Studia Gilsoniana 8, no. 4 (October–December 2019): 885–890
ISSN 2300–0066 (print)
ISSN 2577–0314 (online)
DOI: 10.26385/SG.080436

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Aristotle and Aquinas on the Virtue of Money as a Preservative of Justice in Business Affairs and States

While Aristotle's and St. Thomas's teachings about economics are often ridiculed today, actually what they had to say about this issue is quite profound.

According to them, a type of proportionality in commutative exchanges is an essential part of business activity that qualitatively makes intelligible the nature of money and economic exchange. A chief reason for this is because, to preserve justice in terms of proportionate equality within commutative economic interactions, the natural qualitative inequality of products produced by different professions and professionals for satisfying natural human needs, real human goods: (1) must be publicly recognized and (2) equated according to a uniform measure of equality. *The greater qualitative contribution that some professions make, economically to a political order, must be publicly recognized and justly compensated. If this does not happen, Aristotle and St. Thom-*

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ARTICLE — Received: Oct. 23, 2019 ▪ Accepted: Dec. 10, 2019

as maintain that economic exchanges within a particular political order and between political regimes will stop!

If a uniform measure of proportionate equality between and among professions of unequal quality (between those more and less necessary for promoting and preserving human life, health, and safety) is preserved within a political society, they say all things capable of being economically exchanged can, thereby, be compared to an equal unit measure so as to make known which is more or less great in relation to market demand and fulfilling real human needs.

They maintain that money, currency, was invented as a measure of market demand to establish fair pricing in relationship to fulfilling real needs! The invention of money, therefore, becomes a measure of paying: (1) too much, (2) proportionately equal (fair price), or (3) too little, chiefly relative to a real need.

To make intelligible the nature of money as a measure of fair price and market demand, they give the following example related to the exchange of one house for X number of sandals or X amount of food. While, generally considered, St. Thomas says one house is of qualitatively greater good *for the preservation and promotion of human life* than one sandal, over a long period of time, one house is qualitatively (has the intensive quantum greatness: a greatness of power relative to preserving and promoting human life) equal to so many sandals. And, over a short period of time, one house has a qualitative good for the promotion and preservation of X number of people.

In short, some goods have a qualitative greatness relative to the preservation and promotion of real human needs (*the greatest of which is the preservation and promotion of human life*) *expressible in arithmetically-quantifiable terms through a physical sign numerically-expressed*: *by money*!

The farmer, builder, and shoemaker produce qualitatively unequal useful goods, goods unequally useful for executing performance

activity and keeping people alive, safe, and healthy. If human beings do not recognize the hierarchical inequality of business, and other, professions for the unequal contribution they make toward the preservation and promotion of human life and safety, perfecting the quality of human life, Aristotle and St. Thomas maintain that human beings will refuse to exchange goods and products, will refuse to engage in economic activity. Hence, some means for equating qualitatively unequal goods and activities, hierarchically-ordered professions, must be discovered or invented.

Money enables the real wealth (quality of talent of qualitatively unequal, but talented, people) and the generically unequal goods they produce (like those of the farmer, builder, cobbler, baker, and cosmetologist) to become members of the same genus of economic goods (enabling-means, goods productive of real, life-enhancing good) to be measured by a generically-common standard of use value. Wealth is chiefly measured in terms of personal talent and that of how many talented people a talented person can get to work for him for free.

According to St. Thomas, only one standard truly measures all goods, including economic ones: demand, human needs. All human goods have one chief measure—natural need to stay alive and preserve health. Hence, St. Thomas says we do not measure economic good according to a metaphysical standard of greatness. If we did, a mouse would be of greater good than a pearl! We measure economic good, price, according to a human being's relationship to needing something for some human use to fulfill some real human want or need in the present that some talented person can satisfy.

As further proof that human need is a chief measure of economic price, St. Thomas says that if human beings had no real needs, no human exchanges would happen. Nor would they happen if we did not have like needs. We would not exchange something for which we have real need for something for which we have no need. He maintains that

the etymology of the word "money" in Greek is from the Greek word for law (*nomos*). And he maintains that the etymology relates to the fact that: (1) demand measures all economic exchanges; (2) money arose as a conventional agreement among men because of the need, natural demand, to exchange necessary goods; (3) money is a physical sign of an agreement (an IOU) that, upon demand and by law, what a person needs will be given to him in exchange for money. St. Thomas calls this exchange-power of money a *virtue* of money, part of its intensive quantum, or qualitative, greatness.

Because money can become useless if not backed up by the force of law, St. Thomas adds that, while human demand, need, is the measure of all good according to nature, money is the measure of all economic good according to human convention by law.

Further, money enables us to have a measure by law within and between States, a measure of the quality of labor of a State, and of the productivity of a State's workers: of the reciprocal proportionality of economic worth of labor and the hierarchy of professions within and between States. Hence, in a way, money is the measure of the social health of a State.

By the law of supply and demand, and convention, money directly equates exchange with goods and labor and indirectly equates exchange with human needs. According to St. Thomas, money's virtue, nature, consists in uniting qualitatively unequal (hierarchically-ordered) goods and labor within the same genus through an arithmetically-quantifiable measure.

Put simply, money replaces the balance scale to enable weighing proportionate equality (intensive quantity greatness / qualitative greatness) of goods and labors exchanged. Money is chiefly a sign, measure, of comparative quality analogously expressed in terms of a numerical greatness. Considered as such, money enables us to dispense with carrying a universal balance scale.

St. Thomas explains the great good that money provides to social human life by saying that, when human beings are so related that one, or both, does not need another, no mutual exchange happens. Exchange happens when a farmer needing wine has a neighbor who is a vintner who needs grain so that a poundage of grain is exchanged for X number of bottles of wine. Because money is not chiefly a weight or arithmetic number, but can analogously measure both, he says that money fosters exchange activity and human socialization. Moreover, *when money loses its exchange power, its virtue*, St. Thomas maintains that *human communication stops*.

He adds that money has the additional power, virtue, of serving as a tool for future exchanges of many goods because not every need is immediate and involves exchange of wine and grain. Thus, money's *virtue* includes the ability to serve as a kind of *insurance policy* that, in the future, in exchange for money, someone will get what he needs or wants.

Because, like other goods, the demand for currency can fluctuate up and down, because it can lose its *virtue*, purchase power, St. Thomas states that legal protections need to be put in place to enable money to retain its exchange utility more so than other things do.

Since the hierarchy of human needs, arts, and sciences, differ so greatly in quality, St. Thomas maintains that no measure to equate them can exist according to reality and the nature of things. The best we can do is to compare the quality of contributions made by the arts and sciences to human needs at this or that time, and in this or that circumstance, by convention, established by law.[1]

[1] St. Thomas Aquinas, *Commentary on the Nicomachean Ethics of Aristotle*, trans. C. I. Litzinger with a Foreword by Ralph M. McInerny (Notre Dame, Ind.: Dumb Ox Books, 1993), Bk. 5, Lect. 9, nn. 978–991.

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SUMMARY

While Aristotle's and St. Thomas's teachings about economics are often ridiculed today, this article argues that actually what they had to say about this issue, especially about the nature of sound currency, backed up by force of law, is quite profound. According to both of them, sound money plays an essential role in the preserving commutative justice within States. By so doing, it preserves communication between talented people who make qualitatively unequal contributions to a State's continued existence and welfare.

KEYWORDS

communication, commutative, contribution, convention, currency, demand, equality, exchange, hierarchy, human, inequality, just, justice, law, life, measure, natural, nomos, numerical, preservation, proportionate, proportionality, use, value, virtue.

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