

**Charles University in Prague**

**FACULTY OF SOCIAL SCIENCES**

Institute of Economic Studies

**PhDr. Tomáš Sedláček**

**Selected Chapters from the History  
of Economic Thought**

*Dissertation thesis*

Praha 2016

## **Bibliography**

SEDLÁČEK, Tomáš. Prague, 2016. 182p. Dissertation Thesis (PhD.) Charles University, Faculty of Social Sciences, Institute of Economic Studies.

Supervisor: Prof. Ing. Milan Žák, CSc.

## **Klíčová slova**

Dějiny ekonomického myšlení, filosofie, teologie, antropologie, metodologie, alternativní ekonomické směry, neviditelná ruka trhu, homo economicus.

## **Keywords**

History of Economic thought, Philosophy, Theology, Anthropology, Methodology, Alternative Economic Thought, Invisible hand of the market, Homo oeconomicus.

Author: **PhDr. Tomáš Sedláček**

Supervisor: **Prof. Ing. Milan Žák, CSc.**

Year of Defense: 2016

## **Declaration of Authorship**

The author hereby declares that he compiled this thesis independently, using only listed resources and the literature.

In Prague 23.02.2016

PhDr. Tomáš Sedláček

## **Acknowledgements**

I owe this book to my two great teachers, Professor Milan Sojka (who led me in this work) and H. E. Milan “Mike” Miskovsky (who inspired me on the whole topic, many years ago). This book is dedicated to their memory. Neither is with us anymore.

I owe thanks to my great teacher, Professor Lubomír Mlčoch, with whom I had the honor to work as a teaching assistant in his Business Ethics classes. I give my great thanks to Professor Karel Kouba, Professor Michal Mejstřík, and Professor Milan Žák for their leadership. I thank my 2010 class of Philosophy of Economics for their comments and thoughts.

I would like to thank Professor Catherine Langlois and Stanley Nollen from Georgetown University for teaching me how to write, and also Professor Howard Husock from Harvard University. I would like to express my great gratitude to Yale University for offering me a very gracious fellowship, during which I wrote a substantial part of the book.

There are many philosophers, economists, and thinkers to whom I feel honored to express thanks: Professor Jan Švejnar, Professor Tomáš Halík, Professor Jan Sokol, Professor Erazim Kohák, Professor Milan Machovec, Professor Zdeněk Neubauer, David Bartoň, Mirek Zámečník, and my younger brother, the great thinker Lukáš. You have my thanks and admiration.

## Short Abstract in Czech

Tato dizertační práce sleduje vývoj některých klíčových ekonomických témat co možná nejhluběji do dějin naší západní civilizace. Práce si klade za cíl mapovat ekonomické myšlení od Eposu o Gilgamešovi, což je vůbec první pokus o ekonomickou analýzu tohoto nejstaršího příběhu, přes myšlení Starého zákona, antické řecké filosofy, Nový zákon a křesťanské myslitele až po vlivné úvahy Reného Descarta, Bernarda Mandevilla a Adama Smithe. Práce se soustřeďuje na sedm základních témat: (i) vývoj konceptu poptávky a nabídky (spotřeby a práce), kde se autor snaží tato témata hledat v nejstarších mýtech o stvoření, (ii) role ekonomie v etickém kontextu dobra a zla, (iii) představa lineárního pokroku a ekonomické cyklicity (iv) vývoj myšlenky neviditelné ruky trhu, (v) myšlenky animal spirits (vi), dále pak na filosofické základy matematizace ekonomie a (vii) metodologickou pozici pravdy ve vědě obecně a v ekonomii konkrétně.

Práce se snaží nahlížet na meta-ekonomii a nabídnout tak obecnější protiváhu převládajícímu přístupu matematického redukcionismu. Snaží se integrovat ekonomické myšlení s filosofií, teologií, antropologií, sociologií a psychologií. Tato dizertace je výběrem kapitol z autorovy knihy *Economics of Good and Evil - The Quest for Economic Meaning from Gilgamesh to Wall Street* (Oxford University Press, 2011).

## **Abstract**

This thesis deals with the development of some key economic topic from the very foundation of our Western culture. From the Epic of Gilgamesh, on which no economic literature exists, through Hebrew thought in the Tanakh, Greek philosophers and Christianity, the paper analyses the development of philosophy of economy in the writings of Rene Descartes, Bernard Mandeville and Adam Smith. The work follows seven key topics: (i) history of the idea of demand and supply (consumption and labour), tracing its very roots to the oldest creation myths we have, (ii) the ethical dimension of the economic debate on good and evil, (iii) the notion of linear progress and cyclicity of development, (iv) the idea of invisible hand of the markets, (v) the idea of animal spirits, (vi) the philosophical basis of mathematization of economics and (vii) the idea of truth in science and economics in particular.

This paper tries to look at meta-economics, offer a more integrated counterbalance to the mathematically reductionist approach of recent mainstream economic way of thinking. The work tries to combine philosophy, theology, anthropology, sociology and psychology with economic thinking. The thesis is a selection of chapters from a book *Economics of Good and Evil -The Quest for Economic Meaning from Gilgamesh to Wall Street* (Oxford University Press, 2009) already published in academic press.

# Content

<b>INTRODUCTION .....</b>	<b>4</b>
THE STORY OF ECONOMICS: FROM POETRY TO SCIENCE.....	4
MYTHS, STORIES, AND PROUD SCIENCE .....	5
THE DESIRE TO PERSUADE.....	7
SCOPE AND AIM OF THIS THESIS .....	8
<b>1 THE EPIC OF GILGAMESH .....</b>	<b>10</b>
1.1 ON EFFECTIVENESS, IMMORTALITY, AND THE ECONOMICS OF FRIENDSHIP.....	10
1.1.1 <i>Unproductive Love</i> .....	12
1.1.2 <i>Let's Chop Down Cedars</i> .....	14
1.2 BETWEEN ANIMAL AND ROBOT: HUMAN.....	18
1.2.1 <i>Drink the beer as is the custom of the land</i> .....	19
1.2.2 <i>Natural Nature</i> .....	24
1.2.3 <i>And Sinful Civilization?</i> .....	26
1.2.4 <i>Of the Market</i> .....	30
1.3 IN SEARCH OF THE BLISS POINT .....	33
1.4 CONCLUSION: THE BEDROCK OF ECONOMIC QUESTIONING .....	35
<b>2 ANCIENT GREECE.....</b>	<b>40</b>
2.1 FROM MYTH: THE TRUTH OF THE POETS .....	40
2.1.1 <i>Poet Economists</i> .....	43
2.1.2 <i>First Philosophers</i> .....	44
2.1.3 <i>Numerical Mystics</i> .....	45
2.2 XENOPHON: MODERN ECONOMICS FOUR HUNDRED YEARS BEFORE CHRIST .....	47
2.2.1 <i>Limits of Future and Calculating</i> .....	51
2.3 PLATO: BEARER OF THE VECTOR .....	53
2.3.1 <i>In a Cave of the Real</i> .....	54
2.3.2 <i>Myth as a Model, Model as a Myth</i> .....	56
2.3.3 <i>Flee from the Body and Its Demand</i> .....	60
2.3.4 <i>Demand versus Supply: Freedom and Discrepancy</i> .....	61
2.3.5 <i>Ideal Society: Politics and the Economy</i> .....	62
2.3.6 <i>Progress</i> .....	64
2.3.7 <i>City, Civilization, and the Golden Age</i> .....	67
2.4 ARISTOTLE .....	69
2.4.1 <i>Eudemonia: "Happiness Being a Sort of Science"</i> .....	71
2.4.2 <i>MaxU versus MaxG</i> .....	72
2.4.3 <i>Utility of Good and Evil</i> .....	74

2.5	THE STOICS VERSUS THE HEDONISTS .....	77
2.5.1	<i>The Stoics</i> .....	77
2.5.2	<i>The Hedonists</i> .....	78
2.6	ECONOMICS OF GOOD AND EVIL .....	79
2.7	CONCLUSION .....	81
<b>3</b>	<b>CHRISTIANITY .....</b>	<b>82</b>
3.1	SPIRITUALITY IN THE MATERIAL WORLD.....	82
3.2	ECONOMIC PARABLES .....	83
3.2.1	<i>Cancel Our Debts</i> .....	85
3.2.2	<i>Gift-Giving and Trans-Action</i> .....	86
3.2.3	<i>The Economics of the Kingdom</i> .....	90
3.2.4	<i>Game Theory: Love Thy Enemy Versus an Eye for Eye</i> .....	92
3.3	THE ECONOMICS OF GOOD AND EVIL IN THE NEW TESTAMENT .....	95
3.3.1	<i>You Must Love</i> .....	97
3.3.2	<i>The Indestructibility of Evil: The Parable of the Weeds</i> .....	98
3.3.3	<i>Labor as a Blessing, Labor as a Curse</i> .....	101
3.3.4	<i>Private Ownership: Who Owns the Land?</i> .....	103
3.3.5	<i>Small Love: Communitarianism, Charity and Solidarity</i> .....	105
3.4	LATER DEVELOPMENT: AUGUSTINE’ S ASCETICISM AND AQUINAS’ S GROUNDEDNESS .....	108
3.4.1	<i>Aquinas’s Celebration of Reality</i> .....	110
3.4.2	<i>Archetypes of the Invisible Hand</i> .....	112
3.5	GOOD OR EVIL MAN .....	117
3.5.1	<i>The Society of Neighbors</i> .....	118
3.5.2	<i>Reason and Faith</i> .....	120
3.5.3	<i>The City, Nature, and Freedom</i> .....	122
3.6	CONCLUSION: THE BIBLE AS AN ECONOMIC READING .....	123
<b>4</b>	<b>DESCARTES THE MECHANIC.....</b>	<b>125</b>
4.1	MAN AS MACHINE.....	125
4.2	COGITO ERGO SUM .....	128
4.3	MODELS AND MYTHS .....	130
4.4	DOUBTS ABOUT DOUBTING.....	132
4.5	INFLATIONARY RATIONALITY IN A CIRCLE .....	134
4.6	SCIENTIFIC INDIVIDUALISM.....	135
4.7	CONCLUSION: OBJECTIVITY AND MANY COLORS .....	136
<b>5</b>	<b>BERNARD MANDEVILLE’S BEEHIVE OF VICE .....</b>	<b>137</b>
5.1	THE BIRTH OF HOMO ECONOMICUS .....	138

5.1.1	<i>Knaves turn'd honest</i> .....	139
5.1.2	<i>Ode to vice: The Source of the Wealth of Nations</i> .....	140
5.1.3	<i>The Invisible Hand of the Market and Its Prototypes</i> .....	144
5.2	CONCLUSION: MANDEVILLE, THE FIRST MODERN ECONOMIST .....	144
<b>6</b>	<b>ADAM SMITH, BLACKSMITH OF ECONOMICS</b> .....	<b>146</b>
6.1	THE WEALTH VERSUS ETHICS .....	147
6.2	MEET AND SHAKE THE INVISIBLE HAND .....	151
6.3	SMITH VERSUS MANDEVILLE .....	154
6.4	DAS ADAM SMITH PROBLEM .....	155
6.5	NOT ONE, BUT MORE MOTIVES .....	157
6.6	SMITH'S SOCIAL MAN AND HUME'S HERITAGE .....	159
6.7	SOCIETY AS A RATIONAL CHOICE? .....	160
6.8	REASON AS A SLAVE OF THE PASSIONS .....	163
6.9	CONSOLIDATION OF THE TWO SMITHS? .....	165
6.10	CONCLUSION: MR. SMITH RELOADED .....	166
<b>7</b>	<b>CONCLUSION</b> .....	<b>168</b>
	<b>REFERENCES</b> .....	<b>170</b>

## INTRODUCTION

The topic of this dissertation is an outcome of the author's previous interest in philosophy of economics, studies on which he published following the bachelor thesis (SEDLÁČEK, Tomáš. The Economic Thought of Thomas Aquinas. *Politická Ekonomie*. Praha: Prague Economic Papers, 2001, č. 03.), master and doctoral thesis (On the Morals of Homo Oeconomicus, thesis, IES FSV, 2000). This dissertation thesis is the culmination of this study, which tries to link economic thought with other developments in the history of Western market-democratic societies thinking.

The results of this study were published in a monography, *Economics of Good and Evil* (Oxford University Press, 2009) and this book tries to link topics from ancient thought with field of economics in the first part of the book and in the second it explores links between different areas of thought and to link them together and see, if any of that can be linked and offer explanations for some of the problems that we are facing today. This dissertation thesis is a selection of chapters from the first part of the book.

## THE STORY OF ECONOMICS: FROM POETRY TO SCIENCE

*Reality is spun from stories, not from material.*

Zdeněk Neubauer

*There is no idea, however ancient and absurd, that is not capable of improving our knowledge . . . Anything goes . . .*

Paul Feyerabend

Man has always striven to understand the world around him. To this end he was helped by stories that made sense of his reality. From today's standpoint, such stories often seem quaint—much as ours will appear to the generations that follow. However, the secret power of these stories is profound.

One such story is the story of economics, which began a long time ago. Xenophon wrote around 400 BC that “even if a man happens to have no wealth, there is such a

thing as a science of economics.”<sup>1</sup> Once upon a time, economics was the science of managing a household, later a subset of religious, theological, ethical, and philosophical disciplines. But, little by little, it seems to have become something quite different. We may sometimes feel that economics has gradually lost all of its shades and hues to a technocratic world where black and white rule. But the story of economics is far more colorful.

Economics, as we know it today, is a cultural phenomenon, a product of our civilization. It is not, however, a *product* in the sense that we have intentionally *produced* or invented it, like a jet engine or a watch. The difference lies in the fact that we understand a jet engine or a watch—we know where they came from. We can (almost) deconstruct them into their individual parts and put them back together. We know how they start and how they stop. This is not the case with economics. So much originated unconsciously, spontaneously, uncontrolled, unplanned, not under the conductor’s baton. Before it was emancipated as a field, economics lived happily within subsets of philosophy—ethics, for example—miles away from today’s concept of economics as a mathematical-allocative science that views “soft sciences” with a scorn born from positivistic arrogance. But our thousand-year “education” is built on a deeper, broader, and oftentimes more solid base. It is worth knowing about.

## MYTHS, STORIES, AND PROUD SCIENCE

It would be foolish to assume that economic inquiry began with the scientific age. At first, myths and religions explained the world to people, who ask basically similar questions as we do today; today, science plays that role. Thus, to see this link, we must dive into far more ancient myths and philosophy. That is the reason for this analysis: to look for economic thought in ancient myths and, vice versa, to look for myths in today’s economics.

Modern economics is considered to have begun in 1776 with the publication of Adam Smith’s *Wealth of Nations*. Our postmodern age (which seems to be significantly humbler than its predecessor, the modern scientific age) is more likely to look further

---

<sup>1</sup> Xenophon, *Oeconomicus*, 2.12. Economics here means household management.

back and is aware of the power of history (path dependency), mythology, religion, and fables. “The separation between the history of a science, its philosophy, and the science itself dissolves into thin air, and so does the separation between science and non-science; differences between the scientific and unscientific are vanishing.”<sup>2</sup> Therefore, we shall set out as early as the written legacy of our civilization allows. We shall search for the first traces of economic inquiry in the epic of the Sumerian king Gilgamesh and explore how Jewish, Christian, classical, and medieval minds considered economic issues. Additionally, we shall carefully investigate the theories of those who laid the foundations for contemporary economics.

The study of the history of a certain field is not, as is commonly held, a useless display of its blind alleys or a collection of the field’s trials and errors (until *we* got it right), but history is the fullest possible scope of study of menu that the given field can offer. Outside of our history, we have nothing more. History of thought helps us to get rid of the intellectual brainwashing of the age, to see through the intellectual fashion of the day, and to take a couple of steps back.

Studying old stories is not only for the benefit of historians, or for understanding the way our ancestors thought. These stories have their own power, even after new stories appear and replace or contradict them. An example could be drawn from the most famous dispute in history: the dispute between the story of geocentrism and the story of heliocentrism. As everyone knows, in the battle between helio- and geocentrism, the heliocentric story won, though even today we geocentrically say that the Sun *rises* and *sets*. But the Sun does not rise or set: if anything is rising, it’s our Earth (around the Sun), not the Sun (around the Earth). The Sun does not revolve around the Earth; the Earth revolves around the Sun—so we are told.

Furthermore, those ancient stories, images, and archetypes that we will examine in the first part of the book are with us to this day and have cocreated our approach to the world, as well as how we perceive ourselves. Or, as C. G. Jung puts it, “The true history of the mind is not preserved in learned volumes but in the living mental organism of everyone.”<sup>3</sup>

---

<sup>2</sup> Feyerabend, *Against Method*, 33–34.

<sup>3</sup> Jung, *Psychology and Religion*, 41.

## THE DESIRE TO PERSUADE

Economists should believe in the power of stories; Adam Smith believed. As he puts it in *The Theory of Moral Sentiments*, “the desire of being believed, or the desire of persuading, of leading and directing other people, seems to be one of the strongest of all our natural desires.”<sup>4</sup> Note that this sentence comes from the alleged father of self-interest being the *strongest of all our natural desires*. Two other great economists, Robert J. Shiller and George A. Akerlof, recently wrote: “The human mind is built to think in terms of narratives . . . in turn, much of human motivation comes from living through a story of our lives, a story that we tell to ourselves and that creates a framework of our motivation. Life could be just ‘one damn thing after another’ if it weren’t for such stories. The same is true for confidence in a nation, a company, or an institution. Great leaders are foremost creators of stories.”<sup>5</sup>

The original quote comes from “Life isn’t one damn thing after another. It’s the same damn thing again and again.” This is well put, and myths (our grand stories, narratives) are “revelations, here and now, of what is always and forever.”<sup>6</sup> Or, in other words, myths are what “never happened, but always are.”<sup>7</sup> However, our modern economic theories based on rigorous modeling are nothing more than these metanarratives retold in different (mathematical?) language. So it is necessary to learn this story from the beginning—in a broad sense, *for one will never be a good economist, who is only an economist.*<sup>8</sup>

And since economics wants imperially to understand everything, we must venture out of our field to truly try to *understand everything*. And if it is at least partially true that “salvation was now to be a matter of ending material scarcity, leading humankind into a new era of economic abundance, [and that] it followed logically that the new

---

<sup>4</sup> Smith, *The Theory of Moral Sentiments*, 7.4.25.

<sup>5</sup> Akerlof, Shiller, *Animal Spirits*, 51 in the chapter “Stories.”

<sup>6</sup> Campbell, *Myths to Live By*, 97.

<sup>7</sup> Sallust, *On the Gods and the World*, Part IV: *That the species of myth are five, with examples of each*.

<sup>8</sup> The author’s liberal paraphrase of John Stuart Mill’s quote: “A person is not likely to be a good political economist, who is nothing else.” From John Stuart Mill’s *Essays on Ethics, Religion and Society*. Vol. 10 of *Collected Works of John Stuart Mill*, 306.

chief priesthood should consist of economists,”<sup>9</sup> then we must be aware of this crucial role and take a broader social responsibility.

## SCOPE AND AIM OF THIS THESIS

*“Practical men, who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist . . . Sooner or later, it is ideas, not vested interests, which are dangerous for good or evil.”<sup>10</sup>*

This paper tries to study economics in a wider scope. What were the main influences on the pre-economic and latter economic thought? Where did economics get its methodology and place in society and its research? To answer these questions, the author tries to venture into other areas where he tries to find links.

In other words, the aim of this paper is to look for economics in myths, religion, theology, anthropology, philosophy, and science. Selected chapters of history will be examined for answers, from the beginnings of our culture. The goal is not to examine every moment that helped change later generations’ (and our current) economic perception of the world; it is to look at the stops in the development, either at certain historical epochs (here the age of Gilgamesh and antique Greece or at significant personalities that influenced the development of man’s economic understanding (Descartes, Mandeville, Smith). The goal is to contribute to the development of the story of economics.

In other words, the development of the *economic ethos* will be mapped. Questions that come before any economic thinking can begin are proffered, both philosophically and, to a degree, historically. The area here lies at the very borders of economics, and often beyond. This may be referred to as *protoeconomics* (to borrow a term from protosociology) or, perhaps more fittingly, *meta-economics* (to borrow a term

---

<sup>9</sup> Nelson, *Economics as Religion*, 38.

<sup>10</sup> Keynes, *The General Theory of Employment, Interest, and Money: Collected Writings of John Maynard Keynes*, 383.

from metaphysics).<sup>11</sup> In this sense, “the study of economics is too narrow and too fragmentary to lead to valid insight, unless complemented and completed by a study of meta-economics.”<sup>12</sup> The more important elements of a culture or field of inquiry such as economics are found in *fundamental assumptions* that adherents of all the various systems within the epoch unconsciously presuppose. Such assumptions appear so obvious that people do not know what they are assuming, because no other way of putting things has ever occurred to them, as the philosopher Alfred Whitehead notes in *Adventures of Ideas*.<sup>13</sup>

In a somewhat postmodern fashion, this dissertation will take a philosophical, historical, anthropological, cultural, and psychological approach to meta-economics. This thesis aims to capture some fractions of how the perception of man’s economic dimension developed and to reflect on it. Almost all of the key concepts by which economics operates, both consciously and unconsciously, have a long history, and their roots extend predominantly outside the range of economics, and often completely beyond that of science. This is an examination of the beginnings of economic belief, the genesis of these ideas and their influence on economics.

