of St. Thomas, that there must be a cause of all movement. Now that cause is called an end, and, as is shown below (7) the end is the rule of everything that is ordained to the end. Thus all movement is toward some end. However, the movement of man differs and the end of man differs from other things. The movement of the world and of all nature is guided by God toward its perfection. (8) But, as has been said above, man has a freedom of choice in his movements, and, due to his nature which is spiritual, his end must be different from the end of any material or directed being. Our next point of enquiry, then, will concern itself with a determination of man's end. However, before looking to what constitutes the end of man one point must be made clear. That point is that man does not necessarily have freedom of choice in regard to all acts. Certain acts are common to all animals. But, man, in virtue of his spirituality, has the power of reasoning and willing. It is only over the acts which man performs as man, or those resulting from reason and will, that we may say man has freedom of choice. With regard to
these acts then, man must choose in such a way that he may arrive at his final or ultimate end. (9)

In treating this matter St. Thomas says:

"We shall consider first the last end of human life; and secondly, those things by means of which man may advance toward this end, or stray from the path: for the end is the rule of whatever is ordained to the end. And since the last end of human life is stated to be happiness, we consider 1) the last end in general 2) happiness." (10)

If man in his human acts, acts reasonably, the question arises - as was stated above - as to what end the acts are directed. Obviously there are many different accidental ends. However, it is clear from St. Thomas' reasoning that:

"absolutely speaking, it is not possible to proceed indefinitely in the matter of ends, from any point of view." (11)

But just as there is said to be a first cause there must also be an ultimate end. He continues to point out that it is impossible to go on to infinity in ends,

"since if there were no last end, nothing would be desired nor would any action have its term, nor would the attention of the agent be at rest; while if there is no first thing among those that are ordained to the end, none would begin to work at anything and counsel would have no term, but would continue indefinitely." (12)

Of course, just as there may be indeterminate accidental causes there may be an infinity of accidental ends. This is beside the point when considering the ultimate end.

If it is true that man always acts for an end and an
ultimate end the question presents itself as to whether or not there may be several last ends. St. Thomas answers in the negative for three reasons:

"First, because since everything desires its own perfection a man desires for his ultimate end, that which he desires for his perfect and crowning good.....It is therefore necessary for the last end so to fill man's appetite that nothing is left beside it for man to desire." (13)

Obviously then, the appetite cannot tend to two things as a perfect good. Secondly,

"just as in the process of reasoning, the principle is that which is naturally known, so in the process of the rational appetite,.....the principle needs to be that which is naturally desired. Now this must needs be one: since nature tends to one thing only. But the principle in the process of the rational appetite is the last end. Therefore, that to which the will tends, as to its last end, is one." (14)

And lastly,

"since voluntary actions receive their species from the end.....they must needs receive their genus from the last end which is common to them all: just as natural things are placed in a genus according to a common form. Since, then, all things that can be desired by the will, belong, as such, to one genus, the last end must needs be one." (15)

Everything that man wills, he wills for the last end, and that last end we call happiness. The last end, or happiness, must be something that fulfills the perfection of man.(16)

Having come to this conclusion we must next turn to the question of what constitutes happiness. Unless it is clear where man is going and what he must accomplish in life it is
useless to consider the suitability of possible ways of acting. Therefore, it is impossible to discuss economic problems without having clearly outlined man's objective, his goal, his ultimate end.

There are many apparent goods which some may set up as the last end of man - as that which will give happiness. Probably one of the most frequently mentioned by practical man is wealth. But St. Thomas in company with the other philosophers, says that man's happiness cannot consist in wealth. His discussion points out that there are two kinds of wealth - natural, or that which man uses in satisfying his natural wants (food and clothing and the like); and artificial, or that which man uses for convenience in exchange (money).

"Now it is evident that man's happiness cannot consist in natural wealth. For wealth of this kind is sought for the sake of something else .....consequently it cannot be man's last end, rather it is ordained to man as to its end.....

And as to artificial wealth, it is not sought save for the sake of natural wealth, Consequently much less can it be considered in the light of the last end." (17)

Thus we see that happiness, that which man is striving for, cannot be wealth. Since economics is primarily concerned with wealth it follows that in a philosophy of life such as that presented by St. Thomas the economic aspects of man's activity are necessarily subordinate. Hence economic
questions as such are slighted by him and are considered only because of their connection with morality.

In considering other possibilities of things that might bring happiness St. Thomas discusses, secondly, whether or not honor may bring happiness. Now, honor comes to a man by way of his excellence. But,

"a man's excellence is in proportion, especially, to his happiness, which is man's perfect good... and therefore honor can result from happiness, but happiness cannot principally consist therein." (18)

Again, neither fame nor glory can be happiness. Since glory consists in being favorably known and praised, it is dependent on human knowledge. But,

"happiness cannot be caused by human knowledge: but rather human knowledge of another's happiness proceeds from, and in a fashion, is caused by human happiness itself, inchoate or perfect." (19)

Still others put forth the opinion that happiness consists in power. Again St. Thomas shows this to be impossible due to the very nature of happiness as the perfect good. He gives two specific reasons why happiness is not power:

"First because power has the nature of principle... whereas happiness has the nature of last end. Secondly, because power has relation to good and evil: whereas happiness is man's proper and perfect good." (20)

It is evident, then, that happiness does not consist in any of the four external goods mentioned above for the specific reasons stated. St. Thomas also points out four
general reasons why these and similar things cannot mean happiness.

