

## ECONOMICS AND THE COMMON GOOD

The idea of the 'common good' has a long history, going back to ancient Greece and developed in the Middle Ages. Behind it lies a conception of an order to society which in some way is part of the greater order of nature. The idea that there was a natural order of society and that all its functions and institutions worked together in harmony to serve the good of the whole was lost by the fifteenth century. From that time onwards society was regarded as an artificial construct, with government imposed upon citizens to curb violence or anarchy. Thus, from the birth of the modernity, the individual and the state were seen as opposed to one another. It is an idea that endures into our times, and it hovers over practically all political debates.

An opposition has in fact occurred, not between the citizen and the state, but between the economy and the state. The modern industrial economy has become divorced from the social and civic life of society and from the well-being of the whole. With few exceptions, the wage earner has become an anonymous part of the industrial machine, while the industrial machine itself has become an anonymous mechanism dictating international relations. Put simply, the economic realm has separated itself from civic society. As Karl Polanyi put it in *The Great Transformation*, the economy is no longer embedded in community. The result is that land, labour and money have each become commodified and no longer serve the social good. They have each lost their real nature.

One of the difficulties we face in economic theory is that classical 'political economy' was born when this divorce was already well underway and the traditional understanding of society had all but disappeared. Economic distortions have become so normalised they are now hard to see.

In the face of this situation I think it worthwhile asking how an exploration of pre-modern conceptions of society might throw light on our modern crisis. If we look at Aristotle, for example, the first thing he observes is that human nature is naturally social or political. Nobody can live a proper human life outside society. It is the social nature of mankind that distinguishes it from the other species. For Aristotle, this distinction is marked by the faculty of speech or *logos*. The Greek word *logos* means both reason and speech. Through speech discourse on the nature of justice and injustice becomes possible, giving rise to politics and philosophy. Man is the being who reflects on the order of things, and this reflection is made possible through dialogue.

According to Aristotle, human society is also part of the larger order of nature. Everything in nature has its natural function and end. This teleological view shows how everything in nature seeks its proper actualisation. This is obvious in the biosphere, where all living things grow towards their completion, and where everything has its part in the biosphere as a whole. Modern ecology is rediscovering something of this order in nature which was once universally understood.

Human society likewise was understood to have a proper end. First, human nature shares in the ends that all beings seek: the preservation of their own being. Second, human nature shares in the ends that animals seek: reproduction and education of offspring. Third, human nature seeks to know truth and goodness through reason.

These are shared ends of the individual and the community. Together they lead to happiness. A correspondence was understood to exist between the individual and society, or as Plato puts it, between the soul and the city, *psyche* and *polis*. There is likewise a correspondence between the *cosmos* and the city (*polis*). The same rational order is to be discerned in all things. This rational order was part of justice, and so a society can flourish only so far as it lives in accord with universal justice.

For the Greeks this was attained through *areté*, which has two aspects. First, it means excellence, and that any action should aim at the excellence that belongs to it. Second, *areté* means virtue. This is its ethical aspect. According to Aristotle, who summarises the Greek view generally, no one can be happy who is not virtuous. So a major part of Greek education was dedicated to the cultivation of the virtues of prudence, courage, justice and temperance. Prudence, or *phronesis*, means 'right judgment' in practical wisdom. Prudence grounds the other virtues.

The purpose of cultivating the virtues was to enable command over oneself. This was essential to the Greek idea of democracy. Only those able to govern themselves are *free* and can contribute to governing society. Aristotle observes, of course, that the inherent weakness of democracy is that the citizens may not be able to govern themselves well. Without virtuous citizens democracy is unstable. But Aristotle also observes that other forms of government can work well if the citizens are virtuous. It is not the *system* that matters but the character of the citizens. Good laws are necessary to the flourishing of society. Good laws have regard to the common good and commend what is virtuous or forbid the opposite. Aristotle draws a distinction between the law-abiding citizen and the truly just citizen. Good laws derive from the nature itself.

The fruit of society considered in this way is justice or equity, which in turn flourishes in friendship. Plato argues that the whole purpose of the art of law-making is to bring about friendship. And a society that lived in true friendship would hardly need codified laws. According to Aristotle, true friendship exists only between virtuous people. To live virtuously is to live in accordance with human nature. Here virtue and freedom belong together. Freedom is the capacity to excel in *areté* or excellence, to be in command of oneself and to develop one's full capacities in accordance with the common good.