---

<sup>11</sup> The term “metaeconomics” was first used by Karl Menger in 1936 in his paper Law of Diminishing Returns. A Study in Meta-economics. “When he coined the term ‘metaeconomics’ he did not think of a sort of reintegration of ethics in economics; he was thinking of modelling economics and ethics as well into a coherent logical pattern, without any connections between them.” (Becchio, *Unexplored Dimensions*, 30).

<sup>12</sup> Schumacher, *Small Is Beautiful*, 36.

<sup>13</sup> Whitehead, Alfred North. *Adventures of Ideas*

# 1 THE EPIC OF GILGAMESH

## 1.1 ON EFFECTIVENESS, IMMORTALITY, AND THE ECONOMICS OF FRIENDSHIP

*Gilgamesh, wherefore do you wander? The eternal life you are seeking you shall not find. . . . Always be happy, night and day. Night and day play and dance.*

The Epic of Gilgamesh

The *Epic of Gilgamesh* dates from more than four thousand years ago<sup>14</sup> and is the oldest work of literature available to humankind. The first written records come from Mesopotamia, as do the oldest human relics. This is true not only of our civilization but of humankind in general.<sup>15</sup> The epic served as an inspiration for many stories that followed, which dominate mythology to this day in more or less altered form, whether it is about the motif of the flood or the quest for immortality. Even in this oldest work known to men, however, questions we today consider to be economic play an important role—and if we want to set out on a trail of economic questioning, we can go no deeper into history than this. This is the bedrock.

Only a fraction of the material relics survive from the period before the epic, and only fragments remain of written records relating mainly to economics, diplomacy, war, magic, and religion.<sup>16</sup> As the economic historian Niall Ferguson (somewhat cynically) notes, these are “reminders that when human beings first began to produce written

---

<sup>14</sup> The oldest Sumerian version of the epic dates from the third Uru dynasty, from the period between 2150 and 2000 BC. The newer Akkadian version dates from the turn of the second millennium BC. The standard Akkadian version, on which this translation is based, dates from between 1300 and 1000 BC and was found in a library in Nineveh. For the rest of its chapters, the *Epic of Gilgamesh* is thought of as its “standard” eleven-tablet Akkadian version, which does not contain Gilgamesh’s descent into the underworld, later combined with a twelfth clay tablet, and at the same time includes the meeting with Utanapishtim on the eleventh tablet and the conversation with Ishtar on the sixth tablet. Unless otherwise noted, we will use the Andrew R. George translation from 1999. The story plays out on the territory of what is today Iraq.

<sup>15</sup> The oldest writings come from the Sumerians; writings from other cultures (such as the Indian and Chinese) are from newer dates. The Indian *Vedas* come from the period around 1500 BC as does the Egyptian *Book of the Dead*. The older parts of the Old Testament were written between the ninth and sixth centuries BC. The *Iliad* and the *Odyssey* come from the eighth century, and Plato and Aristotle’s writings from the fourth century. The Chinese classics (such as Confucius) date from the third century BC.

<sup>16</sup> Kratochvíl, *Mýtus, filozofie a věda I. a II.* [Myth, Philosophy, and Science], 11.

records of their activities they did so not to write history, poetry, or philosophy, but to do business.”<sup>17</sup> But the *Epic of Gilgamesh* bears witness to the opposite—despite the fact that the first written clay *fragments* (such as notes and bookkeeping) of our ancestors may have been about *business and war*, the first written *story* is mainly about great friendship and adventure. Surprisingly, there is no mention of either money or war; for example, not once does anyone in the whole epic sell or purchase something.<sup>18</sup> No nation conquers another, and we do not encounter a mention even of the threat of violence. It is a story of nature and civilization, of heroism, defiance, and the battle against the gods, and evil; an epic about wisdom, immortality, and also futility.

Despite being a text of such great importance, it seems to have completely escaped the attention of economists. There is no economic literature on the *Epic of Gilgamesh*. At the same time, this is where we encounter our civilization’s very first economic contemplation; the beginnings of well-known concepts such as the market and its invisible hand, the problem of utilizing natural wealth and efforts at maximizing effectiveness. A dilemma appears on the role of feelings, the term “progress,” and the natural state, or the topic of the comprehensive division of labor connected with the creation of the first cities. This is the first feeble attempt to understand the epic from an economic standpoint.<sup>19</sup>

First, though, let’s briefly summarize the story line of the *Epic of Gilgamesh* (we will develop it in greater detail shortly). Gilgamesh, the ruler of the city of Uruk, is a superhuman semigod: “two thirds of him god and one third human.”<sup>20</sup> The epic begins with a description of a perfect, impressive, and immortal wall around the city that Gilgamesh is building. As punishment for the merciless treatment of his workers and subjects, the gods call on the savage Enkidu to stop Gilgamesh. But the two become

---

<sup>17</sup> Ferguson, *The Ascent of Money*, 27.

<sup>18</sup> Just as in (our own) modern epic (myth, story, fairy tale)—in the *Lord of the Rings* trilogy by J. R. R. Tolkien—money plays no role. The “transaction” takes place in the form of a gift, battle, fraud, trick, or theft. See Bassham and Bronson, *The Lord of the Rings and Philosophy*, 65-104.

<sup>19</sup> No search is ever totally complete, but despite some relatively comprehensive searching in the conventional EconLit archives (which is the most widespread and certainly most respected database of economic literature of our time), the author did not manage to find any book, or even a chapter of a book or academic article, that examined the *Epic of Gilgamesh* from an economic point of view. We are therefore aware that this attempt to analyze one of the oldest writings from a heretofore unexamined angle is predestined to all the failures, simplifications, contradictions, and inaccuracies of a first excavation.

<sup>20</sup> *The Epic of Gilgamesh*, Tablet I (48), 2.

friends, an invincible pair, and together they carry out heroic acts. Later, Enkidu dies, and Gilgamesh sets out in search of immortality. He overcomes numerous obstacles and pitfalls, but immortality eludes him, if only by a hair's breadth. The end of the story returns to where the epic began—to the song in praise of Uruk's wall.

### 1.1.1 Unproductive Love

Gilgamesh's effort to build a wall like no other is the central plot of the entire story. Gilgamesh tries to increase his subjects' performance and effectiveness at all costs, even preventing them from having contact with their wives and children. So the people complain to the gods:

*The young men of Uruk he harries without warrant,  
Gilgamesh lets no son go free to his father (. . .)  
Gilgamesh lets no girl go free to her bridegroom.  
The warrior's daughter, the young man's bride.<sup>21</sup>*

This has a direct relation to the emergence of the city as a place that manages the countryside around it, “The village neighbors would now be kept at a distance: no longer familiars and equals, they were reduced to subjects, whose lives were supervised and directed by military and civil officers, governors, viziers, tax-gatherers, soldiers, directly accountable to the king.”<sup>22</sup>

A principle so distant and yet so close to contemporary society. Even today we live in Gilgamesh's vision that human relations—and therefore humanity itself—are a disturbance to work and efficiency; that people would perform better if they did not “waste” their time and energy on nonproductive things. Even today, we often consider the domain of *humanity* (human relations, love, friendship, beauty, art, etc.) to be *unproductive*; maybe only with the exception of *reproduction*, the only one, which is literally(!) productive, reproductive.

---

<sup>21</sup> *The Epic of Gilgamesh*, Tablet I (67.68 . . . 77.78), 3.

<sup>22</sup> Mumford, *The City in History*, 41.

This effort to maximize effectiveness at any cost, this strengthening of the economic at the expense of the human, reduces humans across the breadth of their humanity to being mere production units. The beautiful, originally Czech word “robot”<sup>23</sup> perfectly expresses this: The word is based on the old Czech and Slavic word “robota,” which means “work.” A person reduced to being only a worker is a robot. How well the epic would have served Karl Marx, who could have easily used it as a prehistoric example of the exploitation and alienation of the individual from his family and himself!<sup>24</sup>

Governing people reduced to human-robots has been the dream of tyrants from time immemorial. Every despotic ruler sees competition to effectiveness in family relations and friendships. The effort to reduce a person to a unit of production and consumption is also evident in social utopia or more accurately dystopias. For the economy as such needs nothing more than a human-robot, as has been beautifully—albeit painfully—shown in the model of homo economicus, which is a mere production and consumption unit.<sup>25</sup> Here are some examples of this kind of utopia or dystopia: In his vision of an ideal state, Plato does not allow guardian families to raise their children; instead they hand them over to a specialized institution immediately after birth.<sup>26</sup> This is similar to the dystopias in Aldous Huxley’s *Brave New World* and George Orwell’s

---

<sup>23</sup> The term “robot” was first used in 1920 by the Czech author Karel Čapek in his science-fiction drama *R.U.R.* [Rossum’s Universal Robots] about an uprising of artificial beings built for the purpose of taking over human labor. Čapek originally wanted to call them *laboři* (laborers), but his brother Josef (an outstanding artist) thought up the more suitable “robot.”

<sup>24</sup> Marx expresses this reduction of man even more emphatically: g[the workman] becomes an appendage of the machine . . . : Rich, *Business and Economic Ethics*, 51 (originally published in German: Rich, *Wirtschaftsethik* ). We notice that today in economic models, we perceive a person through their work (L) or as human capital (H). In companies, human resource departments (HR) arise on a common basis, as if a person truly was a resource, the same as a natural resource or financial resource (capital).

<sup>25</sup> Homo economicus, or “economic human,” is the concept that humans act rationally and are self-interested actors who make judgments so as to reach their own subjective ends. The term was originally used in critiques of the economist John Stuart Mill as a simplification of broad human behavior. For he argued that political economy “does not treat the whole of man’s nature as modified by the social state, nor of the whole conduct of man in society. It is concerned with him solely as a being who desires to possess wealth, and who is capable of judging the comparative efficacy of means for obtaining that end.” Mill, *Essays on Some Unsettled Questions of Political Economy*, (1874) , essay 5, paragraphs 38 and 48. The model of homo economicus is a very controversial simplification of human behavior and was criticized by many, including economists.

<sup>26</sup> “[A]s children are born, they’ll be taken over by officials appointed for that purpose . . . children of inferior parents, or any child of the others that is born defective, they’ll hide in a secret and unknown place, as is appropriate” (Plato, *Republic*, 460b). Children were not to know who their real parents are and they should be bred deliberately to produce the best offspring (“the best men must have sex with the best women” see Plato, *Republic*, 459d, „as if they were a pack of hunting dogs“ (459a.d). Only when they are no longer (re)productive, when “women and men have passed the age of having children, we’ll leave them free to have sex with whomever they wish” (461b).

1984). In both novels, human relations and feelings (or any expressions of personality) are forbidden and strictly punished. Love is “unnecessary” and unproductive, as is friendship; both can be destructive to a totalitarian system (as can be seen well in the novel *1984*). Friendship is unnecessary because individuals and society can live without it. As C. S. Lewis puts it, “Friendship is unnecessary, like philosophy, like art . . . It has no survival value; rather it is one of those things that give value to survival.”<sup>27</sup>

To a large degree, today’s mainstream economics is somewhat close to such a concept. Models of neoclassical economics perceive labor as an input to a production function. But such an economy does not know how to build humanity (so human!) into its framework—but human-robots would fit it just fine. As Joseph Stiglitz says:

*One of the great “tricks” (some say “insights”) of neoclassical economics is to treat labour like any other factor of production. Output is written as a function of inputs—steel, machines, and labour. The mathematics treats labour like any other commodity, lulling one into thinking of labour like an ordinary commodity, such as steel or plastic. But labour is unlike any other commodity. The work environment is of no concern for steel; we do not care about steel’s well-being.*<sup>28</sup>

### 1.1.2 Let’s Chop Down Cedars

But there exists something that is frequently confused with friendship, something society and the economy greatly need: Even the earliest cultures were aware of the value of cooperation on the working level—today we call this collegiality, fellowship, or, if you want to use a desecrated term, comradeship. These “lesser relationships” are useful and necessary for society and for companies because work can be done much faster and more effectively if people get along with each other on a human level and are mutually amenable. Teamwork is a promise of improved performance, and specialized companies are hired to do *team-building*.<sup>29</sup>

---

<sup>27</sup> See Lewis, C. S., *The Four Loves*, 60. The economist Deirdre McCloskey frequently quotes C. S. Lewis in her book *The Bourgeois*.

<sup>28</sup> Stiglitz, *Globalization and Its Discontents*, 10.

<sup>29</sup> For our purposes, we can understand cordial relations among colleagues in the workplace as “lesser friendships.” Just as society needs “lesser love,” or at least some sort of weak feeling of mutual sympathy among strangers, a

But true friendship, which becomes one of the central themes of the *Epic of Gilgamesh*, comes from completely different material than teamwork. Friendship, as C. S. Lewis accurately describes it, is completely uneconomical, unbiological, unnecessary for civilization, and an unneeded relationship (as opposed to erotic relationships or maternal love, which are necessary from a purely reproductive standpoint).<sup>30</sup> But it is in friendship where—often by-the-way, as a side product, an externality—ideas and deeds are frequently performed or created that together can altogether change the face of society.<sup>31</sup> Friendship can go against an ingrained system in places where an individual does not have the courage to do so himself or herself.

In the beginning, Gilgamesh considers friendship unnecessary and unproductive until he himself experiences it with Enkidu and discovers that it brings unexpected things. Here we have a beautiful example of the power of friendship, one that knows how to transform (or break down) a system and change a person. Enkidu, sent to Gilgamesh as a punishment from the gods, in the end becomes his faithful friend, and together they set out against the gods. Gilgamesh would never have gathered the courage to do something like that on his own—nor would Enkidu. Their friendship helps them to hold their own in situations where either of them would not have succeeded alone. Mythic drama frequently contains a strong friendship bond—as religious scholars describe it, friends “are afraid and stimulate each other before the battle, seek solace in their dreams and are transfixed before the irreversibility of death.”<sup>32</sup>

Bound by the ties of friendship and shared intent, Gilgamesh forgets about the building of his protective wall (in doing so abandoning what used to be his greatest goal) and instead heads *away* from the city, beyond the safety of its walls, his civilization, his known ground (which he himself built). Into the wilds of the forest he goes and there he wants to correct the order of the world—to kill Humbaba, the personification of evil.

---

company functions better if internal battles are not constantly going on and colleagues are “lesser friends.” We will return to the problem of sympathy, belonging and therefore to a sort of “lesser love” in the chapter on Adam Smith.

<sup>30</sup> On the topic of love and economics, see McCloskey, *The Bourgeois Virtues*, 91-147.

<sup>31</sup> See Lewis, *The Four Loves*, 64.

<sup>32</sup> Balabán and Tydlitátová, *Gilgameš*. [Gilgamesh], 72.

*In the Forest of Cedar, where Humbaba dwells,  
Let us frighten him in his lair!(. . .)  
Let us slay him so that his power is no more!(. . .)  
Let me start out, I will cut down the cedar,  
I will establish for ever a name eternal!*<sup>33</sup>

Let's pause for a moment at the cutting of the cedars. Wood was a prized commodity in ancient Mesopotamia. Going out for this wood was very dangerous, and only the most courageous could do it. The danger of these expeditions is symbolized in the epic by the presence of Humbaba in the forest. "Humbaba was the guardian of the Cedar Forest, placed there by Enlil to deter would-be intruders seeking the valuable Timber."<sup>34</sup> In the epic, Gilgamesh's courage is emphasized by his intention to cut down the cedar forest itself (and thus gain the great wealth, which is the hero's right).

In addition, cedars were considered a holy tree, and cedar forests were the sanctuary of the god Shamash. Due to their friendship, Gilgamesh and Enkidu then intend to stand up to the gods themselves and turn a holy tree into mere (construction) material which they can handle almost freely, thereby making it a part of the city-construct, part of the building material of civilization, thus "enslaving" that, which originally was part of wild nature. This is a beautiful proto-example of the shifting of the borders between the sacred and profane (secular)—and to a certain extent also an early illustration of the idea that *nature is there to provide* cities and people with raw material and production resources.<sup>35</sup> "The felling of cedars was usually considered a

---

<sup>33</sup> *The Epic of Gilgamesh*, Tablet II (Y100.102, Y98, Y186.187), 18.20.

<sup>34</sup> George, *The Babylonian Gilgamesh Epic*, 144.

<sup>35</sup> In Gilgamesh's time, it was necessary to approach nature with an honor pertaining to nonhuman things, consequently toward something a human did not create and was unable to control. There was even a completely "sacred" untouchability (which Gilgamesh incidentally breaches) related to certain parts of nature. Today such inviolability is becoming rarer with every passing day, but despite this we can still find modern "holy places" where the effective invisible hand of the market is not allowed entry. Such an example is the paradox of New York's Central Park. This park is surrounded by *sky-high* effectiveness—a big city where every square meter is utilized to the greatest possible degree in both height and depth. Perhaps it is appropriate to recall here that Babylon's holy towers, the ziggurats, were supposed to "reach unto heaven." Their role, of course, was the domestication of mountains, which from time immemorial were inhabited by (uncontrollable and innumerable) gods. The things we domesticate or produce ourselves are things we have control over; we can control them and we "see" into them. The ziggurat was consequently a likely result of an effort to relocate a natural mountain into the city, to build it with human hands and urbanize it (as was done with the feral Enkidu). ". . . the cave gave early man his first conception of architectural space (. . .) despite their differences, the pyramid, the ziggurat, the Mithraic grotto, the Christian crypt all have their prototypes in the mountain cave." (Mumford, *The City in History*, 17). But back to New York, the city of cities: As

‘cultural success’ because Uruk did not have wood for construction. Gilgamesh is considered to have procured this valuable material for his city in this way. This act can also be a portent of our ‘cultural successes,’ which turn living beings, not only trees, into raw materials, supplies, goods (. . .) The transformation of a cosmic tree into construction material is an example given to us by Gilgamesh and one which we have feverishly pursued.”<sup>36</sup>

Here we witness an important historical change: people feel more natural in an unnatural surrounding: the city. Among the Mesopotamians it was the city that was the habitat of the people, for Hebrews (as we will see later) it was still nature, as they originally were more of a nomadic tribe. It started with the Babylonians—rural nature becomes just a supplier of raw materials, resources (and humans the source of human resources). Nature is not the garden in which humans were created and placed, which they should care for and which they should reside in, but becomes a mere reservoir for natural (re)sources.

The part of the epic mentioning Gilgamesh and Enkidu’s expedition to Humbaba also conceals another reason why Gilgamesh is celebrated—he is ascribed in legends with the discovery of several desert oases that eased traveling for traders in ancient Mesopotamia:

*The discovery of various wells or oases that opened a passage across the desert from the middle Euphrates to Lebanon must have revolutionized long-distance travel in upper Mesopotamia. If Gilgamesh was traditionally the first to make this journey on his expedition to the Cedar Forest, it would be logical for him to be given credit for the discovery of the techniques of survival that made desert travel possible.*<sup>37</sup>

---

far as the price of land goes, Central Park is one of the most expensive places in the world; it is probably the most expensive nature in the world. This “holy” place takes up 3.5 square kilometers, which without regulation and under the action of genuine market forces would have long ago been swallowed up by city buildings. Of course, proposals to use at least part of its vast property for new construction would never succeed with either city leaders or local inhabitants, and so the city and its sky-high effectiveness are effectively banned from Central Park. And one last note: In a longer time frame, the “protected” nature in Central Park is not an anomaly; quite the opposite: the city all around it is. Nature is not the intruder into the city, even if it appears that way today. The city is an intruder into nature.

<sup>36</sup> Heffernanová, *Gilgameš*. [Gilgamesh], 8.

<sup>37</sup> George, *The Babylonian Gilgamesh Epic*, 98.

Gilgamesh becomes a hero not only due to his strength, but also due to discoveries and deeds whose importance were in large part economic—direct gaining of construction materials in the case of felling the cedar forest, stopping Enkidu from devastating Uruk’s economy, and discovering new desert routes during his expeditions.

## 1.2 BETWEEN ANIMAL AND ROBOT: HUMAN

The subjugation of wild nature was a bold act that Gilgamesh dared to try because of his friendship with Enkidu. But in the end, this revolt against the gods paradoxically served the gods’ original plan: Through his friendship with the feral Enkidu, Gilgamesh renounces the construction of the wall. At the same time, inadvertently and through his own experience, he confirms his theory—that human relations *truly* stand in the way of the construction of his famed wall. He then leaves it unfinished and, with his friend, heads out *beyond* it. No longer does he seek immortality in the construction of his wall but in heroic acts with his friend for life.