"First, because since happiness is man's supreme good, it is incompatible with any evil. Now all the foregoing can be found both in good and in evil men.--Secondly, because, since it is the nature of happiness to satisfy of itself...... having gained happiness man cannot lack any needful good. But after acquiring any of the foregoing man may still lack many goods that are necessary to him...." (21)

Such material goods as health, and such important things as wisdom are still lacking even if the man possesses these external goods.

"Thirdly, because, since happiness is the perfect good, no evil can accrue to anyone therefrom. This cannot be said of the foregoing: for it is written....that riches are sometimes kept to the hurt of the owner; and the same may be said of the other three. Fourthly, because man is ordained to happiness through principles that are in him; since he is ordained thereto naturally. Now the four goods mentioned above are due rather to external causes, and in most cases to fortune.....Therefore it is evident that happiness nowise consists in the foregoing." (22)

So far in our discussion of the question of happiness the treatment has been negative. However, by implication we have indicated something of the nature of true happiness which is the end of man. St. Thomas in his positive statement on the subject says:

"Final and perfect happiness can consist in nothing else than the vision of the Divine Essence. To make this clear two points must be observed. First, that man is not perfectly happy, so long as some-
thing remains for him to desire and seek: secondly that the perfection of any power is determined by the nature of its object." (23)

Now man's intellect continually seeks its object which is the essence of things. The intellect attains perfection as it knows the essence of things. When man knows only the effect of some cause that is not sufficient to satisfy the intellect for it has a desire to know the cause also.

"Consequently, for perfect happiness the intellect needs to reach the very Essence of the First Cause. And thus it will have its perfection through union with God as with that object, in which alone man's happiness consists." (24)

Therefore the final end of man and the goal toward which all actions must be directed is union with God through the vision of the Divine Essence. If this is the end of man and if man has a freedom of choice in selecting means of attaining that end then man is responsible in selecting his means for reaching that end. For this reason man must consider carefully the various means that he may choose. All of the activities, including economic activities, which man exercises in pursuing his end—happiness—should be such as would fit in with what we call the virtuous life. This form of life alone is suitable for the attainment of this end. In Chapter III, the Virtuous life will be considered.

Today, when economic activity occupies such a place of importance it is particularly important for man to recog-
nize why he chooses and what he must choose. If it is possible to keep before man his ultimate end the difficulty of seeing the right choice is not so great. Of course this difficulty has always existed, - that is why St. Thomas placed such emphasis on man's ultimate end. That is the reason why such emphasis is placed on making clear St. Thomas' conception of the ultimate end of man in this report.
CHAPTER II
Man as a Social Being

It has been pointed out that in all nature there is an end to be attained and that there are certain directive principles helping guide each thing to its proper end. In the case of man, St. Thomas points out:

"The light of reason is placed by nature in every man, to guide him in his acts towards his end. Were man intended to live alone... he would require no other guide to his end. Then would each man be a king unto himself, under God....inasmuch as he would direct himself in his acts by the light of reason given him from on high. However, it is natural for man to be a social and political animal as the very needs of his nature indicate." (25)

All living things have material needs but the needs of non-material living beings are supplied by nature. On the contrary man has no natural provision for his needs. Instead he has been endowed with reason and with it he can direct his physical labor to procure what he needs. However, St. Thomas points out:

"one man alone is not able to procure them all for himself; for one man could not sufficiently provide for life unassisted. It is therefore natural that man should live in company with his fellows." (26)

St. Thomas develops other reasons proving that man is by nature social, i.e., that man must have knowledge for human
life but no one can have knowledge of all things necessary; and that man, through speech, communicates more than any other animal. Thus we see that it is natural for man to be a social and political animal - to live in a group - for the attainment of his temporal welfare. (27)

If man is to live in a group there must be some order, some government, someone to look after the common good. Otherwise the group would soon disintegrate or would not accomplish its purpose. St. Thomas uses the analogy of the body, that unless there is a general regulating force the parts would disintegrate and fail to serve the common good of all. (28) As a matter of fact in all nature where a common end is to be attained by a group there is something that rules:

"Thus in the corporeal universe other bodies are regulated, according to a certain order of divine providence, by the first body, namely the celestial body, and all bodies are controlled by a rational creature. So, too, in the individual man, the soul rules the body; and among the parts of the soul, the irascible and concupiscible parts are ruled by the reason. Likewise among the members of a body, one is the principal and moves all the others, as the heart or the head. Therefore, in every group there must be some governing power." (29)

It is therefore natural for man to live in a group over which there is government. This group so governed constitutes a perfect society - a family, a city, a state. The importance of such society for the temporal welfare is
evident from what has been said. When St. Thomas observes that "the end is prior in intention but posterior in execution (30) he merely states in abstract terms our conclusion that the family and state, as means to arrive at an end, must be utilized before arriving at that end. The purpose of society is to attain the temporal welfare of all its members - to provide for their economic, social, and political needs, to protect them, and to aid them to the virtuous life. These constitute the end of society. The governor of the society must not forget that temporal welfare, though the end of society, is a means in a finite world to permit men to attain an ultimate spiritual end. (31) As the family and state look after the temporal welfare of man - the society of God, the Church, looks after the spiritual welfare of man. Such organizations, then, are taken for granted by St. Thomas as a structure in which human acts take place. It is within these organizations that St. Thomas visualized economic activity and it is within them that he proposed norms for such activity.