The defining feature of the Greek city-state is self-sufficiency. It can provide for all its needs. Self-sufficiency imposes a natural limit on economic activity. The acquisition of wealth is not an end in itself. If put first, it leads to degeneration. According to Aristotle, nature does nothing unnecessary. It provides sufficient and a little above to sustain life. Anyone who takes more than they need takes what is provided for another. The proper purpose of wealth is the health of the body. Maintaining bodily health was itself regarded as a virtue. But health of the body is for the sake of the health of the mind or soul. Health of the soul is for the sake of living justly, and living justly is ultimately for the sake of *theoria* or contemplation of truth. Thus each part of society serves its higher parts and higher aims. The higher aims inform the lower functions. Things go amiss when this natural order of priorities is lost, especially if acquiring wealth becomes the

main pursuit of a society, because it will tend to exceed the natural limits of the provision of nature.

The Greek understanding of a natural order to society was developed by the Stoic philosopher Zeno of Citium around 300 BC. With the Stoics came the expression 'to live in accordance with nature'. Its emphasis was on the cosmic order, conceived as a universal reason. Human reason was seen as participating in the universal reason.

The Stoic view of cosmic order established the tradition of natural law, which influenced the development of Roman law, as in the codes of Justinian and Ulpian. The emphasis of Roman law was to serve the common good of Rome. On this Cicero is clear. Any citizen who acts in their own interest before the good of Rome is not a Roman citizen. He is hardly even a human being. Roman law developed the conception of universal law, of law shared by all mankind and applicable in any state at any time. This universal law, which reason knows intuitively, is adapted in various ways by different peoples or states. It cannot be broken. It is universal justice. It brings its own retribution without the need of human law. In this sense it is like the ancient Greek goddess *Dikē*, at once cosmic justice and retribution.

This conception of universal law, later known simply as Natural Law, is the law in the order of nature which guides all things to their proper ends and fulfilment. It is a *teleological* law. It is almost indistinguishable from Providence as described by Boethius and the Neoplatonic philosopher Plotinus. As providence it means that all things are seen and provided for in advance of necessity. Hence 'pro-vision'. For example, nature provides food, shelter and all that the different creatures need. Providence also remedies injustices by restoring balance. In other words, the universe is understood to be guided by foresight. It is imbued with intelligence. That foresight extends down to the smallest things, such as the right herb to remedy an illness. Everything in nature has its proper ends and contributes to the well-being of all creatures. It is the original 'ecology'.

From this comes the concept of 'right use', already present in Aristotle. The gifts of nature are to be used in accordance with their proper purpose. This applies to human works, where skills and talents are given by nature for beneficial ends. The right use of anything always takes into account its benefit to the community at large. For this reason there developed a medieval law laying down that no private property could be destroyed by its owner. Property law does not confer absolute ownership. The right use of private property must always regard the common good.

This understanding of ownership brings us to the medieval Christian conception of society. Here Roman law, natural law, and biblical law are all combined. The Greek cardinal virtues were also adopted, to which were added the Christian virtues of compassion and charity.

In 1088 the University of Bologna was founded by a guild of students for the study of law. It became a major influence in all law-making for centuries to come. It gave birth to the notion of 'the rule of law' over and above any prince or king. All are subject to the law, while the law itself was rooted in the intelligent order of nature and the eternal law in the mind of God. Human ethics springs from participation in this teleological order of nature.

Here an idea found in ancient times comes to light in law. According to natural law all property is common property, or simply not property at all. There is no natural right to property. In the biblical sense, all belongs to the Creator. This meant that private property can exist only as a legal concept, according to human law but not natural law. It

existed only through legal agreement, and this agreement was valid so long as it disadvantaged nobody. All private property must still be used with regard for the common good. The purpose of manmade property law is to assure its just use and regard for the common good. It is more a 'right of use' than a right of ownership.

It is in terms of the common good that all men are equal in society under natural law. All share in the mutual benefit of society, which is a benefit greater than which each has individually. It is a participatory equality. This medieval notion of equality is not our modern one. It was rooted in the understanding that all are made in the image of God and that human dignity lies in the divine image being imprinted in each soul. From this conception of human dignity comes the concept of human freedom – freedom being the capacity to act according to truth and for the good. With Christianity the dignity of the human person becomes central to the understanding of society.