The friendship changes both friends. Gilgamesh changes from a cold and hated tyrant, who reduces men to robots, into a person with feelings. He leaves his sober pride behind the walls of Uruk and indulges in adventures in the wild with his *animal spirits*.<sup>38</sup> Despite J. M. Keynes’s thinking of this term as a spontaneous impulse to action, he did not necessarily have our animality in mind; but perhaps we could in this context consider for a moment the animal parts of our (would-be rational-economic) personae. The *animal* essence of his friend, Enkidu, is transferred onto Gilgamesh (they head out from the city into nature, giving in to the call of uncertain adventure).

And Enkidu’s transformation? If Gilgamesh was a symbol for nearly godlike perfection, civilization, and a staid city tyrant who would rather see machines instead of

---

<sup>38</sup> *Animal spirits* is a term that the economist J. M. Keynes coined and introduced to economics. With it he means our souls, or what “animates” us, or consequently our spontaneous urge, which gives meaning and energy to our acts: “...our positive activities depend on spontaneous optimism rather than on a mathematical expectation, whether moral or hedonistic or economic. Most, probably, of our decisions to do something positive, the full consequences of which will be drawn out over many days to come, can only be taken as a result of animal spirits—of a spontaneous urge to action rather than inaction, and not as the outcome of a weighted average of quantitative benefits multiplied by quantitative probabilities. Enterprise only pretends to itself to be mainly actuated by the statements in its own prospectus, however candid and sincere. Only a little more than an expedition to the South Pole, is it based on an exact calculation of benefits to come. Thus if the animal spirits are dimmed and the spontaneous optimism falters, leaving us to depend on nothing but a mathematical expectation, enterprise will fade and die.” (Keynes. *General Theory*, 161.162) For more on the topic of animal spirits, see Akerlof and Shiller, *Animal Spirits*.

his subjects, Enkidu originally represented something on the complete opposite pole. He is the personification of animality, unpredictability, indomitability, and wildness. His animalistic nature is also brought to mind physically: “All his body is matted with hair (. . .) the hair of his head grows thickly as barley.”<sup>39</sup> In Enkidu’s case, friendship with Gilgamesh symbolizes the culmination of the process of becoming a human. Both heroes change—each from opposite poles—into humans.

In this context, a psychological dimension to the story may be useful: “Enkidu (. . .) is Gilgamesh’s alter ego, the dark, animal side of his soul, the complement to his restless heart. When Gilgamesh found Enkidu, he changed from a hated tyrant into the protector of his city. (. . .) Both titans are humanized by the experience of their friendship, and the half-god and half-animal become beings similar to us.”<sup>40</sup> There seem to be two propensities in us, one economic, rational, seeking to be in control, maximizing, efficiency seeking, and so forth, and the other wild, animal-like, unpredictable, and brute. To be human seems to be *somewhere* in between, or both of these two.

### 1.2.1 Drink the beer as is the custom of the land

Now how did Enkidu become a part of the civilization, a human? At the beginning of Enkidu’s transformation from an animal into a civilized person, Gilgamesh sets a trap for him. The harlot Shamhat is told to “do for the man the work of a woman”<sup>41</sup> and when Enkidu gets up after six days and seven nights of sex, nothing is as it was before;

*When with her delights he was fully sated,  
he turned his gaze to his herd.  
The gazelles saw Enkidu, they started to run,  
the beasts of the field shield away from his presence.  
Enkidu has defiled his body so pure,<sup>42</sup>*

---

<sup>39</sup> *The Epic of Gilgamesh*, Tablet I (105 . . . 107), 5.

<sup>40</sup> Balabán and Tydlitátová, *Gilgameš*. [Gilgamesh], 72.

<sup>41</sup> *The Epic of Gilgamesh*, Tablet I (185), 7.

<sup>42</sup> This certainly sounds paradoxical to us: How can sex be something in the epic that civilizes and humanizes Enkidu? Don’t we frequently consider the sexual instinct as being something animal? It is perceived in the epic as the opposite, in large part because of the fertility cult, but also because the experience of sex was existentially considered

*his legs stood still, though his herd was in motion.  
Enkidu was weakened, could not run as before,<sup>43</sup>  
but now he had reason, and wide understanding.<sup>44</sup>*

Enkidu eventually loses his animal nature because “his herd will spurn him, though he grew up amongst it.”<sup>45</sup> He is brought to the city, dressed, given bread and beer:

*Eat the bread, Enkidu, essential to life,  
drink the ale, the lot of the land.<sup>46</sup>*

With this, what happened is that he had “turned into a man.”<sup>47</sup> Enkidu joined a (specialized) society that offered him something that nature in its uncultivated state was never capable of. He moved away from nature—he moved *behind* the city walls. Thus he became a human person. But this change is irrevocable. Enkidu cannot return to his previous life because “the beasts of the field shield away from his presence.”<sup>48</sup> Nature will not allow a person back who has left her womb. “Nature, from where (a person) long ago came, remains outside, beyond the city walls. It will be foreign and rather unfriendly.”<sup>49</sup>

---

at the time to be something that elevates and emancipates man from the animal state. Sex was deified to a certain extent, as is shown by the role of the temple priestesses who devoted themselves to sex. The approach to sex is what truly distinguishes man from an absolute majority of creatures—only a handful of species in nature do *it* for pleasure: . . . sex is flagrantly separated from reproduction in a few species, including bonobos (pygmy chimpanzees) and dolphins.” (Diamond, *Why Is Sex Fun?*, 3). The fact that eros paradoxically figures in our conscience something animal has also been noted by the economist Deirdre McCloskey, who criticizes that concept. See McCloskey, *The Bourgeois Virtues*, 92.

<sup>43</sup> There is a close relationship between the loss of naturalness and the development of humanity and the soul in the *Epic of Gilgamesh*; in economics this is marked by the term “trade-off;” or the principle of quid pro quo—that nothing comes for free and everything has its price. In Enkidu’s case, this meant that he could not be both a natural and civilized creature at the same time; the ascension of Enkidu’s new personality suppresses his old naturalness.

<sup>44</sup> *The Epic of Gilgamesh*, Tablet I (195.202), 8.

<sup>45</sup> *The Epic of Gilgamesh*, Tablet I (145), 6. Nature becomes not only unfriendly to a civilized person, but even haunted and demonic. Animals such as mice, bats, or spiders do not attack people, but despite this they provoke irrational fear. Nature does not threaten us; nature haunts us. A dark forest, a swamp, a foggy valley—all of these provoke fear in a civilized person. The embodiment of these fears are creatures from fairy tales, who frequently symbolize a nature that is haunted (witches, vampires, werewolves, etc.).

<sup>46</sup> *The Epic of Gilgamesh*, Tablet II (P96.97), 14.

<sup>47</sup> *The Epic of Gilgamesh*, Tablet I (P109), 14.

<sup>48</sup> *The Epic of Gilgamesh*, Tablet I (198), 8.

<sup>49</sup> Sokol, *Město a jeho hradby* [The City and Its Walls], 288.

At this moment of rebirth from an animal to a human state, the world's oldest preserved epic implicitly hints at something highly important. Here we see what early cultures considered the beginning of civilization. Here is depicted the difference between people and animals or, better, savages. Here the epic quietly describes birth, the awakening of a conscious, civilized human. We are witnesses to the emancipation of humanity from animals, similar to how a sculpture is brought forth from stone. From a state of individual satisfaction of his needs in a primary unmediated use of nature without any efforts to transform it, Enkidu moves to the city, the prototype of civilization and life in an *artificial* environment *outside* nature. "He will continue to live in a city, in a world created by people; he will live there richly, safely and comfortably and will live on bread and beer, strange fare, which has been laboriously prepared by human hands."<sup>50</sup>

The entire history of culture is dominated by an effort to become as independent as possible from the whims of nature.<sup>51</sup> The more developed a civilization is, the more an individual is protected from nature and natural influences and knows how to create around him a *constant* or controllable environment to his liking. Our menu is no longer dependent on harvests, the presence of wild game, or the seasons. We have managed to maintain a constant temperature inside our dwellings, regardless of whether there is piercing cold or burning summer.

We can also follow the first attempts at a desired *constantization* of the living environment in the *Epic of Gilgamesh*—and best in the example of the construction of a wall around Uruk, which will allow it to become a cradle of civilization.<sup>52</sup> This constantization also pertains to human activity, specifically, human labor. Humans do better at one thing they specialize in and if they can depend on the work of others for the rest of their needs, society grows rich. It has been a long time since every individual has had to make their own clothes and shoes; to hunt, plant, or prepare their own food; to

---

<sup>50</sup> Sokol, *Město a jeho hradby* [The City and Its Walls], 289.

<sup>51</sup> Nowadays we usually perceive unspoiled nature as an ideal of beauty and purity, but most Western-type people would not survive for long in nature's untouched locations. It is not a world of people.

<sup>52</sup> "In the prologue the poet claims the wall as Gilgamesh's handiwork, while at the same time relating that its foundations were laid by the Seven Sages, primeval beings who brought to man the arts of civilization. This view reflects an old tradition in which Uruk was considered (rightfully) the cradle of early civilization." (George, *The Babylonian Gilgamesh Epic*, 91).

find a source of drinking water and build a dwelling.<sup>53</sup> These roles have been taken over by the institution of market specialization (which understandably functioned a long time before Adam Smith described it as one of the main sources of the wealth of nations<sup>54</sup>). Each therefore specializes in what they know to be most valuable to society, and the remaining vast majority of their needs are left to others.

The epic captures one of the greatest leaps in the development of the division of labor. Uruk itself is one of the oldest cities of all, and in the epic it reflects a historic step forward in specialization—in the direction of a new social *city* arrangement. Because of the city wall, people in the city can devote themselves to things other than worrying about their own safety, and they can continue to specialize more deeply. The permanence of a city surrounded by a wall brings is also noticeable. Human life in the city gains a new dimension and suddenly it seems more natural to take up issues going beyond the life span of an individual. “The city wall symbolizes as well as founds the permanence of the city as an institution which will remain forever and give its inhabitants the certainty of unlimited safety, allowing them to start investing with an outlook reaching far beyond the borders of individual life. The prosperity and riches of Uruk are supported by the certainty of its walls. Provincials can honestly be amazed, and possibly envy them.”<sup>55</sup>

From an economic standpoint, the creation of a fortified city brings important changes; aside from a deeper specialization for its inhabitants, there is also “the possibility of crafts and trade, where one can become rich with the wave of a hand—and of course also become poor. The possibility exists of a livelihood for those who had no land, for younger sons, outcasts, speculators and adventurers from anywhere—from the entire world.”<sup>56</sup>

---

<sup>53</sup> At the same time, it is good to be aware of how great a change humanity has gone through in the past few generations. Our great-grandparents or great-great-grandparents commonly managed these “natural” skills and theoretically managed to secure themselves. But today most people have a hard time imagining that they would be capable or willing to kill a chicken, pig, or cow, despite being happy to consume meat on a daily basis.

<sup>54</sup> The concept of “doing one thing” has led to the extreme of factory production, where a person carries out almost-roboticized labour. It was in one such factory (a pin manufacturer) that even Adam Smith, who is considered the doyen of the idea of economic specialization, came to realize the magic of the division of labour. If every family had to produce its own pins at home, they would frequently not be able to, but thanks to specialized factory production they can simply buy them, and at a completely negligible price.

<sup>55</sup> Sokol, *Město a jeho hradby* [The City and Its Walls], 289.

<sup>56</sup> *Ibid.*, 290.

But everything has its price, and no lunch is free—not even the course of prosperity, which specialization has laid out for us. The price we pay for independence from the whims of nature is dependence on our societies and civilizations. The more sophisticated a given society *is as a whole*, the less its members are able to survive on their own *as individuals*, without society. The more specialized a society is, the greater the number of those on whom we are dependent.<sup>57</sup> And so much so that it is existential.

Enkidu managed to survive in nature *independently* and without any kind of help, freely. Because Enkidu:

*knows not a people, nor even a country (. . .)  
with the gazelles he grazes on grasses,  
joining the throng with the game at the water-hole,  
his heart delighting with the beasts in the water.*<sup>58</sup>

Enkidu is like an animal; he has no nation of his own and is a member of no land. Through his own acts he himself proves to take care of all his needs; he is without civilization, *noncivilized*. Again we see the principle of quid pro quo: Enkidu is self-sufficient (just as many animals are), and in return (or precisely because of this), his needs are minimal. Animal needs are negligible compared to humans'. On the other hand, people are not able to satisfy their needs even with the riches and technology of the twenty-first century. It can be said that Enkidu was therefore happy in his natural state, because all of his needs were satiated. On the other hand, with people, it appears that the more a person has, the more developed and richer, the greater the number of his needs (including the unsaturated ones). If a consumer buys something, theoretically it should rid him of one of his needs—and the aggregate of things they *need* should be decreased by one item. In reality, though, the aggregate of “I want to have” expands together with the growing aggregate of “I have.” Here it is appropriate to quote the economist George Stigler, who was aware of this human unsaturatedness. “The chief

---

<sup>57</sup> The societal importance of another object of economists' interests, *the market*, is thus increased. It becomes a *communications medium* for individuals dependent on a great number of other members of society; because of their numbers a lot of them would not be able to communicate or especially trade separately.

<sup>58</sup> *The Epic of Gilgamesh*, Tablet I (108 . . . 110.112), 5.

thing which the common-sense individual wants is not satisfactions for the wants he had, but more, and better wants.”<sup>59</sup>

A change in the external environment (a transition from nature to the city) in the *Epic of Gilgamesh* very closely relates to an internal change—the change of a savage into a civilized person. The wall around the city of Uruk is, among other things, a symbol of an internal distancing from nature, a symbol of revolts against submission to laws that do not come under the control of man and that man can at most discover and use to his benefit.

“The practical purpose of the wall in the outside world had its parallel in the interior of a person: The forming ego-consciousness also serves as a sort of protective wall which separates it from other psyches. Defensiveness is an important characteristic trait of the ego. And Gilgamesh also ushers in man’s isolation from the natural environment, both external and internal.”<sup>60</sup> On the other hand, this isolation enables new, heretofore unrecognized forms of human development in relationship to the entire city society. “The expansion of human energies, the enlargement of the human ego (. . .) and the differentiation at many points in the structure of the city were all aspects of a single transformation: The rise of civilization.”<sup>61</sup>

### 1.2.2 Natural Nature

When we talk about the city and nature, it is possible to take our thoughts in one more direction, one that will prove to be very useful, especially in comparison with later Hebrew and Christian thought. We consider the symbolism of nature as a natural state into which we are born and the city as a symbol of the exact opposite—development, civilization, the alteration of nature, and progress.

An unspoken message blows through the entire epic: Civilization and progress play out in the city, which is the true “natural” dwelling of the people. It seems from this perspective that it is not natural for us to be in the natural state of being. In the end, the city is the home not only of people but of gods as well:

---

<sup>59</sup> Stigler, *Frank Hyneman Knight*, 58.

<sup>60</sup> Heffernanová, *Gilgameš*. [Gilgamesh], 4.

<sup>61</sup> Mumford, *The City in History*, 44.

*Said Uta-napishti to him, to Gilgamesh:  
( . . . ) The town of Shuruppak, a city well known to you,  
which stands on the banks of the river Euphrates:  
the city was old—the gods once were in it .  
when the great gods decided to send down the Deluge.<sup>62</sup>*

It is animals that live in nature, and the savage Enkidu rages there. Nature is where one goes to hunt, collect crops, or gather the harvest. It is perceived as the saturator of our needs and nothing more. One goes back to the city to sleep and be “human.” On the contrary, evil resides in nature. Humbaba lives in the cedar forest, which also happens to be the reason to completely eradicate it. The wild Enkidu lives in nature; he looks like a human, but in his naturalness he is an animal—he does not live in the city, is uncontrollable<sup>63</sup> and does damage. It is necessary to separate the city, as a symbol of people, civilization, *non*nature, from its surroundings with a strong wall. Enkidu becomes a human by moving to the city.

The natural state of things, as at birth, is accordingly imperfect in the epic, evil. Our *nature* has to be transformed, civilized, cultured, fought against. Symbolically, then, we can view the entire issue from the standpoint of the epic in the following way: Our nature is insufficient, bad, evil, and good (humane) occurs only after emancipation from nature (from naturalness), through culturing and education. Humanity is considered as being in civilization.

For fuller contrast, let us compare the duality of the city and nature with a later Hebrew thought. In the Old Testament, this relationship is perceived completely differently. Man (humanity) is created in nature, in a garden. Man was supposed to care for the Garden of Eden and live in harmony with nature and the animals. Soon after creation, man walks naked and is not ashamed, *de facto* the same as the animals. What is characteristic is that man dresses (the natural state of creation itself is not enough for

---

<sup>62</sup> *The Epic of Gilgamesh*, Tablet XI (9 . . . 11.13), 88.

<sup>63</sup> The only way for Gilgamesh to be successful was the trick with the harlot. Gilgamesh never managed to subjugate Enkidu through force alone.

him), and he (literally and figuratively) covers<sup>64</sup> himself—in shame after the fall.<sup>65</sup> Dressing, which stems from shame at his natural state, for his state at birth, for his nakedness, distinguishes people from animals and from their natural, at-birth state. When the prophets of the Old Testament later speak of a return to paradise, they are at the same time portraying it as harmony with nature:

*The wolf will live with the lamb the leopard will lie down with the goat.  
The calf and the lion and the yearling together; and a little child will lead  
them. The cow will feed with the bear, their young will lie down together,  
and the lion will eat straw like the ox. The infant will play near the hole of  
the cobra, and the young child put his hand into the viper's nest.*<sup>66</sup>

### 1.2.3 And Sinful Civilization?

On the other hand, resistance to city civilization, to the sedentary way of life, can be found between the lines of many Old Testament stories. It is the “evil” farmer Cain (farming requiring a sedentary, city lifestyle) who kills the shepherd Abel (hunters and shepherds tended to be nomadic and did not found cities; their way of life on the contrary required constant motion from one hunting ground or pasture to the next). A similar dimension is in the background of the story of the staidly living Jacob, who *fools, tricks*<sup>67</sup> his brother Esau,<sup>68</sup> depriving him of his father’s blessing in his own favor.

---

<sup>64</sup> The Czech philosopher and biologist Zdeněk Neubauer noted that the same is true for science: “It appears that science’s naturalness, like every naturalness, likes to be hidden hermetically. (Incidentally, ‘hermetic’ also indicates secret, hidden . . .).” See Neubauer, *O čem je věda?* [What Science Is About?], 59, the chapter “Věda jako religio novověku [Science as a Modern Religion].” Neubauer further writes: “Science—considering its spirituality—is understandably ashamed of this ‘secret body’.”(Neubauer, *O čem je věda?* (De possess: O duchovním bytí Božím) [What Science Is About?], 58).

<sup>65</sup> “He answered, ‘I heard you in the garden, and I was afraid because I was naked; so I hid.’ And he said, ‘Who told you that you were naked? Have you eaten from the tree that I commanded you not to eat from?’” Genesis 3:10-11. What was hidden was our genitals, man’s central point, as is shown by Leonardo Da Vinci’s famous drawing, the Vitruvian Man.

<sup>66</sup> Isaiah 11:6.8. Unless noted otherwise, we use the *New International Version of the Holy Bible* (Grandville, MI: Zondervan, 2001) as the reference source for all biblical texts cited below.

<sup>67</sup> Trickery and swindling both play an important role in ancient myth in general - the so-called Trickster is one of the fundamental archetypes of heroes. This understanding was emphasized by the American anthropologist Paul Radin in his most-read book, *The Trickster*, where he describes the basic archetype of heroes. The trick is a symbol of mankind’s original emancipation and the beginning of the struggle against something stronger than man himself, against gods or nature, for example. It is the original revolt against the rule of law and givenness, the original refusal of passivity and the beginning of a struggle with a stronger (or abstract) principle. Even Gilgamesh had to use trickery against the feral Enkidu. The patriarch Abraham lies, passes off his wife as his sister and, in an effort to avoid unpleasanties, lets things go so far that he even sells her to the Pharaoh’s harem. Jacob is a “trickster” for a

The city was frequently (at least in older Jewish writings) a symbol of sin, degeneration, and decadence—nonhumanity. The Hebrews were originally a nomadic nation, one that avoided cities. It is no accident that the first important city<sup>69</sup> mentioned in the Bible is proud Babylon,<sup>70</sup> which God later turns to dust. When the pasture gets too small for Abraham and Lot, Lot chooses the city as his future (Sodom and Gomorrah), and Abraham goes further into the desert to lead a nomadic life. It is not necessary to recall the degeneration of these two cities—everyone knows.

The Old Testament uses poetry that elevates nature. We find nothing of the sort in the *Epic of Gilgamesh*. The Old Testament Song of Solomon describes the lovers' state with natural symbolism. It is no accident that all of the lovers' positive moments play out in nature, outside the city, in a vineyard, in a garden. But unpleasant events take place in the city: A guard beats and humiliates his lover; the lovers cannot find each other in the city. But in nature, in the vineyard, in the garden (reminding us of the original Garden of creation) it is safe and the lovers are together again, uninterrupted, as they wish.