St. Thomas laid down the general principles stated above showing the importance of organization. At the time during which he lived there was another type of organization which performed a part of the function that is performed by the modern state, i. e., control of economic welfare. That organization was known as the guild. The guild was far
closer to the individual than the medieval state, and, as such, was of the more immediate importance in control. A study of the history of the guilds shows an application of many of the principles taught by St. Thomas. In the first place they were organized to promote the temporal welfare. However, the earlier guilds, at least, were very definitely spiritual in point of view. For example, one thing that the guilds insisted upon was the observance of feast days.

The control exercised by these societies was definitely for the common good. Their efforts tended to restrain individuals who might try to place selfish ends ahead of the general welfare. Not only did the guilds attempt to limit avarice and competition but they attempted to consider the worker. The master who held full membership in the guilds regulated the hours of labor and set up standards of training for young men interested in coming into their particular field. They tended to protect the consumer through the regulation of prices and through setting up standards of quality. It may be observed that the notion of just price, which will be discussed later, was one of the things the guilds sought to establish.

Thus in the medieval period man, the social being, was organized in the Church which looked after his spiritual welfare, in the state and the guilds which looked after his temporal welfare. The history of Europe during this period
and during following periods shows clearly the effect of the social control that was exercised. But during this period it was something more than organizations that dominated. The people did not seek a purely economic rationality in their activity. The guilding norms of all activity were what we might call to-day extra-economic. These standards were religious, moral, and secondarily, political. They tended to restrain both private and public activity. In the last analysis, the real limiting force was the spirit of the age and the ideas and ideals of the people. These exerted themselves through the organizations or societies: the church, the state, and the guilds. (32)
CHAPTER III
The Internal Principles of Action

After having discussed briefly the external organization of society at the time St. Thomas lived and the importance he attached to it, we may turn to the internal principles of action which are the foundation and the principal part of a normative approach to the social sciences. We may refer to the most important of these internal principles as the virtues. St. Thomas discusses the meaning and nature of virtue at length but for our purposes it is sufficient to note that by virtue he means habit of the will of doing good acts, or a habit of the will of forming a right disposition in the lower faculties. (33) Now it is the virtues which set up the virtuous life. The virtuous life, as was pointed out at the end of Chapter I, is the life into which all of man's activities, including economic, must fit, if they are to be suited to the attainment of the ultimate end.

The virtues are divided into the intellectual, the moral and the theological. Although all are of importance: the intellectual if we are to understand the others, the moral if we are to have right conduct, and the theological if the others are to be perfect; it is the moral virtues that we are primarily concerned with in this discussion. Going further into the division of the virtues we find that
St. Thomas designates four of the moral virtues as the cardinal virtues. He reminds us that:

"We can number things by beginning with their formal principles or with their subjects; and in either way we find four cardinal virtues. For there are four subjects of the virtue of which we are now speaking: first, reason taken in itself, which prudence perfects; then, that which only shares reason, and this in its turn is subdivided into three kinds: the will which is the subject of justice, emotions which form the subject of temperance, and (those) which form the subject of fortitude." (34)

Thus we may speak of the four cardinal virtues as prudence, justice, temperance and fortitude. All other moral virtues tend to revolve about or grow out of these four.

The virtues are said to be the principles of a good life. And, in his consideration of economic problems, St. Thomas was concerned with how the good man would meet these problems. The good man, then, may be said to be one who leads a virtuous life, one who possesses the intellectual, the moral, and the theological virtues. The virtues of the natural order (the intellectual and moral) are so closely interrelated that man must possess them all, at least virtually. Of course, the theological virtues are of the supernatural order and are infused by God. Hence, we may say that there is a hierarchy of virtues.

Presupposing the lowest of the three virtues the Intellectual, and the first of the moral virtues — that which perfects the intellectual — prudence, we may turn our
attention to justice which may be said to be superior to all other virtues relating to the will for it is the most rational. St. Thomas points out that:

"People, strictly speaking, regard as the most excellent, that virtue in which the good of reason is the most resplendent; and in this sense justice excels all other moral virtues, as nearest to reason in both its subject and object." (35)

This is true, he further points out, because the subject of justice is the will and the will is the rational appetite. Again, the object has to do not only with man himself but with the operations which are involved in his conduct toward other men. Turning to a more detailed consideration of justice we find St. Thomas defining it as:

"a habit whereby man renders to each one his due by a constant and perpetual will." (36)

Emphasis is immediately placed on the notion of perpetual for, it is a necessary condition of justice that man wills to be just always.

"For it does not satisfy the conditions of justice that one wish to observe justice in some particular matter for the time being, because one could scarcely find a man willing to act unjustly in every case; and it is requisite that one should have the will to observe justice at all times and in all cases." (37)

Thus we cannot say that man is practising justice if he is just only part of the time.

The definition of justice given by St. Thomas indicates that justice is always toward another. Since
"justice by its name implies equality, it denotes essentially relation to another, for a thing is equal not to itself but to another." (38)

And, as we shall show, the rendering to every man his due must necessarily imply a form of equality. This is justice strictly speaking. It is also possible to use the word justice metaphorically when each part of man is ordered according to what is becoming to it.