Medieval Christianity had another most important influence. The virtues of compassion and charity led to providing help for the poor and the founding of hospitals for the sick. It also gradually provided education for many. The idea of the common good extended into the idea of service to society. The Church not only worked to save the souls of citizens, but also to enhance their earthly life. The theologians held the world to be a supreme good, not something to be detached from or resigned to as mere fate, as happened in later Stoicism. On the contrary, the world and the whole of nature was regarded as a manifestation of the infinite goodness and wisdom of the Creator. In short, the world was sacred. In the light of this sacred understanding of the world, medieval sciences began to be developed. Enquiry into nature was ultimately enquiry into divine law and wisdom. This attitude further reinforced the idea that nature should never be abused. Understanding the created world as 'good' and 'providential' meant that participating in society was parallel with participating in the sacred order of the created world. This in turn led to a special understanding of education. The purpose of education was to *integrate* the individual into society. This meant gradual integration into its various spheres, from that of the family member, the local community, the various professions, up to responsibility for society – the skill of rulership. Thus education was inductive, ascending through a hierarchy of orders of knowledge and capacities. Hence the famous Quadrivium and Trivium as seven stages of education.

This led to founding the cathedral cities. All the professions and trades had their roles surrounding the cathedral. The cathedral city was likened to a small cosmos reflecting the greater cosmos. Within the cathedral itself all aspects of the created world were represented, from every kind of plant and animal to every kind of human craft. Thus the sum of all things were gathered into the cathedral, rendering them all sacred. The cathedral, at the centre of the city, radiated its holistic influence into the society gathered about it. This cosmic and communal aspect of architecture has been all but forgotten in our time.

Community with a common end is the key to the medieval city. Every trade and profession served the greater good of the whole. From this aim arose the guilds of the various trades, which ensured equitable trade among them and prevention of monopolies. Insofar as they might compete with one another, it was on the basis of competition in excellence. No trader could cut prices at a loss to take trade from another. Nor could usury be established. The guilds ensured equality and fostered friendship and mutual support. Through learning a trade one progressed through apprenticeship, to journeyman, and

finally to becoming a self-employed master. Apprenticeship into a trade or profession was induction into society. Needless to say, every kind of craft and trade was involved in the building of the cathedrals. The cathedral united the economy through a single common aim. The cathedral also united the city of man with the heavenly city, symbolised as Jerusalem, linking human law with eternal law.

One of the criticisms laid at the door of the Greek and medieval holistic visions of society is that they deny the uniqueness and freedom of the individual. Karl Popper is one such critic. What the Greek philosophers and medieval scholars observed, as I noted earlier, was a *correspondence* between the individual and society. This correspondence lay in the fact that the proper end of the individual was the same as the proper end of society. On this principle Thomas Aquinas says in *De Regno*: 'the same judgment is to be formed about the end of society as a whole as about the end of one man.' The question then is, in what sense do the ends of the individual and of society correspond? Aquinas replies:

*If such an ultimate end either of an individual man or a multitude were a corporeal one, namely, life and health of body, to govern would then be a physician's charge. If that ultimate end were an abundance of wealth, then knowledge of economics would have the last word in the community's government. If the good of the knowledge of truth were of such a kind that the multitude might attain to it, the king would have to be a teacher. It is, however, clear that the end of a multitude gathered together is to live virtuously. For men form a group for the purpose of living well together, a thing which the individual man living alone could not attain, and good life is virtuous life. Therefore, virtuous life is the end for which men gather together.*

Aquinas here follows Aristotle. The aim of both the individual and society is not merely to live, but to *live well*, and to live well requires living together, and living together requires living virtuously. In particular this means that both the individual and society should live justly. Justice is at once an individual virtue and the ordering principle of society. Individual liberty without virtue is not an adequate measure of society.

Virtue is clearly an ethical quality. But there is another meaning to virtue, as when we speak of the medicinal virtues of herbs or the good properties of things. Virtue in this wider sense includes the human gifts and talents. Talents are uniquely individual, yet can be realised only in society. They are clearly grounded in the *social* nature of man. They fulfil the individual and benefit society at the same time. Hence they are also called *gifts*. Of these gifts and talents Plato suggests that they are naturally distributed among a community. Cicero likewise remarks that what one lacks another provides. The gifts and talents of individuals are the real basis of an economy which embraces society as a whole. Without society talents are stillborn. Yet without aiming at the common good talents may be abused. The understanding that things have a *right use* applies to human talents as much as it does to the gifts of the earth. Here the ethical and the natural clearly correspond.