In short, nature and naturalness had a rather positive value for the Hebrews, while city civilization was negative. God's original "altar" traveled, and when established was "only" placed in a tent (hence the term "the Lord's *Tabernacle*"). It is as if civilization could only spoil mankind—the closer it holds to nature, the more human it is. Here humans' natural state, their naturalness, needs no civilization to be good or human. As

---

substantial part of his life, which to a certain extent is contained in his name: In Hebrew, Jacob means "to hold by the heel," which in English is similar to "pulling one's leg." It is necessary to point out that in early cultures, trickery did not have the pejorative connotation it has today. Trick was simply a way of fighting, especially against stronger enemies. Even Odysseus is known by the epithet Odysseus the Cunning. To this day, tricksters often appear in such things as fairy-tales as positive heroes. These tricksters frequently handle tasks that knights and princes are incapable of, and precisely for this reason he frequently gains the princess's hand and the royal crown.

<sup>68</sup> In the book *Tajemství dvou partnerů [The Secret of Two Partners]* by Heffernanová, the author sees in this story a struggle between the natural subconscious (the hairy hunter Esau) and settled consciousness (Jacob, a "dweller in tents" and a master of language and the deceit language enables). With his hairiness, Esau also noticeably recalls the appearance of the animal, feral Enkidu. In this symbolism, both are classified as being in the world of nature.

<sup>69</sup> The very first city named in the Bible was the city founded by the heroic hunter Nimrod. "The first centers of his kingdom were Babylon, Erech, Akkad and Calnech, in Shinar. From that land he went to Assyria, where he built Nineveh . . ." "Genesis 10:10-11. Babylon is likely meant as the city where the tower/ziggurat of Babel was built, Erech most probably means Uruk, which in the twenty-seventh century BC was ruled by the mythical Gilgamesh. Other cities also have ties to our story: The Akkadian version is today considered the standard version of the *Epic of Gilgamesh*, and a copy of it was found in the library of the city of Nineveh.

<sup>70</sup> Genesis 11:9.

opposed to the *Epic of Gilgamesh*, it appears that for the Hebrews, evil is rather found *inside* the city walls and in civilization.

This view of naturalness and civilization had and continues to have a complicated development in the history of Jewish culture and our own. The Hebrews later also chose a king (despite the unanimous opposition of God's prophets) and settled in cities, where they eventually founded the Lord's Tabernacle and built a temple for Him. The city of Jerusalem later gained an illustrious position in all of religion. The city (the home of the Temple) holds an important position in Hebrew thought as well. Later development is even more inclined toward the city model, which is already evident in early Christianity. It is enough, for example, to read the Book of Revelation to see how the vision of paradise developed from the deep Old Testament period, when paradise was a garden. John describes his vision of heaven as a city—paradise is in New Jerusalem, a city where the dimensions of the walls(!) are described in detail, as are the golden streets and gates of pearl. While the tree of life is located here, with a river flowing from it, there is no other mention of nature in the last book of the Bible.

But even this tableau perfectly describes the transformation of man's perception and his naturalness that was playing out at the time. That is to say that by this time Christianity (as well as the influence of the Greeks) does not consider human naturalness to be an unambiguous good, and it does not have such an idyllic relationship to nature as the Old Testament prophets.

How does this affect economics? More than we would want to surmise. If we were to look at human *naturalness* as a good, then collective social actions need a much weaker ruling hand. If people themselves have a natural tendency (propensity) toward good, this role does not have to be supplied by the state, ruler, or, if you wish, Leviathan.<sup>71</sup> But on the contrary, if we accept Hobbes's vision of human nature as a state of constant latent violence and wars of everyone against everything, *homo homini lupus*, where man is dog eat dog (animal!) to his fellow man, then it is necessary to civilize man (and thus turn wolves into people) with a ruler's strong hand. If a tendency toward good is not naturally endowed in people, it must be imputed from above through

---

<sup>71</sup> In the Bible, Leviathan is described as a great and ferocious monster (see the Book of Job 3:8, and Job 41:1-7). Thomas Hobbes uses this name in the metaphorical sense as a marking for the state or ruler, without whom society in Hobbes's conception would fall into chaos and disorder.

violence or at least the threat of violence. For in a “natural state” there is “no culture of the earth... no knowledge of the face of the earth,” and life is “solitary, poor, nasty, brutish, and short.”<sup>72</sup> On the contrary, economic policy can be much freer if the ruler believes in human nature, which has in itself a tendency toward good and that this good only needs to be cared for, guided in coordination, and supported.

From the standpoint of the development of economic thought, it is interesting to note additional differences between the Old Testament and the Epic of Gilgamesh, even in seemingly similar stories. The epic, for example, mentions a great flood several times, which is strikingly similar to the biblical flood.

*For six days and seven nights,  
there blew the wind, the downpour,  
the gale, the Deluge, it flattened the land.  
But the seventh day when it came,  
The gale relented, the Deluge ended.  
The ocean grew calm, that had thrashed like a woman in labour,  
The tempest grew still, the Deluge ended.  
I looked at the weather, it was quiet and still,  
But all people had turned to clay.  
The flood plain was flat like the roof of a house.<sup>73</sup>*

In the *Epic of Gilgamesh*, the flood occurred long before the main story itself. Only Utanapishti survived—because he built a ship that saved everything living.

*All the silver I owned I loaded aboard,  
all the gold I owned I loaded aboard,  
all the living creatures I had I loaded aboard,  
I sent on board all my kith and kin,  
The beasts of the field, the creatures of the wild,  
and members of every skill and craft.<sup>74</sup>*

---

<sup>72</sup> Hobbes, *Leviathan*, 100, (the name of this chapter thirteen is “Of the Natural Condition of Mankind as Concerning Their Felicity and Misery”).

<sup>73</sup> *The Epic of Gilgamesh*, Tablet XI (128.136), 93.

<sup>74</sup> *The Epic of Gilgamesh*, Tablet XI (82.87), 91.

Unlike Noah, Utanapishti loads silver and gold first, things that are not mentioned in the biblical story at all. If in Gilgamesh the city acts as a place of protection against the “evil beyond the walls,” its primary and positive relationship to wealth is logical. It is in cities that riches are concentrated. In the end, even Gilgamesh gained part of his fame by killing Humbaba—an act in which he came into riches in the form of wood from the felled cedars.

#### 1.2.4 Of the Market

Let us return for the last time to the humanization of the wild Enkidu, which is a process we can perceive with a bit of imagination as the first seed of the principle of the market’s invisible hand, and therefore the parallels with one of the central schematics of economic thinking.

Enkidu used to be an invincible terror to all hunters. He destroyed their plans and stood in the way of hunting and cultivating nature. In the words of one of the affected hunters:

*I am afraid and I dare not approach him.  
He fills the pits that I myself dig,  
he pulls up the snares that I lay.  
He sets free from my grasp all the beasts of the field,  
he stops me doing the work of the wild.<sup>75</sup>*

Nevertheless, after his humanization and civilization, a turnaround occurs:

*When at night the shepherds lay sleeping,  
he struck down wolves, he chased off lions.  
Sleeping lay the senior shepherds,  
Their shepherd boy Enkidu, a man wide awake.<sup>76</sup>*

---

<sup>75</sup> *The Epic of Gilgamesh*, Tablet I (129.134), 6.

<sup>76</sup> *The Epic of Gilgamesh*, Tablet II (59.62), 14.

By culturing and “domesticating” Enkidu, humanity tamed the uncontrollable wild and chaotic evil that had previously vehemently caused damage and did everything to work against the good of the city. Enkidu devastated the doings (the external, outside-the-walls) of the city. But he was later harnessed and fights at the side of civilization *against* nature, naturalness, the natural state of things. This moment has an interpretation that could be very important for economists. Enkidu caused damage and it was impossible to fight against him. But with the help of a trap, trick, this evil was transformed into something that greatly benefited civilization.

We understandably mean the image of the bad human inborn natural traits (for example egoism, placing one’s interests before those of one’s neighbors). Enkidu cannot be defeated, but it is possible to use him in the service of good. A similar motif appears a thousand years after the reversal, which is well known even to noneconomists as the central idea of economics: the invisible hand of the market. Sometimes it is better to “harness the devil to the plow” than to fight with him. Instead of summoning up enormous energy in the fight against evil, it is better to use its own energy to reach a goal we desire; setting up a mill on the turbulent river instead of futile efforts to remove the current. This is also how Saint Prokop approached it in one of the oldest Czech legends.<sup>77</sup> When he was clearing a forest(!) and tilled the land gained in this way (how nature was civilized at the time), the legend tells that neighboring people caught sight of a plow with a devil harnessed to it.<sup>78</sup> Prokop, it seems, knew how to handle something dangerous, something that people fear. He understood well that it is wiser and more advantageous to appropriately make use of natural chaotic forces than to futilely try to suppress, exclude, and destroy them. He knew to a certain extent the “curse” of evil, which the devil Mephistopheles gives away in Goethe’s play *Faust*:

*Part of that force which would  
Do evil evermore, and yet creates the good.*<sup>79</sup>

---

<sup>77</sup> See also Neubauer, *Přímlyvce postmoderny* [Advocate of Postmodernity], 37-36, 53-55.

<sup>78</sup> Jan Heller examines this reference in his book *Jak orat s čertem* [How to Plow With the Devil], 153-156.

<sup>79</sup> Goethe, *Faust*, part one, scene 3. English translation: Goethe, *Goethe’s Faust*, 159.

In his book *The Spirit of Democratic Capitalism*, the economist Michael Novak deals with the problem of transforming evil into a creative force.<sup>80</sup> He argues that only democratic capitalism, as opposed to all alternative—frequently utopian—systems, understood how deeply evil nature is rooted in the human soul, and realized that it is beyond any system to uproot this deeply embedded “sin.” The system of democratic capitalism can “bring down the power of sin—i.e., to retransform its energy into creative force (and in doing so the best way to get revenge on Satan).”<sup>81</sup>

A similar story (reforming something animally wild and uncultivated in civilizational achievement) is used by Thomas Aquinas in his teachings. Several centuries later, this idea is fully emancipated in the hands of Bernard Mandeville and his *Fable of the Bees: or, Private Vices, Publick Benefits*. The economic and political aspects of this idea are—often incorrectly—asccribed to Adam Smith. The idea that later made him famous speaks of the societal good that comes from the butcher’s egoism, yearning for earnings, and his own profit.<sup>82</sup> Of course, Smith takes a much more sophisticated and critical stand than is generally taught and believed today. We will also get to this later.

At this place, please allow a minor observation. Only the saint in the story of Prokop had the transformative power to harness evil and recast it, to force it to serve the general welfare.<sup>83</sup> In this day and age that quality is ascribed to the invisible hand of the market. In the story of Gilgamesh, the harlot was able to recast wild evil into something useful.<sup>84</sup> It appears that the invisible hand of the market is endowed with the historical heritage of moving in the dimensions of these two extremes—the saint and the harlot.

---

<sup>80</sup> A similar defense of capitalism is offered by such people as Deirdre McCloskey in her book *The Bourgeois Virtues*.

<sup>81</sup> Novak, *Duch demokratického kapitalismu* [The Spirit of Democratic Capitalism], 77-78 (quoted and translated from the Czech version of the book).

<sup>82</sup> Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 266.

<sup>83</sup> As the Czech economist Lubomír Mlčoch frequently and accurately notes, in order for a person to harness evils, one would he must have to be at least a saint.

<sup>84</sup> In Babylonian culture, priestesses were at the same time temple “prostitutes” as part of the fertility cult. “Shamhat’s position in Uruk is not revealed in the epic, for it is not material to the story, but one should note that, as the cult center of Ishtar, goddess of sexual love, Uruk was a city well known for the number and beauty of its prostitutes. Many of these women were cultic prostitutes employed in the temple of Ninsun and Ishtar” (George, *The Babylonian Gilgamesh Epic*, 148). “The harlot Gilgamesh sent is rather a priestess or a courtesan, and not a mere prostitute. (. . .) Aside from the pleasure of lovemaking, she had to know how to offer the savage human wisdom and convince him of the advantages of civilized life.” Balabán and Tydlitátová, *Gilgameš*. [Gilgamesh], 139).

### 1.3 IN SEARCH OF THE BLISS POINT<sup>85</sup>

With his divine origin, Gilgamesh was predestined to be something great. His efforts at finding immortality serve as a red thread through the entire epic.<sup>86</sup> This ancient goal par excellence, which only heroes previously dared attempt,<sup>87</sup> takes several different forms in the epic.

First, Gilgamesh tries to secure his immortal name in a relatively uninteresting way—building a wall around the city of Uruk. In the second stage, after finding his friend Enkidu, Gilgamesh abandons the wall and sets out beyond the city to maximize heroism. “In his (. . .) search of immortal life, Gilgamesh went through the most extraordinary hardships and performed superhuman feats.”<sup>88</sup> Here the individual does not try anymore to maximize his goods or profits, but what is important is writing his name in human memory in the form of heroic acts or deeds. The utility consumption function replaces the dimension of the maximization of adventure and renown. Such a concept of immortality is very closely tied to the creation of letters (the story must be recorded for the next generation), and Gilgamesh was the very first to attempt such immortality in the form of a written record of “immortal” fame—anyway the first to succeed. “His famous name introduces a new concept of immortality, one connected with letters and the cult of the word: A name and especially a written name survives the body.”<sup>89</sup>

---

<sup>85</sup> A term used frequently by economists. The bliss point is a sort of consumer nirvana, a point at which profit is not only optimized within the given situation, but also approaches the ideal state. It takes no limits (such as budgets) into account. In economics, the term “bliss point: (or “saturation point”) is used as an ideal, desirable level of consumption in which the given individual is completely blissful and it is impossible to improve their wellbeing in any way with further consumption. In economics, the function of profit is frequently drawn as a hill, and the bliss point is its peak.

<sup>86</sup> Immortality, in any form, had a fundamental meaning for Babylonians—paradise did not await after death, and death was perceived as a transition into something between an unpleasant and repulsive state.

<sup>87</sup> The desire for immortality, as with many other primeval desires, remains to this day, but it has taken on a much more folk form: The cult of an eternally beautiful and young body created the imperative for efforts toward as healthy and long a life as possible, which overlooks its quality. It is not possible to achieve this long life through heroic acts, a rich or moral life, but, for example, through eating food that fulfills certain (constantly changing) criteria and avoiding other consumer habits. Even this modern movement takes the form of a “return to nature,” at least as far as the content of their menus are concerned. At the same time, an effort toward the most exotic origin of herbs and mixtures, which are the content of these miracle youth elixirs, is laughably the same as in all ancient eras.

<sup>88</sup> Heidel, *Gilgamesh Epic and Old Testament Parallels*, 11.

<sup>89</sup> Heffernanová, *Gilgameš*. [Gilgamesh: A Tragic Model of Western Civilization], 8.

We also get, of course, to classical economic maximization of profit later in the epic. Gilgamesh's journey in the end is not as successful as the hero imagined. His lifelong friend Enkidu dies before him, and for the first time he hears the sentence that for the rest of the epic will serve as an echo of the futility of his deeds: "O Gilgamesh, where are you wandering? The life you seek you never will find."<sup>90</sup> After this disappointment, he comes to the edge of the sea, where the innkeeper Siduri lives. As tonic for his sorrow, she offers him the *garden of bliss*, a sort of hedonistic fortress of *carpe diem*, where a person comes to terms with his mortality and at least in the course of the end of his life maximizes earthly pleasures, or earthly utility.

*Gilgamesh, wherefore do you wander?  
The eternal life you are seeking you shall not find.  
When the gods created mankind,  
They established death for mankind,  
And withheld eternal life for themselves.  
As for you, Gilgamesh, let your stomach be full,  
Always be happy, night and day.  
Make every day a delight,  
Night and day play and dance.  
Your clothes should be clean,  
Your head should be washed,  
You should bathe in water,  
Look proudly on the little holding your hand,  
Let your mate be always blissful in your loins,  
This, then, is the work of mankind.<sup>91</sup>*

How does Gilgamesh respond to this offer, to this modern consumerpleasure maxim? Surprisingly, he refuses her ("Gilgamesh said to her, to the tavern keeper: What are you saying, tavern keeper?"<sup>92</sup>) and sees in her only delays, obstacles in his path in search of Utanapishti, the only person to survive the great flood and in whom

---

<sup>90</sup> *The Epic of Gilgamesh*, Tablet IX (Si i 7.8), 71 .

<sup>91</sup> *The Epic of Gilgamesh*, Tablet X (77.91), 75.

<sup>92</sup> *The Epic of Gilgamesh*, Tablet X (92.94), 75.

Gilgamesh sees the promise of finding the cure for mortality. The hero refuses hedonism in the sense of maximizing terrestrial pleasure and throws himself into things that will exceed his life. In the blink of an eye, the epic turns on its head the entire utility maximization role that mainstream economics has tirelessly tried to sew on people as a part of their nature.<sup>93</sup>

After finding Utanapishti, Gilgamesh gets from the seafloor his coveted plant, one that should give him youth forever. But he immediately falls asleep and loses the plant: “Exhausted by his great deeds, Gilgamesh cannot resist the most gentle and most unspectacular thing: He gives in to sleep, the brother of death, the creeping exhaustion which accompanies life as tiredness and aging.”<sup>94</sup>

*Of the plant's fragrance a snake caught scent,  
came up in silence, and bore the plant off.  
As it turned away it sloughed its skin.*<sup>95</sup>

And in the eleventh and final tablet, Gilgamesh again loses what he sought. Like Sisyphus, he misses his goal just before the climax and does not find his notional bliss point. But in the end, Gilgamesh nevertheless becomes immortal—to this day his name is not forgotten. And regardless of whether chance played any kind of major role in this historical development of events, we today remember Gilgamesh for *his story* of heroic friendship with Enkidu, not for his wall, which no longer reaches monumental heights.

## 1.4 CONCLUSION: THE BEDROCK OF ECONOMIC QUESTIONING

In this first chapter, the first economic contemplation of our civilization's oldest text has been attempted; I allowed myself to do so in the hope that through this ancient

---

<sup>93</sup> It is only fair to acknowledge that this part of the epic underwent significant development over the centuries. In the ancient Babylonian version of the epic, the tenth tablet was the last, and the story ended with Gilgamesh heading out after his conversation with the innkeeper for another journey toward immortality, and accepting his role as a mortal of royal status. In the original version, then, Siduri had a similar influence on Gilgamesh as Shamhat did on Enkidu—she humanized him and returned him to the human collective, where he could continue to be beneficial. Only after the later addition of the eleventh tablet with the story of the meeting between Gilgamesh and Utanapishti did Siduri become a seductress offering pleasure, which Gilgamesh refuses.

<sup>94</sup> Patočka, *Kacířské eseje o filosofii dějin* [Heretical Essays in the Philosophy of History], 23.

<sup>95</sup> *The Epic of Gilgamesh*, Tablet XI (305.308), 99.

epic we would discover something about ourselves, about the society that has developed over five thousand years into an incredibly complicated organism and entanglement. Orienting oneself in today's society is now naturally much more complicated. It is simpler to observe the main features of our civilization at a time when the picture was more readable—at a time when our civilization was just being born and was still "half-naked." In other words, we have tried to dig down to the bedrock of our written civilization; under this, nothing else exists.

Was the study of the epic useful? Has it shown something about itself in an economic sense? And is there something from it that is valid today? Have we found in Gilgamesh certain archetypes that are in us to this day?

I have tried to show that the mystical relationship to the world also has its "truths." Today we take these truths reservedly and tolerantly put them inside quotation marks, but we must be aware that the next generations will just as unhumly put the today's truths into quotation marks as well. In ancient times people answered questions with stories, tales. In the end, the Greek word "myth" means "story." "A myth is every story that anticipates some kind of 'why.'"<sup>96</sup>

The very existence of questions similar to today's economic ones can be considered as the first observation. The first written considerations of the people of that time were not so different from those today. In other words: The epic is understandable for us, and we can identify with it. Sometimes too much—for example as far as efforts to turn people into robots go. The thought that the human in us is only a drag on work (on the wall)<sup>97</sup> is still with us. Economics frequently uses this and tries to neglect everything human. The thought that humanity comes at the expense of efficiency is therefore just as old as humanity itself—as we have shown, subjects without emotion are the ideal of many tyrants.

We have also been witnesses to the very beginnings of man's culturing—a great drama based on a liberation and then a distancing from the natural state. Gilgamesh had a wall built that divided the city from wild nature and created a space for the first human

---

<sup>96</sup> Kratochvíl, *Mýtus, filozofie a věda I. a II.* [Myth, Philosophy, and Science], 17.

