

The Prehistory of Modern Economic Thought:

The Aristotle in Austrian Theory

Abstract: Hesiod, Democritus, Xenophon, and Aristotle provided significant insights into economic theory through praxeological deduction. Stoic thought presents a coherent notion of natural law. Lao Tzu, Chuang Tzu, Pao Ching-yen, and Ssu-ma Ch'ien, Taoists in Ancient China, provide insight into the spontaneous order of the market and the effects of government intervention. The Late Scholastics, including Jean de Pierre Olivi, Albornoz, Mercado, Saint Bernadino, and Juan de Mariana, contribute to the economic discussion of utility theory, international trade, private property, the nature of government, and currency debasement.

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“...all of these men were focusing on the logical implications of a few broadly empirical axioms of human life: the existence of human action, the eternal pursuit of goals by employing scarce means, the diversity and inequality among men. These axioms are certainly empirical, but they are so broad and pervasive that they apply to all of human life, at any time and place. Once articulated and set forth, they impel assent to their truth by a shock of recognition: once articulated, they become *evident* to the human mind. Since these axioms are then established as certain and apodictic, the process of logic...can be used to arrive at absolutely true conclusions.”

Murray Rothbard¹

The term “economics” is derived from the Greek word, *oikonomia*, yet it is a term closer in meaning to the idea of “household management” than to what goes on at the offices of the National Bureau for Economic Research. However, philosophers of the ancient world did provide insight into the economic theory we discuss today. It is important to avoid the pitfall of aggrandizing obscure passages in ancient text, but provide recognition to those who have been able “...to discern in the wilderness of events what is essential from what is merely accidental.”²

Hesiod and the Problem of Scarcity

Hesiod is often labeled the first economist, a Boetian from the 8th Century BC Hesiod lived in the small, agricultural community of Ascra, a spot he describes as a “sorry place...bad in winter, hard in summer, never good.” Hesiod was therefore sensitive to the everlasting problem of scarcity on earth. A gulf exists between man’s unending dreams and desires and the existing resources on earth required to make them a reality. Hesiod composed a verse poem, *Works and Days*, where the first half is devoted to the fundamental economic problem of the scarcity of resources for the pursuit of all human needs and desires. Hesiod characterizes society was one where “men never rest from

¹ Rothbard, Murray, *Economic Thought Before Adam Smith: Austrian Perspective on the History of Economic Thought*, Vol. 1, Cheltenham, UK, Edward Elgar Publishing Ltd, 1995, pg. 19.

² Mises, Ludwig von, *Human Action*, Auburn, Al, Ludwig von Mises Institute, 1998, pg. 864.

labor and sorrow by day and from perishing by night.” He notes that because of scarcity; time, labor, and production goods must be efficiently allocated.

Hesiod analyzes the importance of labor and capital that puts an end to man’s state of leisure. He points to basic need, social condemnation of indolence, and rising consumption standards as moving man towards economic development and growth. Hesiod mentions a spirit of competition, of “good conflict” that tends to reduce the problems of scarcity.

Hesiod was in favor of the rule of law and the dispensation of justice to provide stability and order within society. He spoke out against corrupt methods of wealth acquisition and denounced robbery.

Democritus, Subjective Value Theory, and Time Preference

Democritus, born in 460 BC, a contemporary of Socrates, was a prominent scholar from Abdera, a settlement on the northern shore of the Aegean, founded by Ionian Greeks from Teos in Asia Minor in 540 BC. Democritus founded the idea of atomism in cosmology. Despite the splitting of the atom by Cockroft and Walton in Cambridge in 1932 and the discovery of subatomic particles, Democritus’ ideas have not been completely discredited. In terms of economic thought, Democritus was the first to develop a subjective value theory. “To all humans the same thing is good and true, but different people find different things pleasant.”³ Economic valuation was subjective. Democritus also noted the negative effect of overabundance on supply.

Importantly, Democritus was the first to discuss in print the idea of time preference. Democritus writes “it is not sure whether the young man will ever attain old age; hence, the good on hand is superior to the one still to come.”

Democritus contributed one of the earliest defenses of private property. He noticed that “income from communally held property gives less pleasure and the expenditure less pain.” He continued to note that “toil is sweeter than idleness when men gain what they toil for or know that they will use it.”