According to Aquinas the common good is the *final cause* of society. As we saw with Aristotle, everything in nature comes into being for a definite purpose or end, its ultimate cause. Everything in existence seeks *its own completion*. This is an inherent tendency of things. The good of anything rests in its completeness or full actualisation. The completeness of society lies in its actualisation in the common good. The common good is its wholeness. Only through participation in the common good can the individual citizen enjoy fulfilment of their own nature.

Seen in this way, the common good is not simply the sum of every individual good, but the active contribution of each towards the good of all. It involves justice both from each individual to each, and from each to the whole. Only through acting justly in both senses is the individual truly a member of the community. This does not mean the individual is subsumed into the community, since each is consciously and willingly just. Each becomes most fully themselves in community. Or as D C Schindler puts it: "The distinctly human good, can be properly possessed only as given and received in community with others."

Clearly this has economic implications. It implies that any economic enterprise must act justly within itself as well as towards the whole community. The acts of justice at the economic level are grounded in the primacy of the good of the whole. Justice, according to ancient philosophy, is the universal principle that makes a community. It governs *all* relations. This is why Aristotle and Plato argue that it comes first in understanding the nature of society. Society arises *out* of justice, aims *towards* justice, and is fulfilled *in* justice.

Needless to say, this holistic vision of society was lost.

We can trace precise historical causes. In the fourteenth century two new ideas about the nature of things arose. The first was *nominalism*, the doctrine that universals exist in name only. The second was *voluntarism*, the doctrine that the will precedes reason.

According to nominalist theory, each particular existent thing comes into being independently, directly created by God. There is no common nature which they share in, or from which they emerge. Thus universals such as 'humanity' or 'species', or even 'being', exist only as names or classifications, not as realities. Nominalism gradually broke down any conception of integrated order and gave rise to a purely atomist view of nature and society.

Nominalism was reinforced by voluntarism, the doctrine claiming that the divine will precedes the divine intellect, and that it is absolutely free. Each thing is what it is by divine will. And since the divine will is free, it can determine anything and is not bound by any previous determination. God could change the ten commandments if he so wished. The 'good' was simply whatever God willed.

These two ideas caused great confusion in philosophy. For example, Descartes, in adopting both ideas, says that the reason the triangle has three sides is simply because God wills it so. He *could* have willed differently, and potentially may do so. Hence Descartes famously could find no ground for intellectual certainty. No relation existed between mind, perception and knowledge of things.

The voluntarist conception of the divine will soon became attributed to the human will. It can choose truth or untruth, good or evil, simply as decisions of *will* without consulting reason. Hence arose the modern conception of 'free will', where freedom is simply 'freedom from restraint'. It is a negative notion of freedom, with no guiding principle outside the free will. The ancient understanding of freedom, as we saw earlier, was *freedom for* excellence, where the will is informed by reason.

Nominalism and voluntarism were further reinforced by the denial of *teleology* in nature, that is, any principle of final ends. In an atomistic and voluntarist view of nature an inherent orientation towards ends becomes inconceivable. 'Purpose' is relegated to human intentions alone.

These ideas eventually changed the conception of human nature and society. With each individual now possessing arbitrary free will, no ground existed for a consensus of wills. In fact, the idea of free will quickly degenerated into a conception of anarchic passions. If consequent social chaos is to be averted, government must be imposed by those with a more powerful will. This is the thesis of Thomas Hobbes and the basis of his doctrine of nature as 'war of all against all'. It combines nominalism, voluntarism and elimination of final causality at a stroke. It conceives society is an 'artificial construct', imposed upon an imagined pre-social 'state of nature'. The ancient understanding of human nature as naturally social is refuted and replaced by the voluntarist theory of 'social contract'. Consent of will replaced the ancient conception of a rational inclination towards justice.