<sup>97</sup> Which we recognize from the Pink Floyd song "Another Brick in the Wall." As can be seen, the theme of the wall survives to this day. Isn't it significant that the fall of communism has been reduced to the symbolism of the fall of the Berlin Wall?

culture. Nevertheless, “not even far-reaching works of civilization could satisfy human desire.”<sup>98</sup> Let us take this as a memento in the direction of our restlessness, our inherited dissatisfaction and the volatility connected to it. Considering that they have lasted five thousand years and to this day we find ourselves in harmony with a certain feeling of futility, perhaps these characteristics are inherent in man. Maybe we feel it even stronger and more burning than Gilgamesh or the author of the epic himself.

The epic later crashes this idea through the friendship of Gilgamesh and Enkidu. Friendship—the biologically least essential love, which at first sight appears to be unnecessary from a societal standpoint as well. For effective economic production, for the welfare of the society, it’s enough to become a member of a team without major emotional engagement. Of course, to change the system, to break down that which is standing and go on an expedition against the gods (to awaken, from naïvete to awakening) requires friendship. For small acts (hunting together, work in a factory), small love is enough: Camaraderie. For great acts, however, great love is necessary, real love: Friendship. Friendship that eludes the economic understanding of *quid pro quo*. Friendship gives. One friend gives (fully) for the other. That is friendship for life and death, never for profit and personal gain. Friendship shows us new, unsuspected adventures, gives us the opportunity to leave the wall and to become neither its builder nor its part—to not to be another brick in the wall.

In another sense, the relationship between Gilgamesh and Enkidu can be compared to the civilized and animal essence of man (Enkidu later dies, but in a certain sense he lives on in Gilgamesh). We shortly paused on Keynes’s notion of “animal spirits,” which lead uneconomically and frequently irrationally to adventures: The builder Gilgamesh—he, who separates humanity from its primitive animal state and brings about the civilized (one wants to say “sterile”) culture, the one hidden behind the walls and a careful ruler—becomes friends with the wild Enkidu and heads out to subjugate heretofore untouched nature.

At the same time, with the phenomenon of the creation of the city, we have seen how specialization and the accumulation of wealth was born, how holy nature was transformed into a secular supplier of resources, and also how humans’ individualistic

---

<sup>98</sup> Kratochvíl, *Mýtus, filozofie a věda I. a II.* [Myth, Philosophy, and Science], 12.

ego was emancipated. This moment, of course, paradoxically relates to an increase in the individual's dependence on other members of society, even if a civilized person feels more independent. The less a civilized, city person is dependent on nature, the more he or she is dependent on the rest of society. Like Enkidu, we have exchanged nature for society; harmony with (incalculable) nature for harmony with (incalculable) man.

We have compared this view with the view of the Hebrews, to whom we will devote ourselves in greater detail in the next chapter. The Hebrews came to cities much later, and an essential part of the Old Testament describes a people who lived in greater harmony with nature. Which, then, is more natural? Is man a naturally (full) man in his natural state, or does he become so in the framework of a (city) civilization? Is human nature good or evil? To this day these questions are key for economic policy: If we believe that man is evil in his nature, therefore that a person himself is dog eat dog (animal), then the hard hand of a ruler is called for. If we believe that people in and of themselves, in their nature, gravitate toward good, then it is possible to loosen up the reins and live in a society that is more *laissez-faire*.

Finally we have shown that the principle that a thousand years later materialized as the economic idea of the “invisible hand of the market” had its predecessors as early as Gilgamesh, in the form of harnessing wild evil, which in the end served to benefit humanity. We can find a whole range of predecessors of the invisible hand of the market in our ties. Finally, at the end of the chapter, a sort of pre-Greek hedonism got its word, in the form of the offer by the innkeeper Siduri. Gilgamesh rejects this offer, only for this thinking to be fully embraced by the economic ethos some 4,500 years later at the hands of utilitarians.

The end of the epic finishes at a dismal cyclical note, where nothing has changed, no progress was made and—after a small adventure—everything returns to its original setting; the epic is cyclical and ends where it started, with the building of the wall. History heads nowhere, and everything cyclically repeats itself with minor variations, as we see in nature (the repeating of the seasons, cycles of the moon, etc.). In addition, nature, which has surrounded people, is the embodiment of unpredictable deities who have the same weaknesses and vagaries as people (according to the epic, the flood was

called for by the gods because people were making too much noise, which bothered the deities). Because nature is not undeified it is beyond consideration to explore it, let alone intervene in it (unless a person was a two-thirds god like Gilgamesh). It is not safe to investigate the preserves of capricious and moody gods.

For a concept of historical progress, for the undeification of heroes, rulers, and nature, mankind had to wait for the Hebrews. The entire history of Judaism is the history of waiting for the Messiah, who is to come in historical time, or rather, at its end.

## 2 ANCIENT GREECE

*... the safest general characterization of the European philosophical tradition is that it consists of a series of footnotes to Plato*

Alfred Whitehead

European philosophy was born in the ancient Greek world; the foundations of Euro-Atlantic civilization, and economics as well, were inspired here in many ways. We will not be able to completely understand the development of the modern notion of economics without understanding the disputes between the Epicureans and the Stoics; it is here that the part of philosophy was born which later became an indivisible part of economics. It was the hedonism of the philosopher Epicurus that would later receive a more exact economization and more technical mathematization at the hands of J. Bentham and J. S. Mill. The foundations of rational idealization and the topic of scientific progress expressed in mathematics can be found in ancient Greece, especially in the teachings of Plato, and both helped to define the development of economics “Plato’s most important and enduring contribution to formal thought was the elevation of mathematics to a primary position in scientific inquiry. All sciences, including economics, which use mathematical analyses, must comprehend the essence of Platonic idealism in order to properly evaluate the significance and limits of mathematics in their discipline.”<sup>99</sup> But first we will look shortly at other early philosophers, and even before that at the prephilosophical, poetic ancient tradition.

### 2.1 FROM MYTH: THE TRUTH OF THE POETS

The poetic tradition, as culminated in Homer’s *Iliad* and *Odyssey*, played a major role in the beginnings of Greek civilization. In his book *The Masters of Truth in Ancient Greece*, the Belgian historian Marcel Detienne highlights the fact that before the development of the Greek sophist and philosophical traditions, poetry played a much more important role than we can imagine today. This tradition, based on oral presentation and the development of complicated mnemonics, bore a completely

---

<sup>99</sup> Lowry, “Ancient and Medieval Economics,” 19.

different notion of truth and justice, and philosophy was rooted in it together with mythology and art. Only much later did the notion of *truth* “tear away” from the exclusive refuge of poets and become the domain of philosophers. So Plato does not consider poets to be “colleagues in another department, pursuing different aims, but as dangerous rivals,” as Nussbaum writes.<sup>100</sup> The first philosophers tried to fight myths, get rid of narration, orient knowledge toward the unchanging—and take over the role of “masters of the truth” for themselves. The same thing would later be achieved by priests, theologians, and finally scientists to whom questions on the content of truth are directed today.

What did such a “poetic” notion of truth look like in ancient Greece? This is what the poetic Muses say of themselves: “Field-dwelling shepherds, ignoble disgraces, mere bellies: we know how to say many false things similar to genuine ones, but we know, when we wish, how to proclaim true things.”<sup>101</sup> Muses demand the right to proclaim truth (or deception). In addition, “epic and tragic poets were widely assumed to be the central ethical thinkers and teachers of Greece; nobody thought of their work as less serious, less aimed at truth, than the speculative prose treatises of historians and philosophers.”<sup>102</sup> Truth and reality were hidden in speech, stories, and narration. Successful stories that arose from the hands of the poets were repeated, survived both their creators and their main heroes, and existed permanently in people’s thoughts. Poetry is an image of reality; this is beautifully illustrated by the quote attributed to the poet Simonides: “Poetry is painting with the gift of speech.”<sup>103</sup> But poets actually went even further, and with their speech they *shaped* and established reality and truth. Honor, adventure, great deeds, and the acclaim connected with them played an important role in the establishment of *the true, the real*. With praise from the lips of poets they achieved fame, and those who are famous will be remembered by people. They become more real, part of the story, and they start to be “realized,” “made real” in the lives of other

---

<sup>100</sup> Nussbaum, *The Fragility of Goodness: Luck and Ethics in Greek Tragedy and Philosophy*, 12.

<sup>101</sup> Hesiod, *Theogony*, 25.

<sup>102</sup> Nussbaum, *The Fragility of Goodness: Luck and Ethics in Greek Tragedy and Philosophy*, 12.

<sup>103</sup> Detienne, *The Masters of Truth in Archaic Greece*, 128 in Czech translation, original citation comes from Psellos, M.: *Energieas Daimonon*, 821B, Migne, PG, CXXII.

people. That which is stored in memory is real; that which is forgotten is as if it never existed.

Truth did not always have today's "scientific" form. Today's scientific truth is founded on the notion of exact and objective facts, but poetic truth stands on an interior (emotional) consonance with the story or poem. "It is not addressed first to the brain... [myth] talks directly to the feeling system."<sup>104</sup> If a poet writes "she was like a flower," from a scientific point of view he is lying; every poet is a liar. The human female has almost nothing in common with a plant—and what little it does have in common is not worth mentioning. Despite this, the poet could be right and not the scientist. Ancient philosophy, just as science would later, tries to find constancy, constants, quantities, inalterabilities. Science seeks (creates?) order and neglects everything else as much as it can. In their own experiences, everyone knows that life is not like that, but what happens if the same is true for reality in general? In the end, poetry could be more sensitive to the truth than the philosophical method or, later, the scientific method. "Tragic poems, in virtue of their subject matter and their social function, are likely to confront and explore problems about human beings and luck that a philosophical text might be able to omit or avoid."<sup>105</sup>

Just as scientists do today, artists drew images of the world that were representative, and therefore symbolic, picturelike, and simplifying (but thus also misleading), just like scientific models, which often do not strive to be "realistic." Throughout its tradition, painting has been the art of illusion, the art of "pointing out," and so, from a different angle, "misleading." It is in art, as the author of *Dissoi logoi* says, where those who mislead "in such a way as to make most things similar to the real ones" are the best.<sup>106</sup>

But poets have their truth. The Greeks believed that the muses can reveal the hidden truth and see the future: "They breathed a divine voice into me, so that I might

---

<sup>104</sup> "... after which the brain might come along with its interesting comments," the quote continues. Campbell, J., *Myths to Live By*, 88. In later chapters I will try to show that even today this internal "harmony with the story" (or model, with assumptions, conclusions, paradigms, etc.) also plays a major role in today's economics and in science in general.

<sup>105</sup> Nussbaum, *The Fragility of Goodness: Luck and Ethics in Greek Tragedy and Philosophy*, 13.

<sup>106</sup> Detienne, *The Masters of Truth in Archaic Greece*, 128, in Czech translation.

glorify what will be,”<sup>107</sup> Hesiod writes. At the same time, let us note that for Greeks the privileged time for truth revelation (*aletheia*) was mainly sleep: “She invented dreams which told the future freely, though, it would seem, confusedly.”<sup>108</sup> We have already encountered something similar in the Hebrew thought, when the Pharaoh sees the future in a dream and Joseph predicts the business cycle. But the dream, or an imitation of a dreamlike state, is also the beginning of the scientific method of René Descartes. He used the dream (detachment from senses) as a method of seeing pure truth.

Speaking of Descartes, it seems that he was searching for a different sort of the truth. He was looking for the *stable truth*, truth that is free from doubts.<sup>109</sup> Furthermore, he even seems to be aware of that, as his major book is called *Discourse on the Method of Rightly Conducting One’s Reason and of Seeking the Truth in the Sciences*. Descartes was searching for truth through in sciences *only*. He was searching for *doxa*. The truth of the poets seems to be *alethia*, a different sort of truth. That truth is, on the contrary, fleeting, irrational, and dreamlike.

### 2.1.1 Poet Economists

Hesiod, one of the greatest and at the same time last leaders of the Greek poetic tradition who lived around hundred years before the first famous philosopher Thales, can be considered to be the first economist ever.<sup>110</sup> He examined such things as the problem of scarcity of resources, and, stemming from that, the need for their effective allocation. His explanation of the existence of scarcity is thoroughly poetic. According to him, the gods sent shortage down on humanity as a punishment for Prometheus’s acts:

---

<sup>107</sup> Hesiod, *Theogony*, 28 and 38.

<sup>108</sup> Euripides and Maurice Platnauer, *The Iphigenia in Tauris*, 92.

<sup>109</sup> “I ought to reject as absolutely false all opinions in regard to which I could suppose the least ground for doubt. . . I considered that all objects that had ever entered into my mind when awake, had in them no more truth than the illusions of my dreams.” Descartes, *Discourse on the Method*, part 4, 28.

<sup>110</sup> “The honour of being the first Greek economic thinker goes to the poet Hesiod, a Boeotian who lived in the very early ancient Greece of the middle of the eighth century BC. . . Of the 828 verses in the poem [*Works and Days*], the first 383 centred on the fundamental economic problem of scarce resources for the pursuit of numerous and abundant human ends and desires.” Rothbard, *Economic Thought before Adam Smith: Austrian Perspectives on the History of Economic Thought*, 8.

“[T]he gods keep the means of life concealed from human beings. Otherwise you would easily be able to work in just one day so as to have enough for a whole year even without working, and quickly you would store the rudder above the smoke, and the work of the cattle and of the hard-working mules would be ended. But Zeus concealed it, angry in his heart because crooked-counselled Prometheus had deceived him.”<sup>111</sup>

Hesiod’s explanation is very interesting we see something very fundamental in this “analysis”: the archetype of human labor. According to Hesiod, labour is humans’ fate, virtue, and the source of all good. Those who do not work deserve nothing but scorn. People and the gods alike hate the lazy who are “like the stingless drones that waste the labour of the bees, eating it without working.”<sup>112</sup> Aside from being the first attempt at an analysis of human labor, Hesiod’s *Works and Days* is interesting for us as contemporary economists, especially in its criticism of usury, which centuries later resonates in the works of Plato and Aristotle, as we will see later in this chapter.

### 2.1.2 First Philosophers

Economic topics did not play a main role in the teachings of the Greeks too often, either in poetry or philosophy. But Thales, who was considered the first Greek philosopher ever, made his living as a trader. He is marked as the author of “evidence that he is able to win even in commercial competition, if he wants to show his [philosophical] superiority over it. He allegedly predicted a bad olive crop and used this to gain wealth, so as to show how easy and narrow-minded pursuit it was.”<sup>113</sup> In ancient Greece, economic affairs are therefore, from the first philosopher, considered to be subordinate to all things spiritual. Economic considerations, as opposed to philosophical considerations, already have in their essence a quite limited subject of interest. Philosophical reflection in economic considerations is therefore justified and desired. This is what Thales tried to show in his “olive business.” Philosophy is not empty speech, but an endeavor with widespread practical impacts. Thales was involved in philosophy not because he could not make a living otherwise, but because in its essence

---

<sup>111</sup> Hesiod, *Works and Days*, 42–49.

<sup>112</sup> *Ibid.*, 305.

<sup>113</sup> Kratochvíl, *Filosofie mezi mýtem a vědou od Homéra po Descarta* [Philosophy between Myth and Science from Homer to Descartes], 53.

it offered the widest horizons for consideration. For this reason philosophy was considered to be the queen of the “sciences” in ancient Greek philosophy. With a bit of exaggeration, we could argue the exact opposite of today’s world. Philosophy to us often seems to be an unnecessary icing on the cake, a useless endeavor that never solves anything—so unlike economics!

### 2.1.3 Numerical Mystics

The key ideas of the original Ionian philosophic tradition have strongly inspired economic science. The Ionian tradition created the search for *one(!) original* principle of all things. For us, one of the most inspiring philosophers is Pythagoras, who beheld the essence of the world in the numerical proportions of its forms. He argued that “number is the essence of things.”<sup>114</sup> “As such, it has magical force,” for the speculations of the Pythagoreans about numbers “not only had an intellectual nature, but were also permeated by a mystical significance.”<sup>115</sup> “Number is the essence of things—Everything is a number. When the question is asked whether such language is to be understood in literal or symbolic sense, here the highest authorities are at issue.”<sup>116</sup> Aristoxen, Pythagoras’s student noted that Pythagoras “diverted the study of numbers from mercantile practice, and compared everything to numbers.”<sup>117</sup> Interestingly for us economists, “Aristoxen implies that it was this commercial insight which gave birth to the project of discovering the true ‘measure’ of everything . . . he claims that the comparison of everything with numbers began from economic and commercial observations.”<sup>118</sup> If this is true, then it wasn’t mathematics that served as an inspiration for economists, but the other way around.

---

<sup>114</sup> See Aristotle, *Metaphysics*, 986a1–987b30: “Pythagoreans . . . supposed the element of numbers to be the elements of all things . . . they say that the things themselves are numbers.”

<sup>115</sup> Bunt, Jones, and Bedient, *The Historical Roots of Elementary Mathematics*, 82.

<sup>116</sup> Mahan, *A Critical History of Philosophy*, Volume 1, 241.

<sup>117</sup> Aristoxen of Stobaia, 58 B 2. See Guthrie volume I, page 177, W.K.C.: *A History of Greek Philosophy*, vols. I–III. Cambridge, The University Press, 1962, 1965, 1969. (The third volume has also been issued in paperback: Part I: *The Sophists*; Part 2: Socrates.)

<sup>118</sup> Harris, *The Reign of the Whirlwind*, 80.

It is also interesting that the Pythagoreans, similar to the Hebrews and other nations, created numerical mysticism.<sup>119</sup> Incidentally, the leading logician and mathematician of the first half of the last century, Bertrand Russell, sees precisely the combination of mysticism and science (at which the Pythagoreans excelled)<sup>120</sup> as the key to achieving philosophical perfection. For Pythagoras, a number<sup>121</sup> was not just a mere quantity, the count of something; it is also a *quality*, which should become a means of describing the principle of a harmonized world, the *cosmos*.<sup>122</sup> And this teaching later, through Plato, entered the mainstream of European scientific consideration. “Plato was basically elaborating the ideas of the secret Pythagorean societies. They held that the world was a rational entity built by the ‘great Geometer’ from the basic unit; that is, the point or the ‘one.’”<sup>123</sup> The Pythagoreans were the first to consider the possibilities of reducing the world to numerical form. We will see later just how much this would be an inspirational approach for twentieth-century economists.

As opposed to his contemporaries, Heraclitus envisaged reality as being nonstationary. Unmovability, unemotiveness, and sticness were at his time synonyms for perfection and divinity. The efforts of economists to involve a constantly changing reality with abstract, *unchanging* principles certainly go this far back. Heraclitus’s world was, on the other hand, paradoxically held together by antithetical forces as in *the bow and lyre*.<sup>124</sup> Harmony is created from the antithetical and discordant, and it is realized as motion.

---

<sup>119</sup> Just for illustration, here are a couple of examples of what such mathematical mysticism looked like originally: Love and friendship, something of an expression of harmony, has the same number as an octave in music, or the number 8. The essence of health is the number 7. Justice is given a 4 because it relates to revenge, which should equate to crime; a wedding is defined according to the founders of mathematics with the number 3; space is 1. This mysticism later became the foundation of the old books of dreams. See Rádl, *Dějiny Filosofie: Starověk a středověk* [History of Philosophy: Ancient and Medieval], 89. See also Kirk, Raven, and Schofield, *The Presocratic Philosophers*, chapter 7.

<sup>120</sup> In his essay “Mysticism and Logic“, Bertrand Russell shows how the ancient Greeks thought scientifically and combined scientific observation with their mystic conceptions. Russell, *Mysticism and Logic and Other Essays*, 20.

<sup>121</sup> Pythagoras was also the first to come up with the concept of *irrational numbers*. Isn’t that an interesting name for this group of numbers? After all, we frequently consider numbers to be the most rational possible representation of anything. Can we consider ourselves as objective and rational beings in anything, if something as absolute as a number can seem irrational only because it in some way resists our everyday experience, only because it falls among the irrational numbers and cannot be used for such things as counting sheep?

<sup>122</sup> Pythagoras used the term *cosmos* as one of the first among philosophers. So he did with the term *philosophy*.

<sup>123</sup> Lowry, “Ancient and Medieval Economics,” 19.

<sup>124</sup> Herakleitos, B51.

Now, Parmenides, a philosopher of the schools of Elea, could be a certain antithesis to Heraclitus. This priest of Apollo also considers the world that we perceive with our senses as constantly changing and flowing, but he marks it as *unreal*. What is *real*, according to him, comprises only processes of reason, abstract thoughts that are stable and unchanging. From this standpoint, truth lies in the area of ideas or theories. The imperfect empirical world (the world of phenomena), which suffers at the hands of constant changes, is not the arena of truth; the truth is in the abstract. The real empirical world is not real—for it to be real a mental model must be forged, and the changing world “put to death” in order to “stabilize” the idea.