St. Thomas makes it clear that justice does not mean merely knowing what is right. Justice is not aimed at rectifying the intellect or a cognitive faculty. But,

"since we are said to be just through doing something aright, and because the proximate principle of action is the appetitive power, justice must needs be in some appetitive power as its subject." (39)

Obviously justice cannot be in the sensitive appetite so it must be in the will. Thus, as was said above, justice is a moral virtue rather than an intellectual virtue.

Having seen something of the nature of justice we may proceed to consider in some detail the divisions of justice. The most obvious division is into general and particular our first point of enquiry is whether justice is general virtue. St. Thomas answers this question in the affirmative. In arriving at this answer St. Thomas reasons that, in the first place justice directs the actions of man with other men. Now such activity may be of two kinds. It may pertain to individuals or it may pertain to others in general.
Justice can direct man's actions in both respects. Continuing the argument St. Thomas writes:

"It is evident that all who are included in a community stand in relation to that community as parts to a whole; while a part, as such, belongs to a whole, so that whatever is the good of a part can be directed to the good of the whole. It follows therefore that the good of any virtue, whether such virtue directs man in relation to himself, or in relation to certain other individual persons, is referable to the common good, to which justice directs: so that all acts of virtue can pertain to justice, insofar as it directs man to the common good." (40)

It is the purpose of law to direct to the common good. Thus the justice referred to above in the sense of a general virtue

"is called legal justice, because thereby man is in harmony with the law which directs the acts of all the virtues to the common good." (41)

Obviously, then, we can say that justice is a general virtue, and in this sense we may refer to justice as legal justice. At later times St. Thomas seems to speak of legal justice as being a species of general justice but is probable that this use of the word legal is in a different and more particular sense.

General or legal justice is in a sense the same as all virtue, but in another sense it differs from all virtue. This may be made clear in the following passage:

"the name of legal justice can be given to every virtue, insofar as every virtue is directed to the common good by the aforesaid legal justice, which though special essentially is nevertheless
virtually generally general. Speaking in this way, legal justice is essentially the same as all virtue, but it differs therefrom logically." (42)

The second division of justice is that of particular justice. That there is need for such a division of justice is stated by St. Thomas:

"...besides legal justice which directs man immediately to the common good, there is need for other virtues to direct him immediately in matters relating to particular goods: and these virtues may be relative to himself or to another individual person. Accordingly, just as in addition to legal justice there is a need for particular virtues to direct man in relation to himself, such as temperance and fortitude, so too besides legal justice there is a need for particular justice to direct man in his relations to other individuals." (43)

The matter of justice is, strictly speaking, not internal operations or passions but external operations. Measuring justice, then differs from measuring other virtues. While this will be treated in more detail later when another division of justice is considered, we may complete our present discussion by referring again to the *Summa Theologica* where St. Thomas declares that:

"the mean of justice consists in a certain proportion of equality between the external thing and the external person. Now equality is the real mean between greater and less... wherefore justice observes the real mean."(44)

Therefore when we say that justice has as its proper act rendering to every one his own we mean rendering to each man what is his due according to the equality of proportion.

Thus we conclude our general discussion of justice
calling attention to the repeated statement that justice is the foremost among the moral virtues. St. Thomas quotes freely the earlier philosophers holding this view:

"Tully says (De Offic. i. 7): Justice is the most resplendent of the virtues, and gives its name to a good man." (45)

He also quotes Aristotle on the same point who

"declares (Ethic, v. i) that the most excellent of the virtues would seem to be justice, and more glorious than either the evening or the morning star." (46)

St. Thomas himself concludes:

"If we speak of legal justice, it is evident that it stands foremost among all the moral virtues, for as much as the common good transcends the individual good of one person." (47)

If we are to have a complete understanding of what St. Thomas meant by justice we must turn our attention to his discussion of the species of justice. He considers that there are two species of justice, distributive and commutative. Now particular justice, as spoken of above relates to the private individual. The individual may have external acts in regard to other individuals and in regard to the community as a whole. The order of the first:

"is directed by commutative justice which is concerned about the mutual dealings between two persons. In the second place there is the order of the whole towards the parts, to which corresponds the order of that which belongs to the community in relation to each single person. This order is directed by distributive justice, which distributes common goods proportionately." (48)
The question now arises of measuring justice when it is considered according to species. In regard to distributive justice

"something is given to a private individual, insofar as what belongs to the whole is due to a part, and in a quantity that is proportionate to the importance of the position of that part in respect to the whole." (49)

Under distributive justice then the more important the person is the greater share he receives of the common goods. Thus:

"in distributive justice the mean is observed, not according to equality between thing and thing, but according to proportion between things and persons...Hence the Philosopher says (Ethic. v. 3,4) that the mean in the latter case follows geometric proportion, wherein equality depends not on quantity but on proportion." (50)

On the other hand, in commutative justice there is a different situation. Here we have a condition where there is an exchange of thing and thing. For example in buying and selling a person may barter one thing for another or one thing for money. In such a case

"it is necessary to equalize thing with thing, so that one person should pay back to the other just so much as he has become richer out of that which belonged to the other. The result of this will be equality according to the arithmetical mean which is gauged according to the equal excess in quantity." (51)

Thus justice may be seen to apply equality under two aspects both of which have a very definite bearing on the economic activity of men. Distributive justice has a bearing on all matters of organization and on some phases of distribution
such as wages. Commutative justice should play a part in the whole field of exchange - value and price.