³ Curd, P. and McKirahan Jr., R.D., *A Presocratics Reader: Selected Fragments and Testimonia*, Indianapolis/Cambridge, Hackett, 1995.

Xenophon on Profit

Xenophon, an Athenian aristocrat and army general, was a contemporary of Plato. Xenophon held the typical disdain for labor and trade that was so fashionable among his brethren, yet he did provide a few economics insights of his own. He developed a utility theory of value as he states that “property is that which is useful for supplying a livelihood, and useful things turned out to be all those things that one knows how to use.”⁴

Xenophon also discussed wealth as a resource for man to use. “Wealth is that from which a man can derive profit.”⁵ Xenophon also correctly identified the benefits of the division of labor:

“In small towns the same workman makes chairs and doors and plows and tables, and often the same artisan builds houses...’ whereas in the large cities ‘many people have demands to make upon each branch of industry,’ and therefore ‘one trade alone, and very often even less than a whole trade, is enough to support a man.’ In large cities, ‘we find one man making men’s boots only; and another women’s only...one man lives by cutting out garments, another by fitting together the pieces.”

Xenophon anticipates Adam Smith in realizing that the extent of the division of labor is impacted by the scale of the market for products. Additionally, Xenophon explained the influence of supply and demand on value. He correctly observed that an increase in the supply of a commodity causes a fall in prices.

Xenophon proposed a tendency toward equilibrium in the economy where supply and demand shift and react accordingly. He discussed the fact that when there are too many coppersmiths, copper becomes cheap and the smiths go out of business and turn to other activities. He noted that the same occurs in other industries. This idea brings to mind Joseph Schumpeter’s discussion of creative destruction.

⁴ Xenophon, *Memorabilia and Oeconomicus*, English translation by E.C. Marchant, London, William Heinemann, 1923, pg. 409.

⁵ Xenophon, *Memorabilia and Oeconomicus*, English translation by E.C. Marchant, London, William Heinemann, 1923, pg. 367.

Aristotle and Private Property

The ideas of Aristotle have had a tremendous impact on social and economic thought since the days of the Lyceum. Aristotle's greatest contribution is his recognition of the vital importance of private property. Aristotle denounced the communism of the ruling elite advocated by Plato. According to Aristotle, Plato's collectivist utopia runs counter to humanity's multiplicity and the mutual advantage gained through market exchange. Plato himself recognized the importance of the division of labor. Plato has Socrates remark in *The Republic* that specialization occurs because "we are not all alike; there are many diversities of natures among us which are adapted to different occupations".

Aristotle outlined the common characteristics of private property that solidified his support:

1. Private property is more productive and leads to progress.
2. Conflict is inherent in communal property management.
3. Private property is intrinsic to man's nature. The love of self, money, and property is tied to natural love of exclusive ownership.
4. Private property has existed always and everywhere.
5. Only private property allows for opportunity for moral action; to practice virtues of benevolence and philanthropy.

Aristotle, Money, Exchange, and Value

Aristotle also had a generally positive and accurate view of money despite his unfortunate comment that the lending of money at interest was "unnatural." He correctly identified the growth of money as a catalyst for increased production and exchange. He sees that money as a medium of exchange is representative of general demand and thus "holds all goods together." Aristotle goes on to explain that as everyone sells goods for money the problem of the "double coincidence of wants" is eliminated. No longer does each trader have to covet the other trader's goods directly.

Aristotle appreciates the fact that money represents human need or demand thus providing the motivation for exchange and "which holds all things together." Demand is governed by the desirability of a good or use-value. Aristotle approaches a cogent analysis of the impact of different levels of supply on the value of a good. An echo of a

marginal utility theory of value and its resolution of the paradox of value can also be discerned. Aristotle states that the quantity of a good reaches a saturation point where the use-value plummets and becomes insignificant. He points to the inverse effect that when a good becomes more scarce, it will become subjectively more valuable. In the *Rhetoric*, Aristotle states that “what is rare is a greater good than what is plentiful. Thus gold is a better thing than iron, though less useful.” Although not a complete refutation of the paradox of value, much closer than many economists of the eighteenth century.