Parmenides could therefore be considered a predecessor to the Socratic and Platonic<sup>125</sup> philosophies of ideal forms, which among other things greatly influenced economics (as well as physics and other scientific disciplines) and laid the foundation for the creation of models as stable abstract constructions considered by many to be *more real than reality*. Modern science in effect constantly flows between the Parmenidean and Heraclitean notions of the world. On the one hand, it creates models as reconstructions of reality, or assumes that reality *can* be reconstructed, and thus implies its permanence in some sense at least. On the other hand, many scientists see rational models only as “untrue, unreal” crutches, which should help with predictions of the future in an ever-changing, dynamic reality.

## 2.2 XENOPHON: MODERN ECONOMICS FOUR HUNDRED YEARS BEFORE CHRIST

We can find the pinnacle of ancient political economics in the works of the economist Xenophon, who was also a philosopher, albeit an average one. In his texts, this Athenian described the economic phenomena that modern economists laboriously rediscovered only in the nineteenth century, more than two thousand years after his death, and despite the fact that “as late as the 18th century his ‘Ways and Means’ was studied for its practical analysis of economics and administrative problems.”<sup>126</sup> In-depth

---

<sup>125</sup> Considering that we know most of Socrates’ ideas only from the dialogues written by his student Plato, it is very difficult to separate these two thinkers. For the needs of this book, we will suffice with a reference to the ideas in the Platonic dialogues without their attribution to Socrates or Plato.

<sup>126</sup> Lowry, *Archaeology of Economic Ideas*, 46.

and straightforward economic considerations have been with us from the beginnings of philosophy and Greek-European culture. Xenophon's economic analyses are no more superficial than Smith's.

Xenophon, Plato's contemporary, divided most of his ideas on economics into two books, *Oeconomicus* and *De vectigalibus* ([*On Revenues*], which is sometimes called *Ways and Means*). The first of these deals with the principles of good household management, and the second advises Athens on how to increase revenues in the state's coffers and be more prosperous. Without major exaggeration, it can be said that Xenophon wrote the very first stand-alone textbooks for micro- and macroeconomics. Incidentally, Aristotle also wrote a book called *Economics* (*Oeconomica*),<sup>127</sup> in which he reacts to Hesiod's *Works and Days*. Aristotle's book is more a tract on the management of housekeeping—the dominant part of the book deals with relations between husbands and wives, and especially the role of women. The book overall gives the impression that it was written for women, since a “good wife should be the mistress of her home”<sup>128</sup> because she is more likely to take care of the household's indoors, while the husband is, according to Aristotle, “less adapted for quiet pursuits but well constituted for outdoor activities.”<sup>129</sup>

But back to Xenophon. In his book *On Revenues*, he exhorts Athenians to *maximize* the state's treasury, and advises on how to achieve it. However, he does not advise nationalization or wartime manoeuvres as the best path to achieving maximum tax revenues. He considered the expansion of Athens's trade activities as more appropriate, which at the time was truly a revolutionary idea, one that had to be rediscovered only much later. He calls for the stimulation of Athenian citizens' economic activity, and especially that of immigrants, for whom he proposes the foundation of a “board of Guardians of Aliens.”<sup>130</sup> Together with the construction of homes for immigrants, such a board would increase not only their numbers but also their *goodwill*, and with that Athens's economic strength:

---

<sup>127</sup> Modern scholars sometimes ascribe this work to Theophrastus, a student of Aristotle.

<sup>128</sup> Aristotle, *Economics*, 1353b27.

<sup>129</sup> *Ibid.*, 1344a3.

<sup>130</sup> Xenophon, *Ways and Means*, 2.7.

*“[T]hat too would add to the loyalty of the aliens, and probably all without a city would covet the right of settling in Athens, and would increase our revenues... If, moreover, we granted the resident aliens the right to serve in the cavalry and various other privileges which it is proper to grant them, I think that we should find their loyalty increase and at the same time should add to the strength and greatness of the state.”<sup>131</sup>*

Xenophon did not take wealth and prosperity in the context of a zero-sum game,<sup>132</sup> as was common at the time, but in the relatively modern sense of common gains from trade. Increased trade activity by foreigners brings benefits to all of Athens; foreigners are not getting rich at our expense but are on the contrary enriching their environs. Therefore, he proposed approaching the stimulation of foreign trade and investment:

*“It would also be an excellent plan to reserve front seats in the theatre for merchants and shipowners, and to offer them hospitality occasionally, when the high quality of their ships and merchandise entitles them to be considered benefactors of the state. With the prospect of these honours before them they would look on us as friends and hasten to visit us to win the honour as well as the profit.”<sup>133</sup>*

Xenophon reveals himself to be a highly talented and forward-thinking economist who takes into account human motivation and the businessman’s desire for the feeling of being exceptional, which frequently plays a role in today’s economies as well.

From the point of view of contemporary economics, Xenophon’s theory of value is also very interesting; modern economists would label it the subjective theory of value. Its essence is probably best seen in the following excerpt from Xenophon’s text of an imaginary conversation between Socrates and Critobulus:

---

<sup>131</sup> Xenophon, *Ways and Means*, 2.4-7.

<sup>132</sup> Game, where gain is possible only if someone else ends up worse off by the same amount.

<sup>133</sup> Xenophon, *Ways and Means*, 3.4.

*“We now see that to persons who don’t understand its use, a flute is wealth if they sell it, but not wealth if they keep it instead of selling.”*

*“Yes, Socrates, and our argument runs consistently, since we have said that what is profitable is wealth. For a flute, if not put up for sale, is not wealth, because it is useless: if put up for sale it becomes wealth.”*

*“Yes,” commented Socrates, “provided he knows how to sell; but again, in case he sells it for something he doesn’t know how to use, even then the sale doesn’t convert it into wealth, according to you.”*

*“You imply, Socrates, that even money isn’t wealth to one who doesn’t know how to use it.”*

*“And you, I think, agree with me to this extent, that wealth is that from which a man can derive profit. At any rate, if a man uses his money to buy a mistress who makes him worse off in body and soul and estate, how can his money be profitable to him then?”*

*“By no means, unless we are ready to maintain that the weed called nightshade, which drives you mad if you eat it, is wealth.”*

*“Then money is to be kept at a distance, Critobulus, if one doesn’t know how to use it, and not to be included in wealth.”<sup>134</sup>*

It can be seen in Critobulus’s example with the flute that Xenophon was aware of the further essential distinction between *value in use* and *value in exchange*,<sup>135</sup> on which Aristotle, John Locke, and Adam Smith would later base their theories.

We will stay with Adam Smith for a moment. One of his greatest contributions to modern economics was the analysis of the division of labor and the increasing importance of specialization for the development and rationalization of production processes. Xenophon took note of the importance of the division of labor more than two thousand years before Adam Smith. He also put it in the context of the size of the community where this division takes place.

---

<sup>134</sup> Xenophon, *Oeconomicus*, 1.11–14.

<sup>135</sup> Value in use indicates the utility of consuming a good. Value in exchange is based on the relative rarity of the given good. Water, for example, has a high value in use, because we cannot live without it. But its value in exchange (its market price, for example) is low, because there is a lot of water.

*In a small city the same man must make beds and chairs and ploughs and tables, and often build houses as well; and indeed he will be only too glad if he can find enough employers in all his trades to keep him. Now it is impossible that a single man working at a dozen crafts can do them all well; but in the great cities, owing to the wide demand for each particular thing, a single craft will suffice for a means of livelihood, and often enough even a single department of that; there are shoe-makers who will only make sandals for men and others only for women. Or one artisan will get his living merely by stitching shoes, another by cutting them out, a third by shaping the upper leathers, and a fourth will do nothing but fit the parts together. Necessarily the man who spends all his time and trouble on the smallest task will do that task the best.*<sup>136</sup>

In many ways, Xenophon was ahead of his time and its greatest thinkers. As Todd Lowry writes, “Plato should have had no idea of that connection between the size of the market and the degree of division of labor which Adam Smith was to make famous. Plato’s contemporary, Xenophon, however, who gives in his *Cyropaedia* a similar account of the division of labor, seems to have gone a little further in his appreciation of the nature of private exchange, for he distinguishes between the big cities in which the division of labor is developed and the small cities in which it hardly exists.”<sup>137</sup>

### 2.2.1 Limits of Future and Calculating

Xenophon, this brilliant economist, who among other things dealt with the issue of utility and the maximization of yield,<sup>138</sup> also clearly set limits for his analyses. He was very modest about the possibility of predicting economic success or failure at a time when agriculture played a much more essential role in the economy than it does today. According to this ancient economist, “in husbandry a man can rely very little on forecast. For hailstorms and frosts sometimes, and droughts and rains and blight ruin schemes well planned and well carried out.”<sup>139</sup> At the same time he showed awareness

---

<sup>136</sup> Xenophon, *The Education of Cyrus*, 7, C.2, 5.

<sup>137</sup> Lowry, *Archaeology of Economic Ideas*, 90.

<sup>138</sup> “keep down the cost of administration . . . and invest the balances over and above that amount . . . so that the investment will bring in the largest revenue.” Xenophon, *Ways and Means*, 4.40.

<sup>139</sup> Xenophon, *Oeconomicus*, 5.18.

that economic events must be placed in cultural contexts, and that as a subject of analysis they can never be entirely separated from the real world, which is governed not only by the laws of supply and demand.

In *On Revenues*, Xenophon closes with the words that in various forms we know from history as the “*Conditio Jacobaea*”,<sup>140</sup> a kind of opposite to today’s economic mantra, *ceteris paribus* (all other things being equal): “[I]f you decide to go forward with the plan, I should advise you to send to Dodona and Delphi, and inquire of the gods whether such a design is fraught with wealth for the state both now and in days to come.”<sup>141</sup> According to Xenophon, not even the best economic advice and analysis can contain all the relevant factors, whether they’re called the *will of Heavens* or *animal spirits* or anything else.

Xenophon dealt with a very wide scope of economic considerations. His ideas include work with such phenomena as, for example, the relation between employment and price,<sup>142</sup> innovation,<sup>143</sup> and “state” infrastructure investment.<sup>144</sup> As we have seen above, he deals in detail with specialization, offers a lot of advice on both the micro and macro levels, examines the favorable effect of incentives for “foreign investors,” and so

---

<sup>140</sup> From the New Testament, James 4:13–17. “Now listen, you who say, ‘Today or tomorrow we will go to this or that city, spend a year there, carry on business and make money.’ Why, you do not even know what will happen tomorrow. What is your life? You are a mist that appears for a little while and then vanishes. Instead, you ought to say, ‘If it is the Lord’s will, we will live and do this or that.’ As it is, you boast and brag. All such boasting is evil. Anyone, then, who knows the good he ought to do and doesn’t do it, sins.” This means the effort to place all events in relation to the wider context of the world. Not to divide the future and the acts that lead to it from events in the cosmos.

<sup>141</sup> Xenophon, *Ways and Means*, 6.2.

<sup>142</sup> “An increase in the number of coppersmiths, for example, produces a fall in the price of copper work, and the coppersmiths retire from business. The same thing happens in the iron trade. Again, when corn and wine are abundant, the crops are cheap, and the profit derived from growing them disappears, so that many give up farming and set up as merchants or shopkeepers or moneylenders.” *Ibid.*, 4.6.

<sup>143</sup> “If (. . .) trade or commerce is advantageous to the common-wealth; if he were to be most honoured, who applied himself with the greatest diligence to trade, the number of merchants would be increased in proportion. And if it were publicly made known, that he who should discover a new method of increasing the public revenue, without detriment to individuals, should be well rewarded; neither would this kind of speculation be so much neglected.” Xenophon, *Hiero*, 19.

<sup>144</sup> “I have now explained what regulations I think should be introduced into the state in order that every Athenian may receive sufficient maintenance at the public expense. Some may imagine that enough money would never be subscribed to provide the huge amount of capital necessary, according to their calculations, to finance all these schemes. But even so they need not despair. For it is not essential that the plan should be carried out in all its details . . . whatever the number of houses built, or of ships constructed, or of slaves purchased, they will immediately prove a paying concern. In fact in one respect it will be even more profitable to proceed gradually than to do everything at once . . . by proceeding as our means allow, we can repeat whatever is well conceived and avoid the repetition of mistakes.” Xenophon, *Ways and Means*, 4.33–37.

on. To a certain extent, it could be said that his economic scope is wider and in many ways deeper than Adam Smith's considerations.

And lastly, one final thought to which we will return later: Xenophon's reflection on the satiability of real desires is interesting, but more so the insatiability of the abstract, monetary ones (as expressed in silver at the time): "Neither is silver like furniture, of which a man never buys more when once he has got enough for his house. No one ever yet possessed so much silver as to want no more; if a man finds himself with a huge amount of it, he takes as much pleasure in burying the surplus as in using it."<sup>145</sup>

### 2.3 PLATO: BEARER OF THE VECTOR

Socrates and Plato<sup>146</sup> are undoubtedly among the founders of our culture's philosophical tradition, and to a certain extent they demarcated and essentially formed the boundaries of the entire discipline for thousands of years to come (and it is still a question whether we will ever get beyond their framework). With Socrates, his student Plato, and Plato's student Aristotle, these three generations' ideas started questions and disputes that continue in our civilization to this day.

We are still not clear on whether or not to give preference to the rational or the empirical, whether the Platonic ideal exists, or whether all structures are a human creation, as Aristotle argued. It was the ancient Greek tradition that endowed us with the heritage of this eternal search; no such duality was created in the Hebrew or Sumerian traditions, for example. "Know thyself," the sentence which Alexander Pope ironizes in his own way, was carved into the Temple of Apollo at Delphi.

---

<sup>145</sup> Xenophon, *Ways and Means*, 4.7.

<sup>146</sup> We will no longer distinguish between these two thinkers. Socrates himself wrote nothing, and all we know of his ideas comes from Plato's version. It is therefore difficult to distinguish between Plato and Socrates, so philosophers frequently distance themselves from this. We will follow this custom as well. For more see Kahn, *Plato and the Socratic Dialogue*.

### 2.3.1 In a Cave of the Real

Plato plays a huge part in the way we think today, which questions we ask, and how we answer them. The second legacy, which is key for us, is the idea of abstraction from the world. In reference to Parmenides, Plato strengthens the rational tradition, founded on the idea that the world is best known through reason. In his best-known parable of the cave, he lays the foundation for a completely different perception of the world: This world is not the main world but a world of shadows, a secondary world, “It follows by unquestioned necessity that this world is an image of something.”<sup>147</sup> Plato thus opens the door to a nearly mystical reticence toward this world, to asceticism, and to the beginnings of faith in abstract rational theories. The truth is not clear, is not before our eyes but is instead *hidden*. And rationality is the path to this (unchanging) truth. The very first topic of the later ancient Greeks was getting rid of variability and irregularity. The goal was to cut through the confusing and variable empirical world toward unchanging and constant (therefore “real”) rational truths.

But back to the parable of the cave. In it, Plato describes a prisoner who lives his entire life bound in a cave and who does not see real things but only their shadow reflections on the walls. He considers these to be real, studies them, and learnedly discusses their essence, even without having any idea of the existence of something else: “the prisoners would in every way believe that the truth is nothing other than the shadows of those artifacts.”<sup>148</sup>

These “experts” are *guessers of shadows*. With this, Plato probably wanted to say that empirical phenomena only *appear* and do not capture the essence of things, *reality*, which can ultimately only be approached through abstract considerations and model rationalizations. For *enlightenment*, we must be freed of the bonds that connect us to this empirical world, step out from the cave,<sup>149</sup> and see things as they really are. A person who could would gain his vision after being blinded by the light when leaving the cave, and see *real* things, the *way* reality really is “he’d be pained and dazzled and

---

<sup>147</sup> Plato, *Timaeus*, 29b.

<sup>148</sup> Plato, *The Republic*, 7, 515c.

<sup>149</sup> Or from television. In a certain sense, the televised version of reality is only a shadow of reality. A person who gets up from the television and starts to see things as they are is frequently disappointed, and after a long period of comfort “ruins his eyes.”

unable to see the things whose shadows he'd seen before."<sup>150</sup> If he were to go back to the cave (which to me appears to be the main message of the parable) and tell the prisoners who were accustomed only to their shadows about real things, they would not believe him and would not accept him. This fate, for example, awaited Plato's great teacher Socrates.<sup>151</sup>

Invariability was the leading light for Plato. He tried to draw attention away from variable (and therefore ephemeral) things or phenomena. According to Plato, the tracks of truth (or if you prefer, the structure) of this world lie somewhere deep within us, where they are written even before we are born. If we were to search for them, it would suffice to turn to our own interiors. Searching for truth in the outside world is misleading and distracting, because it leads us to a path of following and examining shadows (the path Aristotle apparently took, see below). It is possible to take in real things—but not with our eyes or other senses, which can be fooled—but through *reason*.<sup>152</sup> Popper summarizes Plato's key teaching in the following manner: "He believed that to every kind of ordinary or decaying thing there corresponds also a perfect thing that does not decay. This belief in perfect and unchanging things, usually called the 'Theory of Forms or Ideas,' became the central doctrine of his philosophy."<sup>153</sup>

Thus the rationalist tradition was founded, which eventually gained an important standing in economics as well. It is precisely this logic, which tries *rationally* to uncover the principle of reality and forms model behavior. The tendency to fit the "real" world into mathematical models and exact, constant valid-here-and-everywhere curves is noticeable in economics to this day.

But it is important to say here that Descartes, generally considered to be the founder of modern science, ties into Plato: He does not search for the truth in the

---

<sup>150</sup> Plato, *The Republic*, 7, 515c.

<sup>151</sup> "[I]f he had to compete again with the perpetual prisoners in recognizing the shadows, wouldn't he invite ridicule? Wouldn't it be said of him that he'd returned from his upward journey with his eyesight ruined and that it isn't worthwhile even to try to travel upwards? And, as for anyone who tried to free them and lead them upward, if they could somehow get their hands on him, wouldn't they kill him?" Plato, *The Republic*, 7, 517a.

<sup>152</sup> We are born into this world with imprinted ideas that we must discover, and which themselves are objective. In the dialogue *Protagoras*, Plato criticizes ungoverned subjectivism coined in the winged comment ascribed to the eponymous philosopher: "Man is the measure of all things." Plato, *Protagoras*, 361c. In Plato's world, we do not *learn* anything new; we only *discover* everything within ourselves we already knew.

<sup>153</sup> Popper, *The Open Society and Its Enemies*, volume 1, *The Spell of Plato*, 19.

outside world, but in interior meditation, looking inside oneself, freeing oneself from the fooling of the senses, memory, and other sensations or their records. Descartes found the truth by way of dreaming, freed from the (disappointing) senses, alone with his rationality. Descartes will play an important role in our story, and we will get to him later.

### 2.3.2 Myth as a Model, Model as a Myth

According to Plato, a hierarchy of being and a hierarchy of knowledge exist, knowledge of ideas rests at the top, while at the bottom lies knowledge of trickery, illusions, shadows dancing on cave walls. By the way, mathematical knowledge is not in the highest position; philosophical knowledge is. Mathematics can't describe the whole truth—even if we were to describe the entire world in precise mathematical equations, we would not have full knowledge. Incidentally, the ability to describe the functioning of things still does not mean that we understand the given relationship.

This is why Plato uses myths and considers them as a potential means of discovering the truth. The *fuzziness* (they are not exact) of myths is a *strength*, an *advantage*, not a disadvantage. As a form of expression, myth has a much larger “frame” or reach than the “exact scientific” or mathematical approach. Myth reaches places where science and mathematics cannot, and it can contain the dynamics of a constantly changing world. What is interesting is that a modern person has the opposite tendency: to take his assistance from mathematics or other precise methods if he is heading out to the difficult places where senses cannot tread. The word *method* (*meta-hodos*) means “along the way,” but also “beyond the way.” Method should be a guiding light for a (frequently erstwhile) precise approach to avoid getting lost, or losing one's way in this mental exercise, which goes so far that the natural light of our intuition or of our sense experience is not enough.

Myth is of course an abstraction—a model, a parable, a story (even if a mathematical one). Perhaps these concepts can be joined together, if we approach it differently and suggest that science creates myths around these facts, namely, its theories. We do not see facts physically; we see that which we interpret to be their

expressions. In the end, we all see the sun “rise” —but why, how, and for what purpose is up for interpretation.

Here is where the story, the narrative, comes in. According to Plato, the secrets of the world can be understood only through the construction of a “higher order,” which is something of a metanarrative, or a generally accepted myth, an archetype, a civilizational story or model, or, if you prefer, a matrix (the matrix), which lies above us (or in us?). Above the lower constructs stand philosophical truths—forms derived from the utmost ideas of Good. According to Plato, the functionality of mathematical definitions and derivations from them is guaranteed, because they exist *beyond us* and we gradually reveal it—we do not shape it. Models *reveal* the invisible laws of being.

It would appear that Aristotle’s view of this principle of abstraction fundamentally differs: “Reflecting a fundamental disagreement with Plato, Aristotle argued that ideas do not exist independently, but that ‘universals are reached from particulars.’”<sup>154</sup> Of course, one possible reading of Aristotle could be that the abstract construct does not stand *beyond us*, one we can not only come to understand (the notion that we approach it closer and closer as our knowledge grows), but we (co)create it.