If we are to have before us the complete picture of the virtuous life which was the basis of economic activity we must go beyond the field of the philosopher and round out our picture by bringing into it the theological virtue charity. It is true that it is possible to discuss the moral life strictly speaking without reference to the theological virtues but it must be remembered that the theological virtues are the conditions for the complete moral life. Since our discussion is more concerned with the exposition of the complete moral life in the economic world there is adequate justification for borrowing from the field of theology and turning our attention to that virtue which is said to keep all others in place - charity.

The definition of charity that we find in St. Thomas is that "charity is the friendship of man for God." (52) Charity, then is something more than love for not all love passes the quality of friendship. In addition to love there must be benevolence. More than that, there must be some kind of communication. Since

"there is a communication between man and God, inasmuch as He communicates His happiness to us, some kind of friendship must needs be based on this same communication....the love which is based on this communication, is charity."(53)

From this we may draw an understanding of the extent of
friendship. In the first place friendship extends to one's friends. Secondly, it extends to someone in respect to another. In fact:

"so much do we love our friends that for their sake we love all who belong to them, even if they hurt or hate us; so that, in this way, the friendship of charity extends even to our enemies, whom we love out of charity in relation to God, to Whom the friendship of charity is chiefly directed." (54)

From our point of view it is not necessary to outline the proofs showing that charity is supernatural, some added form inclining the soul to the act of charity; that charity is a virtue which is special and yet is not divided into species but is one. These may be assumed but some consideration should be given to the question of the excellence of the virtue of charity. Now since the object of the theological virtues is God, it is evident that they are more excellent than the intellectual and moral virtues. If we are to designate any one of the theological virtues as the most excellent it will be the one that which attains God most. And:

"that which is of itself always ranks before that which is of another. But faith and hope attain God indeed insofar as we derive from Him the knowledge of truth or the acquisition of good, whereas charity attains God Himself that it may rest in Him, but not that something may accrue to us from Him, Hence charity is more excellent than faith or hope, and, consequently, than all the other virtues." (55)

It has already been stated above that friendship, which
is the basis of charity, extends to all that belongs to a friend. We may now come more specifically to the extension of charity to our neighbor. "The aspect under which our neighbor is to be loved is God,

"since what we ought to love in our neighbor is that he may be in God. Hence it is clear that it is specifically the same act whereby we love God, and whereby we love our neighbor. Consequently the habit of charity extends not only to the love of God, but also the love of our neighbor." (56)

The complete extension of charity may be summarized under the four headings of God, our neighbors, our bodies and ourselves. Should we wish to take charity in a metaphorical sense we may include in its extension everything that can be used for God's honor and for the good of man.

From this general consideration of charity we may pass to the order of charity and begin our discussion by determining whether or not there is order in charity. Order means that some things are to be placed before others and that things have a proper place.

"Hence wherever there is a principle, there must needs be order of some kind. But... the love of charity tends to God as to the principle of happiness, on the fellowship of which the friendship of charity is based. Consequently there must needs be some order in things loved out of charity, which order is in reference to the principle of that love, which is God." (57)

In the order of charity the first relationship which presents itself to us is the relation of our love of God to
our love for a neighbor. Now,

"Each kind of friendship regards chiefly the object in which we chiefly find the good on the fellowship of which the friendship is based... the friendship of charity is based on the fellowship of happiness, which consists essentially in God, as the First Principle, whence it flows to all who are capable of happiness." (58)

Thus we ought to love God chiefly and directly because He is the cause of our happiness. On the other hand our neighbors are to be loved in a derided sense as sharing with us the happiness from God. Continuing to place things in their proper places as sharing in charity, St. Thomas would place the love of God before the love of neighbor. Finer grading continues placing different kinds of neighbors and relatives in their proper places.

Charity must play a leading role in the moral order discussed by St. Thomas. The charity which perfected the life of virtue established a fellowship and friendship among men which made an ordered economy possible. Therefore, it was not a difficult thing to enforce a just price and similar customs of the thirteenth century.
CHAPTER IV

Some Specific Economic Problems Treated by St. Thomas

Man living a virtuous life in an effort to attain his final end, and living in a perfect society - a state - where the concern of those governing is the common good, will have to carry on activities in order to earn a livelihood. If man leads the virtuous life, if the government is good he will apply the general principles already discussed. This was the view St. Thomas took of economics and so anything that we might call Thomistic economics would deal largely with applying these general principles to whatever type of economic activity that might arise.

From what has already been said it is evident that St. Thomas was not positivistic in his approach to economics. His approach was definitely normative for he was concerned primarily with the oughtness of the acts. The ordinary approach of the economist to-day is exactly the opposite of that of St. Thomas. To-day the approach is usually positivistic, frequently it may be institutional, but it is never normative. As a matter of fact nearly every writer on the subject begins his work with the statement that he is not interested in the oughtness of the field of economics but is concerned only with what is. (59) A few moments reflection
makes it clear why modern economists are not concerned with the oughtness of acts. For them the end of economic activity is the satisfaction of the material wants of man. They see nothing beyond that and have no apparent concern with the ultimate end of man which St. Thomas kept constantly before him in the consideration of every problem. Thus for St. Thomas the primary thing, in fact the only thing he was interested in, was the oughtness of the act, or how it would aid or hinder man in attaining his last end.