Aristotle correctly identified the process by which the value of final products is imputed to the factors of production or means. In the *Topics* as well as in the *Rhetoric*, Aristotle states that the “instruments of production,” derive their value from the “instruments of action,” the final products useful to man. The greater subjective value of a good, the greater the value of the means to arrive at that product. Aristotle touches on the marginal component in this imputation stating “judge by means of an addition, and see if the addition of A to the same thing as B makes the whole more desirable than the addition of B.” Aristotle correctly emphasizes the value of the loss rather than the addition of a good. “That is the greater good whose contrary is the greater evil, and whose loss affects us more.”

Aristotle’s analysis continued as he pointed out that a saw is more valuable than a sickle in the carpentry profession, yet it is not universally more valuable. The factors of production play an important role in the whole process. Aristotle also noticed that a good with many potential uses will be more desirable than a good with only one use. Aristotle provided clear insight into the economic theory of imputation and marginal productivity tackled by economists more than two thousand years later.

Stoics on Natural Law

The Stoics, founded by Zeno (336 – 264 BC) of Clitium on the island of Cyprus, was an influential school of Greek philosophers who acquired their name from the painted porch (*stoa poikile*) where Zeno began to teach. The second founder, Chrysippus (280-206 BC) of Tarsus, in Cilicia Campestris, on the Asia Minor inland near Syria, once remarked that the “wise man will turn three somersaults for an adequate fee.” He also

pointed out with great perspicacity that “nothing can prevent some seats in the theatre from being better than others.” An insight that crosses so many intersections of life.

However, the greatest contribution of the Stoics was in the arena of moral and legal philosophy as they conceptualized the natural law. The concentration on the Socratic *polis* as the center of human virtue gave way to the Stoic emphasis on the individual. Natural law was absolute and universal transcending political borders and the restrictions of time and place. Roman statesman and orator, Marcus Tullius Cicero (106-43 BC) summed up the natural law philosophy:

“There is a true law, right reason, agreeable to nature, known to all men, constant and eternal, which calls to duty by its precepts, deters from evil by its prohibition... This law cannot be departed from without guilt... Nor is there one law at Rome and another at Athens, one thing now and another afterward; but the same law, unchanging and eternal, binds all races of man and all times; and there is one common, as it were, master and ruler – God, the author, promulgator, and mover of this law. Whoever does not obey it departs from [his true] self, contemns the nature of man and inflicts upon himself the greatest penalties...”⁶

Cicero is also revered for his parable of pirates and political organization. Cicero told the story of a pirate who was once dragged into the court of Alexander the Great. Alexander condemned him for his buccaneering and banditry and asked him what impulse it was that led him to terrorize the high seas with his one little ship. The pirate replied that it was “the same impulse which has led you [Alexander] to make the whole world unsafe.”

The Roman law led the way to an almost universal recognition of private property rights where every owner had the right to utilize his property as they saw fit. Contracts emerged as transfers of title to property. Common and civil law in the European continent developed with a solid foundation.

Laozi and Government Intervention

⁶ Lactantiatius, *Divin. Institut* (6-8).

The Taoists, ancient Chinese political philosophers hold an importance place in the history of economic thought as they were the first cohesive school to advocate little or no interference by the government in economic and social affairs. The founder, Laozi was a contemporary of Confucius from the state of Sung and a descendent of lower aristocracy of the Yin dynasty. The individual and his happiness was of paramount importance for Laozi. He felt that government with “laws and regulations more numerous than the hairs of an ox” was “more to be feared than fierce tigers.” The “inaction” of government is what allows the individual and society to develop in harmony.

Laozi identified the inefficiencies inherent in central planning and the detrimental effects of excessive regulation. “The more official taboos and restrictions there are in the world, the more the people are impoverished... The more that laws and regulations are given prominence, the more thieves and robbers there will be.” Laozi points to an important, but often overlooked aspect of statecraft. When law becomes obscured and government itself indulges in and encourages deceit, theft, coercion, and violence; these outcomes must inevitably be multiplied throughout society.