The contemporary economist Deirdre McCloskey at the same time finds the intercept point of the foundations of mathematics and religion in Plato’s good, in the faith in God as a principle of all things: “The mathematicians Philip Davis and Reuben Hersh note that ‘underlying both mathematics and religion there must be a foundation of faith which the individual must himself supply.’ Mathematicians, they observe, are practising neo-Platonists and followers of Spinoza. Their worship of mathematics parallels the worship of God. Both God and the Pythagorean Theorem, for example, are believed to exist independent of the physical world; and both give it meaning.”<sup>155</sup> Religion in the Platonic world<sup>156</sup> is not mutually exclusive with mathematics and science; instead they complement each other—they mutually require each other. Standing behind both is faith

---

<sup>154</sup> Nelson, *Reaching for Heaven on Earth*, 34–35, about Aristotle, *Nicomachean Ethics*, trans. T. Irwin (Indianapolis: Hackett Publishing, 1985), 166.

<sup>155</sup> McCloskey, *The Bourgeois Virtues*, 152, about Davis and Hersch: *Descartes’ Dream*.

<sup>156</sup> Deirdre McCloskey goes even further on the beautiful verbal similarity between “Good” and “God” with a reference to Plato’s allegory of the sun illuminating our thoughts and bringing them closer to understanding Good. A convinced Christian would certainly prefer the rephrasing “Sun of Good” to “Son of God.” See McCloskey, *The Bourgeois Virtues*, 365.

in some principle that watches over all and without which one or the other does not make sense.<sup>157</sup> In the words of Michal Polanyi, the twentieth-century philosopher, even science is “a system of beliefs to which we are committed.”<sup>158</sup> “Faith is not an attack on science or a turn to superstition;”<sup>159</sup> on the contrary, faith stands at the foundations of all science and all knowledge, for example, the elementary faith that the world is knowable. Myth, a faith in something unproven which we even sometimes *know* is not real (assumptions in economics, for example), starts to play a role as a superstructure.

Here the question arises about how much of economics is mythmaking, respectively, how many myths does it need or draw from? Economics considers itself to be in the best position to interpret the social world of our time, but we are finding that it needs myth for this role. Economics uses myth in several regards or several ways. First, it draws from myth in its assumptions (the unconscious use of myth), and second it creates myths and stories. The model of homo economicus is such a myth-model. That a story is told by clouding it in mathematical fleece changes nothing about its mysticism. As an example, take the myths and stories about the complete rationality and assumptions like perfect information, or the invisible hand of the market, but also the story of human freedom and self-determination, or the myth of eternal progress or self-balancing markets. Nobody ever saw any of these, but they are stories, faiths, or myths that strongly resonate (not only) in economics. And our disputes, experiments, and statistics lead to the confirmation or overturning of these narratives.

There is nothing derogatory or shameful about myths. We cannot exist without faith in the unproven. But one must admit it and work with it as such. Only a myth can be set against another myth. Myth does not lead a fight with empiricism, with the real world (which revels in a large number of myths), but with other adepts at explanation, with other myths.

The Greeks did not take their myths “literally,” they were acknowledged as myths. And as Sallust writes about myth, “Now these things never happened, but always

---

<sup>157</sup> Something similar is indicated in the catchphrase of mathematicians and physicists related to the statistical interpretation of coincidences: *God does not play dice*.

<sup>158</sup> Polanyi, *Personal Knowledge*, 171.

<sup>159</sup> McCloskey, *The Bourgeois Virtues*, 153.

are.”<sup>160</sup> We know, as well as our ancestors knew, that we speak here of myths, fictions—not “realistic,” literal images or representations<sup>161</sup> of “objective” reality (even if one happens to believe that there is such a thing).

Now, this may seem a little strange to us, but we do exactly the same thing today. The question is placed before economists: Do we *truly* believe in our models? Do we believe that man is *truly* rational, narrowly egoistic, that markets regulate themselves and that the invisible hand of the market exists, or are these just myths? Both answers are possible, but then we must not get them confused. If we say, perhaps together with Milton Friedman,<sup>162</sup> that models and their assumptions are unrealistic,<sup>163</sup> —for example the assumption that man is rational—then we cannot say or create ontological-theological conclusions that man is *truly* rational in reality. If our models (whether in assumptions or conclusions) are admitted fictions (useful or not), then they do not imply *anything about man*.

On the other hand, if we think that our models are realistic, then we *believe in* our model-myths. And we are in the captivity of an undeclared myth even more than our archaic predecessors. The ancients took their myths with a grain of salt; they were useful fictions for them, abstractions, stories that never *actually happened*, but were useful for explaining things, for humans’ orientation in the world and frequently also for practical activity.

Economists must decide; both are not possible.

---

<sup>160</sup> Sallust, *On the Gods and the World*, part 4.

<sup>161</sup> But mark here that *everything* is a *representation* or an *image* of reality (not, so to speak, reality itself)—scientific “truths” and principles as well as mythological ones.

<sup>162</sup> “Truly important and significant hypotheses will be found to have “assumptions” that are wildly inaccurate descriptive representations of reality, and, in general, the more significant the theory, the more unrealistic the assumptions. . . . To be important, therefore, a hypothesis must be descriptively false in its assumptions; it takes account of, and accounts for, none of the many other attendant circumstances, since its very success shows them to be irrelevant for the phenomena to be explained.” Friedman, *Essays in Positive Economics*, 14.

<sup>163</sup> The question is *what are our models?* Do they strive to *be true*, or are they just instrumental or (more or less useful)? But how can they be instrumental *or* useful, if they don’t claim to be *in some way true*, valid?

### 2.3.3 Flee from the Body and Its Demand

Plato had no, or very little, regard for the body. Plato calls bodily pleasures “so-called pleasures”<sup>164</sup> and “it is the body and the care of it, to which we are enslaved.”<sup>165</sup> The body is the seat of evil, and its pleasures deceptive: “As long as we have a body and our soul fused with such an evil, we shall never adequately attain what we desire.”<sup>166</sup> As if all evil came from the body: “Only the body and its desires cause war.”<sup>167</sup>

The body is an obstacle: if the soul “attempts to examine anything with the body, it is clearly deceived by it . . . soul reasons best when . . . it is most by itself, taking leave of the body as far as possible, having no contact or association with it [body] in its search for reality . . . Then he will do this most perfectly who approaches the object with thought alone.”<sup>168</sup> The soul is better off without the body, the body is just a nuisance: “It seems likely that we shall, only when we are dead, attain that which we desire and of which we claim to be lovers, namely wisdom, as our argument shows, not while we live . . . While we live, we shall be closest to knowledge if we refrain as much as possible from association with the body and do not join with it more than we must, if we are not infected with its nature but purify ourselves from it until the god himself frees us.”<sup>169</sup>

It is precisely this conception of cutting off the demand side that early Christianity ties into, to a certain extent, especially the Apostle Paul and, later, Augustine. Augustine’s conception of the body as a prison for the soul sounds in this context like an addition to the aforementioned Plato citation. “Physicality” and care for the material becomes the antithesis of the superior spiritual, the physical is disdained and suppressed, and material things are marginalized. The implications for economics offer themselves. Ascetic societies, which compared to our own hamper demand for possessions, can never develop into a high stage of specialization. Ascetic societies, whose individuals demand only the absolute minimum of possessions, can never be able to achieve high material prosperity (and would not have cared about it). In the end, not

---

<sup>164</sup> Plato, *Phaedo*, 64d.

<sup>165</sup> *Ibid.*, 66d.

<sup>166</sup> *Ibid.*, 66b.

<sup>167</sup> *Ibid.*, 66c.

<sup>168</sup> *Ibid.*, 65b – 66a.

<sup>169</sup> *Ibid.*, 66e – 67a.

even economics, a field that takes interest and care especially of demand of the bodily pleasures (i.e., especially satisfaction especially of the unessential needs which are not necessary for life), would most certainly not develop into the forms we know today. For economists, the condemnation of physical pleasures—utility—has a clear meaning. The ideal is not found in consumption and producing assets, but in breaking free of both. In this, Plato is a staunch Stoic.

Since the time of Socrates, a broad discussion on this topic has been under way: “Calices seems to attach a positive value to the very having of these appetitive needs: for Socrates’s claim that those who need nothing are living well (are *eudaimón*) fills him with distaste. ‘In that case,’ he replies, ‘stones and corpses would be living superlatively well.’”<sup>170</sup>

Ultimately, not even Socrates can manage to control his erotic needs and even he is torn between his erotic and philosophical desires. The erotic love affair with Alcibiades was not actually in Socrates’ power. Nevertheless, it was the tradition of the Stoics to avoid ties that were random and uncountable, which tends to be the case with ties to the material world or relations overall.

And as far as the supply side goes, Plato took a very distant stand toward it as well. Manual labor, production, smelled of uncleanness and was suitable only for the lowest class of people or, even better, slaves. The ideal was found in intellectual and spiritual contemplation—in self-knowledge, where the answers could be found, the key to truth, which means therefore also to a good, happy life.

#### 2.3.4 Demand versus Supply: Freedom and Discrepancy

Today we believe that a person is freer the more property he has. The Stoics had it exactly the opposite: The *fewer* things one was dependent on, the freer he felt. Thus it is here from which calls for freedom from the wants (demands) of the flesh come. The best-known example of such liberation and getting rid of dependence on the world was Diogenes, who minimized his demand and threw away everything he did not need—including one of his last things, a jug, because water could be drunk with just one’s

---

<sup>170</sup> Nussbaum, *The Fragility of Goodness: Luck and Ethics in Greek Tragedy and Philosophy*, 142. Plato, 492e.

hands. The program of the Stoics was therefore clear: Let's cut demand for possessions, and with this we will be able to decrease our supply side, or labor. He who gets by with few things is satisfied with few things. He who needs only a little does not have to toil as much. If a discrepancy exists between supply and demand (which is probably the default state of the human psyche), then for the Stoics the prescription for a happy life was to decrease demand, not to increase supply (or production), which the Hedonists saw as the prescription for a happy life.

### 2.3.5 Ideal Society: Politics and the Economy

As we have shown, Plato and Aristotle have in many ways defined the discussion space to this day. This is also true for questions of the functioning of society and on which foundations human coexistence stands. “Samuelson in *Economics* was implicitly addressing a question as old as the debates between Plato and Aristotle—when is self-interested behavior acceptable in society and when should individual behavior be directed to the realization of a broader good of society?”<sup>171</sup>

The area that is essential for our topic is Plato's economic-political teachings, even though there are disputes to this day about his interpretations, and Plato invited some criticism for them. For example, Karl Popper (but others as well<sup>172</sup>) charges Plato with becoming the inspiration, in *The Republic*, for all utopian thinkers and even of communism.<sup>173</sup> “Both Plato and Marx offered a vision of ‘apocalyptic revolution which will radically transfigure the whole social world.’”<sup>174</sup> Marx himself directly referred to Plato; in *Das Kapital* there are frequent references to him.<sup>175</sup>

---

<sup>171</sup> Nelson, *Economics as Religion*, 105.

<sup>172</sup> Starting with Nietzsche, the criticism of totalitarianism strengthened, and after World War II it became almost a custom to see Plato as the great-grandfather of totalitarianism (see K. Popper Z. Baumann, J. Habermas, M. Foucault, etc.).

<sup>173</sup> Platonism's second life, including references to the thousands of possibilities of its “use” (even by J. V. Stalin) is provided by Novotný, F., *The Posthumous Life of Plato*.

<sup>174</sup> Nelson, *Economics as Religion*, 270, see also Popper, *The Open Society and Its Enemies*, 38, 164.

<sup>175</sup> Karl Marx in volume 1, chapter 12 of his *Capital* even complains, “Le platonisme où va-t-il se nicher! [All the places Platonism made its nests!]” but nominally it was precisely in this chapter 1.12, in the polemic on the benefits of the division of labour and specialization (historic progress and the necessary moment of economic development, but at the same time a tool of refined uprooting). He refers to Plato as someone who “sees in the division of labour the basis for dividing society into statuses. A worker must adapt to his work, not the work to the worker.” Plato then bears the epithet: “reactionary utopianism of consumer communism of the aristocratic classes.”

For Aristotle, man was a social creature, “zoon politikon.” But not for Plato. In Plato’s conception, we are just (good) citizens of society because it pays for us to be, not out of our nature, as Aristotle was to later argue. “The second line of argument for a stable social structure is the rational self-interest of the individual members of the city. The Platonic argument is that individuals know that their best interests are served by rational decision-making. The conclusion is, for Plato, quite obvious. Any intelligent person will welcome the supervision and guidance of those more skilled and more intelligent.”<sup>176</sup>

Plato divided society into three layers representing the various sets of human qualities—the class of rulers represents reason, the class of warriors embodies courage, and the class of craftsmen represents sensuality (which Plato considered the lowest). The ruling classes did not know private property, their own interests, or even their individuality. This stems from Plato’s negative conception of private property—the higher classes should not entertain such (earthly) affairs at all; they should take care of the whole. The ruling elites take neither wives nor husbands. Reproduction is ensured almost clinically, and the raising of children was entrusted to special civic institutions. The elite class of rulers was to have applied itself to the purest possible philosophy, of course in a more radical way than where today’s concept of the enlightened philosopher-ruler reaches. “*The Republic* also argues that the best life is a life ‘ruled’ by reason, in which, reason evaluates, ranks and orders alternative pursuits.”<sup>177</sup> Rulers were to have submitted to the impartial search for ideas and the “mystical vision of the absolute,”<sup>178</sup> not just issues of the state. In short, with regard to the desires and needs of the human body, Plato was “according them no positive value at all.”<sup>179</sup> As in George Orwell’s famous novel *1984*, where things such as property or family or similar earthly hurrying were only appropriate for the proletarian class.

It appears that, according to Aristotle and contrary to Plato’s view, it is unrealistic for ruler-philosophers not to desire property. “Aristotle found the proposals to abolish

---

<sup>176</sup> Lowry, “The Economic and Jurisprudential Ideas of the Ancient Greeks: Our Heritage from Hellenic Thought,” 25.

<sup>177</sup> Nussbaum, *The Fragility of Goodness: Luck and Ethics in Greek Tragedy and Philosophy*, 138.

<sup>178</sup> Rádl, *Dějiny Filosofie: Starověk a středověk* [History of Philosophy: Ancient and Medieval], 185.

<sup>179</sup> Nussbaum, *The Fragility of Goodness: Luck and Ethics in Greek Tragedy and Philosophy*, 139.

private property—such as Plato had made for his guardian class—failed to take account of the natural propensities of men.”<sup>180</sup> A major difference between the outlooks of Aristotle and Plato on human nature can be found in this disagreement. For Plato, the corrupting tendency of property and its tendency to lead man away from what is truly important (getting to know the world of abstractions) plays a fundamental role. Aristotle instead points out the positive motivations that stem from desires for material security. “If the writings of Aristotle encouraged worldliness, optimism, practicality, common sense, empiricism, and utilitarian outlook, the writings of Plato proved more likely to lead to withdrawal, pessimism, radicalism, revelation, and an ascetic outlook.”<sup>181</sup>

As a citizen of educated Athens, Plato is a great admirer of Sparta, a “totalitarian” military state. Physical labor, as merely procurement and satiation of needs, in his vision is left to the sphere of working people. This lowest societal class can own material assets, can indulge in family life and have their own children, while leaders and soldiers live communally and completely without private ownership.<sup>182</sup>

Plato sees the principle of decline in the rampancy of requests and treats them through a new establishment of hierarchy—the philosopher rules to the benefit of the whole, leads to the moderation of all walks of life, and himself owns nothing. The higher one stands, the less he owns in private ownership. Progress is found in nonconsumption, just as in nonproduction. So Plato calls for or counts on the voluntary moderation of the ruling class and overcoming the tendency to gather up assets, which for many economists could represent a similarly tough problem as the later medieval appeals to asceticism (as presaged by Plato).

### 2.3.6 Progress

At the same time, Plato’s vision of an ideal state casts light on his vision of social progress. According to Plato, it is not enough to be oriented toward social events and the direction of society as a whole only by generally accepted principles. Society needs regulatory ideas, goals that it may take guidance from. Of course, Plato’s vision of a

---

<sup>180</sup> Nelson, *Reaching for Heaven on Earth*, 36.

<sup>181</sup> *Ibid.*, 61.

<sup>182</sup> Plato, *The Republic*, 5.

society in which children have as their parents all of the citizens as a collective and who are brought up by the state under the leadership of a philosopher without property is not a call for the immediate and brutal establishment of such order. It is an ideal<sup>183</sup> that should pull society from its kinship nepotism and relationships twisted by blood ties and rather toward an order where everyone has the same opportunity to display their qualities without the burdens of familial background; on the basis of this they can be sorted through the most appropriate possible means to a place in society, and therefore most beneficial to themselves.<sup>184</sup>

Leaders in Plato's ideal society resist corrupting temptations that draw them away from their search for a higher good. This is not only about property but about sex as well. As Robert Nelson writes:

*“Sexual ties also, as both Plato and the Roman Catholic Church recognized, could create powerful feelings of individual possessiveness, perhaps deeper even than the ownership of private property. Plato’s solution in The Republic was to remove the possessive element by abolishing marriage and other limits on free sexual expression, further establishing common ownership of children (the mother should not know the identity of her child). More pragmatically, the Roman Catholic Church took the opposite track, requiring its priests and nuns to be celibate, seeking to ensure that their highest loyalties were not to another person but to God and the Church.”<sup>185</sup>*

Man needs *more than learnedness* to lead the right life; he needs to be a visionary to be able to move from his place. For this reason, society needs philosophers as leaders, people who can see ideals and mediate the surveyed “cosmic” order to others. Abstraction mediated by the governing elite leading the entire state should then be a benchmark for the orientation of everyone's everyday actions. The word “elite” itself

---

<sup>183</sup> In its literal meaning, “utopia” is made up of “ou” (not) and “topos” (place). It is therefore a vision that has no specific place for its existence, its fulfillment.

<sup>184</sup> “In his *Antigone*, Sophocles goes a step further. In it, he marks as the worst those who for whatever reason do not give the maximum for the community within the framework of their abilities; there is no place for any kind of individual comfort due to the interests of the whole. The ‘worst’ (*kakitos*) person is the one who withholds his abilities from the city out of self-interest (Ant. 181). The ‘bad’ (*hoi kakoi*) are contrasted with ‘whoever is well-minded to the city,’ as if there were polar opposites (Ant. 108–109).” Nussbaum, *The Fragility of Goodness: Luck and Ethics in Greek Tragedy and Philosophy*, 55.

<sup>185</sup> Nelson, *Economics as Religion*, 271.

has its origins in “eligo,” meaning released. From here comes the elite as a group of released, who are selected for the service of the common good, is derived. The entire *Republic* is pulled by the harmonization of three levels: the cosmos, the community, and man. And harmonization takes place by the lower classes adapting to the upper classes. Without ideas and vision, no pragmatic decisions can take place. The vision of the whole, not just the general rules of the game, should govern our acts and become the motor of social progress.

It is worth noting that the social upbringing of children could have other important goals related to the idea of progress: the reduction of contingency “Socrates argues that really decisive progress in human social life will be made only when we have developed a new *techné*, one that assimilates practical deliberation to counting, weighing, and measuring.”<sup>186</sup> From this angle, the whole history of men and our civilization is “a story of gradually increasing human control over contingency.”<sup>187</sup> The reduction of contingency and the growing development of mathematics and measurement, according to Plato, led to man ridding himself of the rule of passion and control over the fate of himself and his community as such. The probability that randomness would set progress back is therefore much lower.

As we will show in the practical example below (from Plato’s dialogue *Timaeus*), Plato believed, as did the Hebrews, in a shining past and in decline as an expression of civilization’s progress, as Popper summarizes nicely: “All social change is corruption or decay or degeneration. This fundamental historical law forms, in Plato’s view, part of a cosmic law—of a law which holds for all, created or generated things. All things in flux, all generated things, are destined to decay.”<sup>188</sup> Nevertheless, “Plato believed that the law of historical destiny, the law of decay, can be broken by the moral will of man, supported by the power of human reason.”<sup>189</sup> In this sense, he introduced a scientific program that was to reopen a blissful state for people. With this, Plato gave Europe a program for progress: science.

---

<sup>186</sup> Nussbaum, *The Fragility of Goodness: Luck and Ethics in Greek Tragedy and Philosophy*, 89–90.

<sup>187</sup> *Ibid.*, 91.

<sup>188</sup> Popper, *The Open Society and Its Enemies*, vol.1, The Spell of Plato, 17.

<sup>189</sup> *Ibid.*, 18.

### 2.3.7 City, Civilization, and the Golden Age

The city, the community, is a symbol of progress in ancient Greece, even if in a somewhat different conception than we have witnessed in the case of the Sumerians or the Hebrews. Good and evil come from human beings; wildness can no longer be pointed to as the home of evil. And it would be this way for the rest of our civilization. At the same time, the ancient community undoubtedly tied their development to the order in the state. For Plato and Aristotle, the philosopher is important as part of the hoped-for harmony with the cosmos, because such harmonization could be found, and they could advise people and communities on how to assimilate to such an order. Even such a secular affair as the arrangement of the city-state was subordinate to the philosophy of seeing the cosmos.