In order to give a specific notion of how St. Thomas approached economic problems we may choose several topics for illustration. It must be remembered that since economics was not the primary concern of man in the thirteenth century St. Thomas did not deal at length with many problems such as we have to-day. However, he did discuss those problems which were of importance at the time. Economics had not been divided into the categories of study that it is to-day, i.e., production exchange, and distribution. Consequently he did not make a scientific treatment of the different topics. We find practically no mention of production in the modern sense. The reason is obvious: there was no problem of oughtness in production at the time. Regarding exchange we do find St. Thomas treating the subject. Exchange must be a problem whenever men have moved from the most primitive stage of economic development. This problem is treated
under the subject of the just price or fair rate of exchange. Here we find the first indication of the Thomistic method of considering the problems in the light of the general principles which had already been considered as necessary for man in attaining his last end.

The modern notion of value is that the rate of exchange is entirely a phenomenon of the market; that it is determined by the interaction of the two sets of forces known as supply and demand; that it is something objective and entirely removed from ethics. On the contrary St. Thomas points out that all such activity must serve the common good:

"Buying and selling seems to be established for the common advantage of both parties, one of whom requires that which belongs to the other and vice versa..." (60)

Regarding the actual manner of carrying on exchange he points out:

"whatever is established for the common advantage, should not be more of a burden to one party than to another, and consequently all contracts between them should observe the equality of thing and thing. Again the quality of a thing that comes into human use is measured by the price given for it, for which purpose money was invented... therefore, if either the price exceed the quantity of the things worth, or, conversely, the thing exceed the price, there is no longer the quality of justice; and consequently to sell a thing for more than it is worth, or to buy it for less than it is worth is unjust and unlawful." (61)

In this treatment we see that St. Thomas was concerned solely with whether or not the transaction was just. He applies the
principles of justice in his solution to the problem of exchange and pays no attention to the accidental methods and forces that affect exchange. In the above passage it is a bit difficult to determine exactly what St. Thomas means by the word "worth." The probable meaning is that a certain worth is intrinsic in each good. This intrinsic worth would depend on the suitableness of the good for man. While it is entirely possible that this is what St. Thomas had in mind we must not overlook the difficulty of determining the suitableness for different people, since most of these goods are only accidental to the livelihood of the people. About the only way in which this intrinsic worth can be judged is by the common estimate. Thus there seems to be both intrinsic worth or suitableness, and the common estimate of that worth. The former is something that is entirely foreign to modern economic thinking. However, the latter bears a rather close resemblance to the modern notion of a social value scale which grows out of the concept of utility.

Exchanges for the common advantage of each party are not the only ones which take place. There may be an exchange which accidentally tends to the advantage of one party and to the disadvantage of the other:

"for example, when a man has great need of a certain thing while another man will suffer if he be without it. In such a case the just price will depend not
only on the thing sold, but on the loss which the sale brings on the seller. And thus it will be lawful to sell a thing for more than it is worth in itself, though the price be not more than it is worth to the owner. Yet if the one man derive a great advantage by becoming possessed of the other man's property, and the seller be not at a loss through being without that thing, the latter ought not to raise the price, because of the advantage accruing to the buyer. Now no man should sell what is not his, though he may charge for the loss he suffers." (62)

Another case in which the buyer pays the seller the ordinary price but derives special gain from the transaction presents itself. This is the case in which the buyer received what we call in current economic terminology a "consumer's surplus". Regarding this St. Thomas says:

"the buyer may pay the seller something over the above: and this pertains to his honesty." (63)

In this conclusion we must notice how St. Thomas goes beyond strict justice. Though he says that the payment mentioned pertains to the honesty of the buyer it must really depend on his charity or his love for his fellow-man. In this one article, then, we see how St. Thomas applies both justice and charity to a problem that arose in economic activity. It is interesting to contrast with this the current notion of business men. The common practise to-day is to sell for as much as one possibly can and to buy for as little as one possibly can. In this contrast we find what a vast difference results from the seeking of different ends. St. Thomas looked
to the ultimate end toward which all activity must be directed, while the modern business man looks only to an end that he calls business success.

St. Thomas is not content with applying the principles of justice and charity just to the actual exchange. He attempts to apply them to the goods exchanged. In beginning his discussion of faults that may be in the good that is sold he quotes Ambrose who says (De Offic. iii. II):

"It is manifestly a rule of justice that a good man should not depart from the truth, nor inflict an unjust injury on anyone, nor have any connection with fraud." (64)

He then proceeds to show how certain defects in the thing sold are really fraudulent. He mentions three defects: first, in the substance; second, in the quantity; and third, in the quality. If any of these defects exist and the seller conceals it the transaction is said to be fraudulent and the seller is bound to make restitution. And, the same holds true of the buyer, St. Thomas insists. (65)

Trading, in general, was looked down upon by St. Thomas as it was by most of the philosophers. The reason for this was that they saw greed inseparably connected with trade. Therefore it was not trade itself that they objected to, but rather the greed that went with it. St. Thomas will admit that if trade is carried on legitimately as a means of attaining man's last end, it is permissible. In short, if gain is
incidental to the transaction and not the motive of the transaction, it is permissible. As a matter of fact he holds that even gain may accrue to the trader if that gain is the result of his labor or some service he has performed. (66)

This concludes the consideration St. Thomas gave to the subject of exchange. His approach is clear from the discussion that has been presented. He looked upon buying and selling as something that might be necessary to enable man to attain the means of reaching his end. However, these means must be directed toward the end and in his actions man must be good, he must lead the virtuous life, his activities in the field must show the effect of justice and charity.