Laozi pointed to the twin evils of taxation and war in government intervention. “The people hunger because their superiors consume an excess in taxation.” He clearly elaborated on the fact that “where armies have been stationed, thorns and brambles grow. After a great war, harsh years of famine are sure to follow.” Laozi felt that with an inactive government, the world “stabilizes itself” and excessive taxation and ghastly war need not necessarily be inevitable.

Laozi concluded: “Therefore, the Sage says: I take no action yet the people transform themselves, I favor quiescence and the people right themselves, I take no action and the people enrich themselves...”

Chuang Tzu, Spontaneous Order, and the State

Chuang Tzu (369 – 286 BC) followed Laozi two centuries later, but provided a coherent view of the free market. Chuang Tzu lived in the state of Meng and also descended from the aristocracy. He was a minor official, but impressed the king so greatly that King Wei sent an emissary to Chuang Tzu to urge him to become the king’s chief minister of state. Chuang Tzu famously rejected the offer to partake in state power:

“A thousand ounces of gold is indeed a great reward, and the office of chief minister is truly an elevated position. But have you, sir, not seen the sacrificial ox awaiting the sacrifices at the royal shrine of state? It is well cared for and fed for a few years, caparisoned with rich brocades, so that it will be ready to be led into the Great Temple. At that moment, even though it would gladly change places with any solitary pig, can it do so? So, quick and be off with you! Don’t sully me. I would rather roam and idle about in a muddy ditch, at my own amusement. I will never take any official service, and thereby I will [be free] to satisfy my own purposes.”

Chuang Tzu was a fierce proponent of laissez faire who praised the virtues of private life.

“There has been such a thing as letting mankind alone; there has never been such a thing as governing mankind [with success].”

Remarkably, Chuang Tzu initiated a discussion of spontaneous order that is similar to those by Proudhon in 19th century as well as that of Friedrich Hayek in the 20th century. “Good order results spontaneously when things are let alone.” Chuang Tzu recognized the natural freedom underlying human action. “The common people have a constant nature; they spin and are clothed, till and are fed...it is what may be called their ‘natural freedom.’” If despots and central planners were to initiate rules to prohibit action, “it would indeed be no different from stretching the short legs of the duck and trimming off the long legs of the heron [or] haltering a horse.” Chuang Tzu concluded that the world “does simply not need governing; in fact it should not be governed.”

Similar to Cicero’s parable, Chuang Tzu stated that “a petty thief is put in jail. A great brigand becomes a ruler of State.”

Pao Ching-yen on Stateless Society, and the Power of the Nation

In the 4th century AD, Pao Ching-yen emerged to discuss the character of a stateless society: “There were no rulers and no officials. [People] dug wells and drank, tilled fields and ate. When the sun rose, they went to work; and when it set, they rested. Placidly going their ways with no encumbrances, they grandly achieved their own fulfillment.”

According to Pao Ching-yen, a society existed in ancient times not ravaged by warfare:

“Where knights and hosts could not be assembled there was no warfare a field... Ideas of using power for advantage had not yet burgeoned. Disaster and disorder did not occur. Shields and spears were not used; city walls and moats were not built... People munched their food and disported themselves; they were carefree and contented.”

Pao Ching-yen discusses the magnification of disputes via a centralized political organization as compared to the petty affairs of the common man:

“Disputes among ordinary people are merely trivial matters, for what scope of consequences can a contest strength between ordinary fellows generate? They have no spreading lands to arouse avarice...they wield no authority through which they can advance their struggle. Their power is not such that they can assemble mass followings, and they command no awe that might quell [such gatherings] by their opponents. How can they compare with a display of the royal anger, which they can deploy armies and move battalions, making people who hold no enemies attack states that have done no wrong.”

Pao declared that the existence of institutional violence led to increased violence among the mass of men. Government was the tool for the exploitation of the weak by the strong. Pao believed that the popular fallacy of a strong government needed to fight disorders within society committed the error of confusing cause and effect.

Ssu-ma Ch'ien and the Role of the Entrepreneur

Historian, Ssu-ma Ch'ien (145 – 90 BC) succeeded his father, Ssu-ma T'an, as grand historian at the court of the Early Han emperor Wu. He followed the Taoist laissez faire economic outlook and identified specialization and the division of labor within the market process:

“Each man has only to be left to utilize his own abilities and exert his strength to obtain what he wishes... When each person works away at his own occupation and delights in his own business, then like water flowing downward, goods will naturally flow ceaselessly day and night without being summoned, and the people will produce commodities without having been asked.”⁷

⁷ Spengler, Joseph J., *The Growth of Economic Thought and Justice*, Carbondale, IL. Southern Illinois University Press, 1980, pg. 58.