Hobbes was not alone in propounding these ideas. They were shared by the natural law theorists Hugo Grotius, Samuel Pufendorf and Francis Bacon. Law was now 'the will of the ruler', a totally *voluntarist* conception of law. From that idea arose the tyrannical notion of the 'divine right of kings'. The ancient understanding of law as founded in reason and universal justice was cast aside. These philosophers and lawyers were perfectly aware of the ancient theories of society and chose to refute them as impracticable in the present times.

From these theories emerged the concept of the competitive society, a kind of regulated war between citizens where the strong survive and the weak are weeded out. It took full force in the nineteenth century in the social theory of Herbert Spencer, but now cast in the guise of 'evolution' and 'survival of the fittest' – an expression Darwin adopted from Spencer. The ideology of endless progress, transformed into social evolution, served to justify all ills on the way to Utopia and the final dissolution of the state – a position shared by Marx as well as Spencer. Marx equated Spencer's doctrine of 'survival of the fittest' with his own doctrine of 'class struggle'. Social evolution, as either understood it, was not a work of nature but of *human will*. It is an ideology rooted in Hobbesian voluntarism.

Striving for power and wealth became the acknowledged general aim of society. And since nothing in nature had an intrinsic value or purpose, it could be set at human disposal and exploited or abused at will. Nature ceased being 'nature' and became 'resources'. The private possession of land became normalised, along with the commodification of labour and money. Man's relation to the earth became essentially proprietorial and consequently exploitative.

From this it followed that the economic realm became entirely dissociated from the civic and cultural realms of society as Polanyi traces in his *The Great Transformation*, mentioned earlier. The general welfare of society is now conceived as a *cost* to industry rather than its natural purpose. The selling of transitory luxury products takes precedence over health or care for the environment. The things of *higher* and *enduring* worth take second place. It is thus an *inversion* of the ancient understanding of the just order of society and the common good.

The ancient Greek and medieval understanding of society is, in my view, a more natural and empirical view of society. It is not an ideology. It is what would occur if not obstructed. It is founded in a better understanding of human nature, which acknowledges that everyone has a natural inclination towards justice and goodness. As Henry George observed, man is by nature a cooperative species where mutual exchange distinguishes it from the other species. Aristotle observed that the first exchange is through discourse on

justice. So the quality of any right exchange is that it should be just. In this view, society is formed from the top down, according to its final purpose, not from the bottom up, as has been assumed since Hobbes and Locke. But a society crippled at the economic level, as is our present industrial society, which has inverted the natural order, can barely attain any higher aims that fulfil natural human aspirations.

Seen from this ancient perspective, George's proposal of a land value tax takes on a greater significance than it is usually given. The land value is in fact an expression of the common good which spontaneously nurtures society. The common good, as we have seen, exists in those things *shared* by the community, such as government, defence, law, the arts, education and civil institutions, all which serve the community at large. It is because the land value arising from community naturally belongs to these higher common functions that it cannot be taken as anyone's private income, or used for any commercial enterprise.

George describes how, after the functions of government, it is most wisely used for communal uses, such as public libraries, parks, sports facilities, meeting places for the arts etc. In short, for the cultural life of man, the aims which the economy is meant to enable.

George comes closest to the ancient philosophers on the questions of property and distribution of wealth. In *The Science of Political Economy* he observes that from Adam Smith onwards all economists have failed to recognise that land cannot be private property according to justice. In his own words "they all have been from the really great Adam Smith to the most recent purveyors of economic nonsense in Anglo German jargon accustomed to regard property in land as the most certain, most permanent, most tangible". In other words, property in land defines the very idea of property for all these economists.

And on the distribution of wealth George says "All consideration of distribution involves the ethical principle; is necessarily a consideration of ought or duty - a consideration in which the idea of right or justice is from the very first involved."

On both these questions George would have found agreement with Plato, Aristotle, the Stoics and Thomas Aquinas. In *The Science of Political Economy* there are passages on justice and law that clearly paraphrase Cicero, while in *The Condition of Labour* George quotes from Aquinas's treatise on law:

*Human law is law only in virtue of its accordance with right reason and it is thus manifest that it flows from the eternal law. And in so far as it deviates from right reason it is called an unjust law. In such case it is not law at all, but rather a species of violence.*

George's thinking has a greater affinity with ancient philosophers than it does with the political economists of his time, which he generally critiques. His ethics, as with Plato, Aristotle and Aquinas, always aim at the common good grounded in acknowledgement of universal law and justice. ■