Another illustration of St. Thomas' treatment of economic subjects may serve to make clearer how he applied general principles to these problems. Probably a problem which holds much present day interest is the problem of usury. Usury has been discussed by those who treated of economic topics since Aristotle. It is to be expected then that St. Thomas would give it consideration. Usury is the charge that was made for the lending of money and was the forerunner of our modern idea of interest, - though we must be careful not to confuse the terms. In his opening consideration of the problem St. Thomas says:

"to take usury for money lent is unjust in itself because this is to sell what does not exist, and
evidently leads to inequality which is contrary to justice." (67)

Here again there is the specific reference to justice; anything that violates justice is considered wrong.

St. Thomas continues his discussion of the sin of usury by pointing out why it is wrong. He tells us that there are certain things the use of which consists in their consumption. When dealing with such things the use cannot be separated from the thing and if anyone is granted the use of the thing he must be granted the thing itself. Examples cited are wheat and wine. One cannot sell wine separate from the use of wine.

"In like manner he commits an injustice who lends wine or wheat, and asks for double payment, viz., one, the return of the thing in equal measure, the other, the price of the use, which is called usury." (68)

Applying this specifically to money, St. Thomas refers to Aristotle (Ethics v. 5 and Politics i. 3) and points out that:

"money was invented chiefly for the purpose of exchange: and consequently the proper and principal use of money is its consumption or alienation whereby it is sunk in exchange. Hence it is by its very nature unlawful to take payment for the use of money lent, which payment is known as usury." (69)

Payment for the use of money, then, was considered wrong and was forbidden. However, under certain conditions compensation for something that appears to be similar was permitted. The
following passage shows this point:

"A lender may without sin enter an agreement with the borrower for compensation for the loss he incurs of something he ought to have, for this is not to sell the use of money but to avoid a loss." (70)

Again:

"...he that entrusts his money to a merchant or craftsman so as to form a kind of society, does not transfer the ownership of his money to them, for it remains his, so that at his risk the merchants speculate with it, or the craftsman uses it for his craft, and consequently he may lawfully demand as something belonging to him, part of the profits derived from the money." (71)

While the whole treatment of usury emphasizes again, as would the treatment of any problem in economics by St. Thomas, the principles of his ethics, it also illustrates clearly how circumstances alter the conclusions. The second case mentioned above is considered lawful for under the conditions there is nothing contrary to either justice or charity. But in the former case (69) where there was inequality, taking payment for the use of money lent, the action was condemned. Without attempting to contrast this with the modern view of interest we may conclude that the primary point made is that man in his borrowing and lending, as in his buying, and in all his acts, ought to practise the virtues so that he may attain his end.
SUMMARY

In this report an effort has been made to set forth the principles of the philosophy of St. Thomas Aquinas as it has reference to the field of economics.

Since economic activity centers about man the first consideration was given to the nature of man and his place in the order of the universe.

Man, according to St. Thomas, is a union of a material and a spiritual entity, having as an ultimate end perfect happiness. Man differs from all other living beings and from all non-living beings in that he has freedom of choice in selecting means by which he can arrive at his end. In the attainment of that end the spiritual side of man, since it is the superior, must dominate and rule the inferior or matter.

However, in this life, the spiritual entity in man, even though it is superior, is extrinsically dependent on matter. Consequently there must be some concern over material things. Because of this St. Thomas enquires into the problems of the material welfare of man. He recognizes that men, in general, must live together not only to aid one another in attaining their ultimate ends, but also to provide for their material welfare. Men living together in a social group form an external organization which aids them to attain their end.

If man is to attain his end of perfect happiness all of his activities must be suited to the attainment of that end.
A life in which all these activities are so suited is called the virtuous life. It is the virtues which set up the virtuous life. Therefore, consideration must be given to the virtues which are said to be the principles of a good life. There are three kinds of virtues—intellectual, moral and theological. Since this report is limited to a discussion of St. Thomas' philosophy as it applies to economics only the kind of virtues which apply directly to economic activity were considered in detail—justice and charity. Now justice is the habit of rendering to everyone his due. It directs man's actions in respect to individuals and in respect to others as a whole. A more complete picture of the virtuous life as the basis of economic activity must include a discussion of the Theological virtue of charity. Charity is defined as man's friendship for God. This friendship must mean a love of God, and by that a love of our neighbors. Charity must perfect the life of virtue and establish a friendship among men. Obviously, if life is dominated by justice and charity, it is possible to have an ordered economy.

Lastly, some specific economic problems were considered in an effort to show the application of these principles. The problems of exchange or price illustrates how the general principles of St. Thomas' philosophy of life are applied. To
St. Thomas any human act must aid man in attaining his end. The exchange of goods for economic welfare is a human act and consequently must be directed toward man's last end. The virtue (the internal principle of action) which must govern exchange directly is justice. Thus St. Thomas discusses the just price. His sole concern is with the morality of the act.

A second illustration was found in his treatment of usury, which corresponds in some respects to modern interest. It was condemned by St. Thomas. He held that usury was selling something which did not exist—that is, charging for the use of money—and therefore was contrary to justice which required an exchange of equals.