Ssu-ma believed in the self regulation of the market and could not see the necessity of government intervention in the economy:

“Society obviously must have farmers before it can eat; foresters, fishermen, miners, etc., before it can make use of natural resources; craftsmen before it can have manufactured goods; and merchants before they can be distributed. But once these exist, what need is there for government directives, mobilizations of labor, or periodic assemblies?”⁸

Ssu-ma also astutely recognized the vital role of the entrepreneur in the market. Ssu-ma wrote of the necessity of keeping “a sharp eye out for the opportunities of the times.” The entrepreneur accumulates wealth through spotting profit opportunities in the service of his fellow man.

Ssu-ma dabbled in monetary affairs noting that an increased quantity of money and a debased quality of coinage by government depreciates the value of money and makes prices rise. Ssu-ma noticed the government tendency toward just such monetary manipulation.

Pierre de Jean Olivi, Utility Theory, and the Paradox of Value

Pierre de Jean Olivi (1248-98), a Franciscan friar, spent many years as a lector in Florence. Olivi provided significant insights into the determination of economic value. He separated value into two categories, Saint Bernardino, who borrowed much of Olivi’s work stated

“Things have two values: One is natural [objective] and one is use based [mostly based on subjective utility]. Saleable goods are valued in the latter. And this use value [or value in use] can be considered from three perspectives:

1. Virtuositas [Objective value in use]
2. Raritas [Scarcity]
3. Complacibilitas [Desirability]”⁹

Olivi’s discussion of scarcity on prices resolves the ‘paradox of value’. Olivi via Saint Bernardino explained:

⁸ Spengler, Joseph J., *The Growth of Economic Thought and Justice*, Carbondale, IL. Southern Illinois University Press, 1980, pg. 58.

⁹ Saint Bernardino of Sienna, *Opera Omnia*, Venice, 1591, bk. 2, Sermon 35, chap. 1, pg. 335.

“Water is usually cheap where it is abundant. But it can happen that, on a mountain or in another place, water is scarce, not abundant. It may well happen that water is more highly esteemed than gold, because gold is more abundant in this place than water.”¹⁰

The Late Scholastics on International Trade

For Bartolome de Albornoz, the exchange of foreign goods was the “most natural [contract] that exists in humanity.”

“Buying and selling is the nerve of the human life that sustains the universe. By means of buying and selling the world is united, joining distant lands and nations, people of different languages, laws and ways of life. If it were not for these contracts, some would lack the goods that others have in abundance and they would not be able to share the goods they have in excess with those countries where they are scarce.”¹¹

Saint Bernardino of Sienna in *Opera Omnia* recognized the responsibility of merchants who: “Quia quod in una terra est abundans et vile, hoc idem in alia terra est necessarium, rarum et carum.”¹²

The Late Scholastics and Private Property

Saint Bernardino

“One day, as Saint Francis was traveling through a city, a demon-possessed person appeared in front of him and asked: ‘What is the worst sin in the world?’ Saint Francis answered that homicide is the worst. But the demon replied that there was one sin still worse than homicide. Saint Francis then commanded: ‘By God’s virtue, tell me which sin is worse than homicide!’ And the devil answered that having goods that belong to someone else is a sin worse than homicide because it is this sin which sends more people to hell than any other.”¹³

Tomas de Mercado

“because people love most those things that belong to them. If I love God, it is my God, Creator and Savior whom I love. If I love him who engendered me, it is my father whom I love. If a father loves his

¹⁰ Saint Bernardino of Sienna, *Opera Omnia*, Venice, 1591, bk. 4, Sermon 30, pg. 136.

¹¹ Albornoz, Bartolome de, *Arte de los Contratos*, Valencia, 1573, ch.7, 29.

¹² “take the goods to be sold in those places where they are scarce, sometimes receiving in return [as a price] the goods they [the countries] have in abundance.”

¹³ Story told by Saint Bernardino of Sienna in Sermon XXVII of “*De Amore Irratio*,” *Opera Omnia*, Venice, 1591.

children, It is because they are his. If a wife loves her husband it is because he belongs to her and vice versa... And if I love a friend it is my friend or my parent or my neighbor. If I desire the common good, it is for the benefit of my religion or my country or my republic. Love always involves the word mine, and the concept of property is basic to love's nature and essence."¹⁴

Mercado

"We cannot find a person who does not favor his own interests or who does not prefer to furnish his home rather than the republic. We can see that privately owned property flourishes, while city and council-owned property suffers from inadequate care and worse management. In this regard, Aristotle states that the pleasure that a man feels while working at his own business is inevitable. It is not easy to explain how important it is for man to know that he is the owner of the thing he produces. On the other hand, people treat common enterprises with great indifference... After man's loss of innocence, it becomes necessary for each individual to share in the things of this world, in real estate or moveable riches... If universal love will not induce people to take care of things, private interest will. Hence, privately owned goods will multiply. Had they remained in common possession, the opposite would be true."¹⁵

Similar to Aristotle, Alejandro Chafuen has summarized the late-scholastic argument for private property:

1. Private property helps to ensure justice. Evil exists because men are sinners. If goods were commonly owned, it would be the evil men 'and even the thieves and misers' who would profit most, since they would take more from the barn and put less into it. Good men, on the other hand, would contribute more and profit less. The fact that the most immoral people dominate society represents a harmful element and a distortion of natural order.
2. Private property is useful for the preservation of peace and harmony among men. Whenever goods are held in common, disputes are inevitable.
3. Privately owned productive goods are more fruitful because it is natural for men to take better care of what is theirs than of what belongs to everybody; hence the medieval proverb: "A donkey owned by many wolves is soon eaten."

¹⁴ Mercado, Tomas de, *Summa de Tratos y Contratos*, Seville, 1571, bk. 2, ch. 2, fol. 18-19.

¹⁵ Mercado, Tomas de, *Summa de Tratos y Contratos*, Seville, 1571, bk. 2, ch. 2, fol. 19.

4. Private property is convenient for maintaining order in society, and it promotes free social cooperation. If everything were held in common, people would refuse to perform less pleasant jobs.
5. No man (not even a priest) can detach himself from temporal goods. Original sin brings with it the problem of scarcity, which is the source of economic problems (i.e., the difference between unlimited needs and limited resources).¹⁶

Juan de Mariana, Liberty, and the Nature of Government

Juan de Mariana believed that society existed before any form of government:

“Only after society had been constituted could men have thought of creating power. This fact in itself is sufficient to prove that rulers exist for the people’s benefit and not vice versa... This can be confirmed and verified by our personal cry for liberty, a liberty that was first diminished when one man took up the scepter of law or exercised the force of his sword over others.”¹⁷

Mariana also had a sophisticated view of political history. Not a fan of tyrants, Mariana noted that Cyrus, Alexander, and Caesar: “were kings, but not legitimate ones. Instead of taming the tyrannical monster and eradicating vices...they applied the art of robbery. It is ironic that even today, people sing their praises.”¹⁸

Mariana was clear on the effect government had on society and the individual: “They drain individual treasures. Every day they impose new taxes. They plant the seeds of disruption among the citizens. They engage in one war after another. They put into practice every possible method to avoid rebellion against their cruel tyranny.”¹⁹

Mariana believed that the king was not the owner of any individual labor. He wrote that “if the king is not the owner of private goods, he may not dispose of them without

¹⁶ Chafuen, Alejandro A., *Faith and Liberty: The Economic Thought of the Late Scholastics*, Lanham, Md., Lexington Books, 2003, pg. 37.

¹⁷ Mariana, Juan de, *Biblioteca de Autores Espanoles*, vol. 30, Discurso Preliminar, pg. 27.

¹⁸ Mariana, Juan de, *Del Rey y de la Institucion Real*, in *Biblioteca de Autores Espanoles*, vol 31, Madrid, Editions Atlas, 1950, pg. 469.