Thus the present report is drawn to a conclusion. Its primary purpose was not so much to discuss in detail the economics of St. Thomas as to present some of the principles of the philosophy of life of St. Thomas as the basis for his economic considerations, and thus present a prolegomena to his economics.
NOTES


2. Haney: History of Economic Thought. This work traces the history of economic thinking from the earliest times. Because of the vast number of primary sources that would have to be quoted if mention was made of specific writers prior to Adam Smith this secondary source is referred to.


4. St. Thomas Aquinas, Summa Contra Gentiles, 3, c. 1

5. St. Thomas Aquinas, Summa Theologica, I II 6, 1

6. Ibid., I II 13, 6

7. See note 10

8. St. Thomas Aquinas, Summa Contra Gentiles, 3, c. 1

9. St. Thomas Aquinas, Summa Theologica, I II 1

10. Ibid., I II 1

11. Ibid., I II 1, 4

12. Ibid., I II 1, 4

13. Ibid., I II 1, 5

14. Ibid., I II 1, 5

15. Ibid., I II 1, 5

16. Ibid., I II 1

17. Ibid., I II 2, 1

18. Ibid., I II 2, 2

19. Ibid., I II 2, 3

20. Ibid., I II 2, 5
21. Ibid., I II 2, 5
22. Ibid., I II 2, 5
23. Ibid., I II 3, 8
24. Ibid., I II 3, 8
25. St. Thomas Aquinas: *De Regimine Principum*, p. 30
26. Ibid., p. 30
27. Ibid., pp. 30-31
28. Ibid., p. 32
29. Ibid., pp. 32-33
30. St. Thomas Aquinas, *Summa Theologica*, I II 20, 1, 2
31. St. Thomas Aquinas, *De Regimine Principum*, pp 106-7
32. Many references may be made to substantiate these references. Particular attention is called to the following:


   Sombart, *Der Modern Kapitalismus*, I

33. St. Thomas Aquinas, *Summa Theologica*, I II 55 and 56
34. Ibid., I II 61, 2
35. Ibid., I II 60, 4
36. Ibid., II II 58, 1
37. Ibid., II II 58, 1, ad 3
38. Ibid., II II 58, 2
39. Ibid., II II 58, 4
40. Ibid., II II 58, 5
41. Ibid., II II 58, 5
42. Ibid., II II 58, 7
43. Ibid., II II 58, 7
44. Ibid., II II 58, 10
45. Ibid., II II 58, 12
46. Ibid., II II 58, 12
47. Ibid., II II 58, 12
48. Ibid., II II 61, 1
49. Ibid., II II 61, 2
50. Ibid., II II 61, 2
51. Ibid., II II 61, 2
52. Ibid., II II 23, 1
53. Ibid., II II 23, 1
54. Ibid., II II 23, 1, ad 2 um
55. Ibid., II II 23, 6
56. Ibid., II II 25, 1
57. Ibid., II II 26, 1
58. Ibid., II II 26, 2
60. St. Thomas Aquinas, *Summa Theologica*, II II 77, 1
61. Ibid., II II 77, 1
62. Ibid., II II 77, 1
63. Ibid., II II 77, 1
64. Ibid., II II 77, 2
65. Ibid., II II 77, 2
66. Ibid., II II 77, 4
67. Ibid., II II 78, 1
68. Ibid., II II 78, 1
69. Ibid., II II 78, 1
70. Ibid., II II 78, 2, ad 1
71. Ibid., II II 78, 2, ad 5
Primary Sources

St. Thomas Aquinas: *Summa Theologica*

In this work of St. Thomas we have practically a complete statement of his philosophy. The work, the longest work of St. Thomas, is divided into three parts, with two parts to the second part. The first part deals with God, the second part deals with man's ascent to God, and the third part deals with Christ—the way to God.

St. Thomas Aquinas: *De Regimine Principum*

The translation of G. B. Phelan was used in the report. The book was written by St. Thomas for the King of Cyprus. It attempts to expound the teachings of Holy Scripture and philosophy on the meaning and customs of good rulers, on the origin of government and on the duties of those who govern. It is largely theological although many philosophical doctrines on the subject of government are included.

Secondary Sources

Gilson-Ward: *Moral Values and the Moral Life*

This work is a translation of Gilson's book on the ethics of St. Thomas. The original work of Gilson followed closely the text of St. Thomas on all subjects involved in his treatment of the moral life. The translation is not literal and may at times be misleading unless it is properly interpreted. The book is divided into two parts. The first part deals with the Thomistic Theory of morals and the second part deals with the moral life in practise.

BOOKS CONSULTED

Ashley: *Introduction to Economic History and Theory, Vol. 1*
Haney: History of Economic Thought

Sombart: Der Modern Kapitalismus, I


Deibler: Principles of Economics
The thesis "A Prolegomena to the Economics of St. Thomas Aquinas," written by William H. Conley, has been accepted by the Graduate School with reference to form, and by the readers whose names appear below, with reference to content. It is, therefore, accepted as a partial fulfillment of the requirements of the degree conferred.

Rev. John McCormick, S.J. 
April 2, 1935

Rev. Joseph McLaughlin, S.J. 
April 20, 1935

Joseph Le Blanc, Ph.D. 
April 20, 1935