¹⁹ Mariana, Juan de, *Del Rey y de la Institucion Real*, in *Biblioteca de Autores Espanoles*, Rivadeneyra, vol. 31, Madrid, Editions Atlas, 1950, pg. 479.

the owner's consent." Mariana concludes that "the king cannot do things that damage the people without their consent (by this, I mean, to take away their property or part of it)."²⁰

Mariana on Currency Debasement

Juan de Mariana was an emphatic supporter of sound and stable money. He even labeled the practice of currency debasement as the "infamous systematic robbery." He clearly saw that the manipulation of the money supply would lead to a loss in purchasing power. In the following passage, Mariana compares currency debasement to someone going into a privately-owned barn and stealing the crops from within:

"The king has no domain over the goods of the people, and he can not take them in whole or in part. We can see then: Would it be licit for the king to go into a private barn taking for himself half of the wheat and trying to satisfy the owner by saying that he can sell the rest at twice the price? I do not think we can find a person with such depraved judgment as to approve this, yet the same is done with copper coins."²¹

Mariana recognized that "as the foundations of a building must be firm and stable, weights, measures, and money should not be changed if one wants to avoid the confusion and the pendulum swings of commerce."²²

Mariana was prone to suggest currency debasement was a "barbaric" practice and a "plague in the republic." He was particularly sensitive to the hurt and pain that currency manipulation could bring:

"If we take the liberty of reducing the fineness of gold and silver coins by two percent or more...foreign commerce will become impossible if local merchants do not acquiesce to suffering a loss equivalent to the devaluation. Distrust will characterize domestic commerce, and a paralysis of production will necessarily follow, producing scarcity, high prices, poverty, confusion, disorder... Such sad results flow so spontaneously from the condition of the human character that to foresee them we have only to consult our reason. But it is not only reason that teaches us this, it is experience, a truly macabre experience, which writes its message in blood and tears."²³

²⁰ Mariana, Juan de, *Tratado Sobre la Moneda de Vellon*, in *Biblioteca de Autores Espanoles*, Rivadeneyra, vol. 31, Madrid, Editions Atlas, 1950, pg. 578.

²¹ Mariana, Juan de, *Tratado Sobre la Moneda de Vellon*, in *Biblioteca de Autores Espanoles*, Rivadeneyra, vol. 31, Madrid, Editions Atlas, 1950, pg. 586.

²² Mariana, Juan de, *Tratado Sobre la Moneda de Vellon*, in *Biblioteca de Autores Espanoles*, Rivadeneyra, vol. 31, Madrid, Editions Atlas, 1950, pg. 587.

²³ Mariana, Juan de, *Biblioteca de Autores Espanoles*, Introduction to vol. 30, pg. xxxvi.

Conclusion

It is quite clear that economics did not emerge from the hip of Adam Smith. Economic thought encompasses a great deal more than the triumvirate of Smith, Alfred Marshal, and J.M Keynes. Indeed, many prescient ideas are left unspoken in too many economic conversations and debates. To cite one more example, the tragedy of the commons persists today as we have not completely assimilated the idea that Aristotle spoke of in the Politics:

“That all persons call the same thing mine in the sense in which each does so may be a fine thing, but it is impracticable; or if the words are taken in the other sense, such a unity in no way conduces to harmony. And there is another objection to the proposal. For that which is common to the greatest number has the least care bestowed upon it. Every one thinks chiefly of his own, hardly at all of the common interest; and only when he is himself concerned as an individual. For besides other considerations, everybody is more inclined to neglect the duty which he expects another to fulfill; as in families many attendants are often less useful than a few.”²⁴

Thucydides advised of this natural phenomenon in his *The History of the Peloponnesian War*:

“[T]hey devote a very small fraction of the time to the consideration of any public object, most of it to the prosecution of their own objects. Meanwhile, each fancies that no harm will come to his neglect, that it is the business of somebody else to look after this or that for him; and so, by the same notion being entertained by all separately, the common cause imperceptibly decays.”²⁵

Economics, the dismal science, one of unexpected events, confused explanations, and imperceptible consequences; it need not be so.

²⁴ Aristotle, *Politics*, 1262a30-37.

²⁵ Thucydides, *The History of the Peloponnesian War*, bk. I, sec. 141.

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