What are interesting are also the parallels between the populace who live in cities and those in the country. Those who lived outside the city were uncivilized; they did not know how to either read or write. At the same time, this conception corresponds to how these “simple people” (the people who still knew somewhat how to live in uncivilized harmony) were outside the wrath of the gods. Timaeus says in Plato’s eponymous dialogue:

*Whenever the gods send floods of water upon the earth to purge it, the herdsmen and shepherds in the mountains preserve their lives, while those who live in the cities, in your region, are swept by the rivers into the sea . . . It sweeps upon you like plague, and leaves only your illiterate and uncultured people behind. You became infants all over again,*<sup>190</sup>

Here as well we encounter the idea that civilization, culturing, the growing up of the human child, takes place in cities. Here we also find parallels with the “human child,” who probably still does not have the conflict between good and evil internalized (accustomed), and as an animal (or a child) who “does what he wants,” has no internal, only external (natural) limits. This seems to have been a time when man was in harmony with “the simple ‘I want’ of one’s animal nature,” as Joseph Campbell

---

<sup>190</sup> Plato, *Timaeus*, 22e–23b.

writes.<sup>191</sup> It seems to have been a time when one's "I want" was in perfect harmony with "I should," which later became disjointed.

Nevertheless, here as well there is an interesting overlap that we also see with other Greek classic works—the idea that the primordial race was better: "Second, you are unaware of the fact that the finest and best of all the races of humankind once lived in your region. This is the race from whom you yourself, your whole city . . . are sprung, thanks to survival of a small portion of their stock." This ancient race was superior, even though for "many generations the survivors passed on without leaving a written record."<sup>192</sup> These "ancient citizens" thus knew no *technai*, didn't even read or write, yet they lived in harmony<sup>193</sup> as if not yet "cursed" by the "gift" of Prometheus. The idea of progress was, in this case anyway, an idea of decay. Our predecessors were not savage apes but a superior race. Later on, people became more cultured, more "adult," and moved to the city, which is seemingly more shielded from the whims and changes of nature.

But even there people are not shielded from the wrath of the gods; on the contrary, it is this city civilization that is often visited by floods<sup>194</sup> and other curses. It is the hills, the uncivilized parts of earth where people are safer, as can be seen in the story of Sodom and Gomorrah in the Bible.<sup>195</sup>

The topic of "blissful ignorance" and the trade-off between harmony on the one hand and technical advances on the other appear quite frequently in Greek thought. People have been cast out, disconnected from their natural state, and now they work to earn their way back—to try to approach a more blissful state.

---

<sup>191</sup> Campbell, *Myths to Live By*, 72.

<sup>192</sup> Plato, *Timaeus*, 23c.

<sup>193</sup> Elsewhere Plato writes: "And the people of old, superior to us and living in closer proximity to the gods." *Philebus*, 16d.

<sup>194</sup> "[Y]our people remember only one flood, though in fact there were many before." Plato, *Timaeus*, 23b.

<sup>195</sup> Genesis 19:16–17.

## 2.4 ARISTOTLE

We could present Aristotle as one of the first rigorous and systematic scholars—“Parmenides and Plato’s Socrates compare themselves to initiates into a mystery religion. Aristotle’s philosopher, by contrast, is what we might call a professional human being”<sup>196</sup>—and perhaps even the first rigorous scientist. His moral teachings are in this sense absolutely primal religious references or arguments, as opposed to Plato, in whose case we could be witnesses to a sort of transitional state between myth and analysis). The pre-Socratics used aesthetics and mnemonics (such as rhythm and rhyme) as bearers of truth. Plato sought the truth in dialogue and abstraction, and to a certain extent an emphasis on fantasy. The argumentation and style of Aristotle’s writings are in no way different from today’s narrative scientific discourses. It was Aristotle, who was the first to begin acting like a scientist in today’s meaning of the word.

His understanding of philosophy and science were, despite this, much wider than we understand it today. First, he did not strictly distinguish science from philosophy (as happened later), and second, he classified things as science that we probably would not so classify today. For Aristotle “all science (*dianoia*) is either practical, poetical, or theoretical.”<sup>197</sup> He included poetry and practical fields into science. By practical science, he means ethics and politics; by poetical science, he means the study of poetry and the other fine arts; by theoretical science, he means physics, mathematics, and metaphysics. The majority of his scientific work was qualitative, not quantitative, and to him mathematics was very close to theoretical philosophy and metaphysics.

It was Aristotle who, figuratively speaking, brought earth to the center of attention. It was he who argued that “we need philosophy to show us the way back to the ordinary.”<sup>198</sup> Instead of having his head in the world of ideas, he swam with the fish on the island of Lesbos, observing the behavior of octopii and animals in the forest. He argued that the form of an apple exists *in the apple*, not in the world of ideas. For this reason he examined apples and in general classified all creation into genii and species.

---

<sup>196</sup> Nussbaum, *The Fragility of Goodness: Luck and Ethics in Greek Tragedy and Philosophy*, 261.

<sup>197</sup> Aristotle, *Metaphysics*, 1025b25.

<sup>198</sup> Nussbaum, *The Fragility of Goodness: Luck and Ethics in Greek Tragedy and Philosophy*, 260.

He was what we could call today an empiricist, while Plato would be classified today rather as the beginning of the rationalist tradition.

All of this was surprising for its time, “unnatural” to the point of being irritating, and occasionally met with resistance. “Aristotle’s audience seems to have rebelled against his taste for the ordinary and the worldly, demanding instead the lofty and rarefied concerns.”<sup>199</sup> And so earthly things as presented by Aristotle get attention, and the world of Platonic ideas is somewhat pushed to the shadowy background. Aristotle devoted his attention to precisely the things that for Plato—grandly stated—were shadowplay. This is how “strategy, economics, rhetoric” got the same attention as “even the most highly esteemed of capacities.”<sup>200</sup>

If we were to summarize Aristotle’s teachings in a few sentences, then aside from his groundedness, we would have to mention his sense for the *purpose* of things, *telos*. As opposed to Plato, he did not examine *invariability* as much but concentrated on the sense, the goal of movement, because “wish is for the end.”<sup>201</sup> Similar to other ancient schools (moreover the same as with the Hebrews and Christians) he places a major role on morals (specifically on the ethics of virtue, which today is being rediscovered<sup>202</sup>) and the good life is unimaginable without the study of good and evil.

To present a practical example: Aristotle explains the falling of material things toward the ground as their nature. The stone comes from the earth and wants to return there; its meaning is to be on/in the earth. This is similar to gas, fire, or the soul wanting to go upward. This explanation sufficed for a long time, until it was replaced by Newtonian gravitation.

The history of economic thought in many textbooks actually starts with Aristotle. It was he who defends private ownership, for example,<sup>203</sup> criticizes usury,<sup>204</sup>

---

<sup>199</sup> Nussbaum, *The Fragility of Goodness: Luck and Ethics in Greek Tragedy and Philosophy*, 260.

<sup>200</sup> Aristotle, *Nicomachean Ethics*, 1094b3.

<sup>201</sup> *Ibid.*, 1113a15.

<sup>202</sup> By “virtue ethics” we mean the ethics based on virtue (not on responsibility, benefit, utility, or the calculus of impact outcomes). For more see MacIntyre, *After Virtue*. MacIntyre was originally an Aristotelian who later became a Thomist, who in his own words was “a better Aristotelian than Aristotle himself.” MacIntyre, *After Virtue*, x. Plato was the founder of virtue ethics, but Aristotle really established it. Virtue ethics was the dominant ethical school of our civilization until the Enlightenment, when it was partially replaced with utilitarianism or Kantian deontology (morals founded on responsibility, on good intentions, following rules).

<sup>203</sup> Aristotle, *Politics*, 2.5.

distinguishes between productive and unproductive economic activity,<sup>205</sup> categorizes the role of money,<sup>206</sup> notes the tragedy of the community's commons,<sup>207</sup> and deals with the issue of monopolies.<sup>208</sup> Nevertheless, here we want to focus on those of his observations that were key for the development of the economy but have not been much elaborated on by economists. For example, Aristotle deals in depth with utility and its role in life, deals with maximization functions, which economics to this day is obsessed with (the only difference being that today we consider them only in their mathematical form, which frequently conceals deeper philosophical discussion) and other key areas we would today call *metaeconomics*, or that which goes far beyond "household management" and asks about the meaning and purpose (*telos*) of these efforts.

#### 2.4.1 Eudemonia: "Happiness Being a Sort of Science"

Aristotle asks about the things probably everyone is interested in: How to live a happy life? What does it mean for a person to live in such a way as to achieve the life we all desire? A question of happiness—*eudaimonia*—is far from theoretical: "the present inquiry does not aim at theoretical knowledge like the others (for we are inquiring not in order to know what excellence is, but in order to become good)."<sup>209</sup> His second book on ethics, *Eudemian Ethics*, starts in a similar way to *Nicomachean Ethics*: How to acquire a good life, for "happiness is at once the most beautiful and best of all things,"<sup>210</sup> as he states right in the first paragraph of the book. How much a blissful life is bound with good and how to achieve it ("happiness being a sort of science"<sup>211</sup>) is something we will present below.

First, it must be said that Aristotle sees private good only in the context of good for the society as a whole. He is famous for his statement that "man is by nature a

---

<sup>204</sup> Aristotle, *Politics*, 1258b. 1.10.

<sup>205</sup> *Ibid.*, 1.10. Aristotle distinguishes here between good economics practiced for the general benefit and bad *chremastics*, the unbridled accumulation of wealth for wealth itself.

<sup>206</sup> *Ibid.*, 1.8–10.

<sup>207</sup> *Ibid.*, 2. 3, 1261b.

<sup>208</sup> *Ibid.*, 1.11.

<sup>209</sup> Aristotle, *Nicomachean Ethics*, 1103b27–29.

<sup>210</sup> Aristotle, *Eudemian Ethics*, 1214a6–7.

<sup>211</sup> *Ibid.*, 1214a18–19.

political animal.”<sup>212</sup> In addition, he did not attribute a mechanistic character to society, as was later taken up in economics, but rather an organic one: Without the rest, one part not only makes no sense at all, but mainly it cannot live.<sup>213</sup> At the same time, man does not associate into societies for his benefit, but because it is in his nature.<sup>214</sup>

Utility is nevertheless a complicated thing, and it is constantly transforming. The question is: What has an essential *influence on utility*? Aristotle does not see utility as something that exists for a moment and is then gone, but as a state that man can but does not have to be aware of. He also notes that there is something of a hierarchy of utility, as if to say that we will not perceive utility from higher needs unless basic (natural) needs are fulfilled. He also notes that pleasures mutually crowd each other out: “activities are hindered by pleasures arising from other sources . . . the more pleasant activity drives out the other . . . e.g., in the theatre the people who eat sweets do so most when the actors are poor.”<sup>215</sup>

#### 2.4.2 MaxU versus MaxG

Whether or not man does everything because he is maximizing utility, pleasure is to a large degree a nonsensical question for Aristotle. Pleasure, according to him, only “completes activity,” which he repeats many times; “But whether we choose life for the sake of pleasure or pleasure for the sake of life is a question we may dismiss for the present. For they seem to be bound up together and not to admit of separation, since without activity pleasure does not arise, and every activity is completed by pleasure.”<sup>216</sup> The term “pleasure,” however, is not inseparably joined with the concept of perfection and good: The highest pleasure in the most perfect activity, pleasure is just a reward, an onus—“Pleasure completes the activity.”<sup>217</sup> Pleasure is not the purpose; goodness and perfection are. Pleasure therefore is something like the cherry on top of perfection and

---

<sup>212</sup> Aristotle, *Politics*, 1.1253a2.

<sup>213</sup> For a different reading of social and economic processes in the *Nicomachean Ethics* and *Politics*, see Polanyi, “Aristotle Discovers the Economy.”

<sup>214</sup> Aristotle, *Politics*, 2.1.1261a18, 3.1.1275b20.

<sup>215</sup> Aristotle, *Nicomachean Ethics*, 1175b2–13.

<sup>216</sup> *Ibid.*, 1175a19–22.

<sup>217</sup> *Ibid.*, 1174b23.

the activities pointing to it.<sup>218</sup> It is not the meaning of activity, but its accompanying expression. The purpose of activity (*telos*) is good.

In today's economics, we are somehow automatically used to the command MaxU, where man maximizes utility. There are tens of thousands of mathematical exercises that maximize utility functions, optimize utility and derivations seeking marginal utility, or balance marginal utility with marginal price, respectively profits with costs. In the vast majority of cases, however, we do not realize at all the astounding philosophical and ethical storm raging under those columns.

The concept of utility as good (and therefore also as a goal) was one of the main cores of the dispute between the Epicureans and the Stoics. Like Plato, Aristotle was closer to the Stoics. At the same time, Aristotle knew a sort of precursor of the maximization function. But instead of utility, he maximizes good, MaxG. Right in the first sentence of *Politics*, he says: “[E]veryone always acts in order to obtain that which they think good.”<sup>219</sup> This is similar to the first sentence of the *Nicomachean Ethics*:

*Every art and every inquiry, and similarly every action and choice, is thought to aim at some good; and for this reason the good has rightly been declared to be that at which all things aim.*<sup>220</sup>

He goes into greater detail on the term “pleasure” in the tenth book of *Nicomachean Ethics*. This book starts with the following sentence: “[W]e ought, perhaps, next to discuss pleasure. For it is thought to be most intimately connected with our human nature . . . men choose what is pleasant and avoid what is painful.” Yes, this sounds like an introductory economics textbook. But Aristotle continues: “For some say pleasure is the good, while others, on the contrary, say it is thoroughly bad.”<sup>221</sup>

When, for example, at the end of *Nicomachean Ethics* he has a dispute with the hedonist Eudoxos, who “thought pleasure was the good because he saw all things, both rational and irrational, aiming at it,” he tells him: “This argument seems to show it

---

<sup>218</sup> MacIntyre, one of the key modern Aristotelians, defines “eudemonia” as “the state of being well and doing well in being well, of a man’s being well-favoured himself and in relation to the divine.” MacIntyre, *After Virtue*, 148.

<sup>219</sup> Aristotle, *Politics*, 1.1.1252a2–3.

<sup>220</sup> Aristotle, *Nicomachean Ethics*, 1094a1–3 and on the household, as a sort of subset of the city-state “. . . the end of medical art is health . . . , that of economics wealth.” Aristotle, *Nicomachean Ethics*, 1094a8–9.

<sup>221</sup> *Ibid.*, 1172a19–29.

[pleasure] to be one of the goods, and no more a good than any other.”<sup>222</sup> Aristotle does not deny that pleasure is part of good, but it is not in its identity, as the Hedonists argued.

To this day, economists still have to deal with a question similar to the one Aristotle asked: “[B]oth the general run of men and people of superior refinement say that it is happiness, and identify living well with and faring well with being happy; but with regard to what happiness is they differ.”<sup>223</sup> To this day, you can drive economists mad with the same question: “If people maximize their utility, what is the term ‘utility’ understood to mean?” Along with Aristotle we can argue that man in reality does not maximize his utility, but that he maximizes good. Man simply does what he considers good. And doesn’t everyone imagine something different under the term “good”? Yes, and that is the point: The same is also true regarding the concept for *utility*.

If we take Aristotle’s point of departure seriously, that “everyone does everything for the sake of what they believe to be good,”<sup>224</sup> then it is possible that utility is only a subset of “that which we consider good.” We get no utility from certain things (or very halting and clumsily defensible) we would be speaking more simply if we said that a given person did something because he considered it to be good, instead of saying “for maximizing his or her utility.” It might be much more natural to say that Francis of Assisi gave away all of his possessions because he considered it good, not for utility; that Socrates decided not to renounce his teachings and run away, but to drink poison, not because he expected utility after death, but because he considered it good. MaxG is therefore more defensible and, what’s more, a more useful concept than MaxU.

### 2.4.3 Utility of Good and Evil

If we make this alteration, we can already see how tightly bound our perceptions are with the economics of good and evil. It is hard to imagine that a person would voluntarily and freely do something that he considers at a given moment to be completely evil. If a person steals, for example, they do not steal for stealing’s sake

---

<sup>222</sup> Aristotle, *Nicomachean Ethics*, 1172b10–28.

<sup>223</sup> *Ibid.*, 1095a14–23.

<sup>224</sup> Aristotle, *Politics* 1.1.1252a1–7.

(which they themselves would certainly consider to be evil) but, for example, to get richer, which they consider good. The goal is not to steal but to have more money. Ultimately we could hold a similar discussion with the assumption of MaxU.<sup>225</sup> Why does a person steal? Because it increases their utility? Never. They do not steal for the stealing itself but because it has utility either from getting rich, for example. Or adrenaline or revenge. But whatever the reason why a person steals (or carries out other crimes) they do so for some good (therefore the goal of *telos*, which they see behind it).<sup>226</sup> MaxG can therefore explain the same things as MaxU, but in addition it is able to explain the wider context of these actions. If we want to consider the theorem of MaxG as absurd (and to a certain extent it is, because it cannot be refuted), then the theorem of MaxU must also be absurd. Except that the absurdity of MaxG appears to be more visible. Maybe because of this, economics hides behind MaxU: so that the trick isn't so visible.

That we do not do things with the goal of momentary and unilateral MaxU, which Aristotle considers in the term "pleasure," will be shown in the following example: "And there are many things we should be keen about even if they brought no pleasure, e.g., seeing, remembering, knowing, possessing the excellences. If pleasures necessarily do accompany these, that makes no odds; we should choose these even if no pleasure resulted."<sup>227</sup> We want these things because they are good, and they are good because they are a natural part of humanness. So a human is more human if he sees, remembers, knows, and is virtuous.

We have the feeling of bliss, pleasure, or happiness if we manage to achieve a good goal. It is hard for utility to be a goal in and of itself; the goal is goodness, and utility is its by-product, an externality. That which is good for a man is also the source of pleasure (for example, food); thus our world is built. We do not eat for pleasure only, but we have pleasure eating.

---

<sup>225</sup> In this, Aristotle is closer to the Stoics: "[M]ost men, and men of the most vulgar type, seem (not without some reason) to identify the good, or happiness, with pleasure; which is the reason why they love the life of enjoyment." *Nicomachean Ethics*, 1095b15–17 "But people of superior refinement and of active disposition identify happiness with honour . . . but the good we divine to be something of one's own and not easily taken from one. Further, men seem to pursue honour in order that they may be assured of their merit." *Ibid.*, 1095b24–29.

<sup>226</sup> In this he is in agreement with Plato's teachings: "[T]he man who is truly good and wise, we think, bears all the chances of life becomingly and always makes the best of circumstances," *Ibid.*, 1101a1–2.

<sup>227</sup> *Ibid.*, 1174a4–9.

Aristotle would most likely protest against today's approach, where the *maximization* of utility is often automatically considered human nature. He considers what can simply be considered moderation to be the greatest virtue: "evil belongs to the class of unlimited"<sup>228</sup> and "good to that of the limited . . . for these reasons also, then, excess and defect are characteristic of vice and the mean of excellence."<sup>229</sup> This is therefore not about the maximization of utility, as the Epicureans argued, but about *temperance*. The goal is somewhere in between. Let's use an example: "With regard to giving and taking of money, the mean is liberality, the excess and the defect prodigality and meanness."<sup>230</sup> Or on a more general level: "So too it is, then, in the case of temperance . . . the man who indulges in every pleasure and abstains from none becomes self-indulgent, while the man who shuns every pleasure, as boors do, becomes in a way insensible; temperance and courage, then, are destroyed by excess and defect, and preserved by the mean."<sup>231</sup> "It is thus, then, that every art does its work well—by looking to the intermediate and judging its work by this standard."<sup>232</sup> So, the key is not maximization at any cost, but aiming for the centre:

*For in everything it is no easy task to find the middle. e.g., To find the middle of a circle is not for everyone but for hm who knows; so too, anyone can get angry — that is easy — or give or spend money; but to do this to the right person, to the right extent, at the right time, with the right aim, and in the right way, that is not for everyone, nor is it easy; that is why goodness is both rare and laudable and noble. Easy task to be good. For in everything it is not easy task to find the middle.*<sup>233</sup>

To this it could be added that such a point (the middle) is not easy to recognize. "Hence it is no easy task to be good. For in everything it is not easy task to find the middle;"<sup>234</sup> a person must feel about for it. We do not recognize the bliss point easily.<sup>235</sup>

---

<sup>228</sup> Aristotle, *Nicomachean Ethics*, 1106b29–30.

<sup>229</sup> *Ibid.*, 1106b31–34.

<sup>230</sup> *Ibid.*, 1107b9–10.

<sup>231</sup> *Ibid.*, 1104a19–27.

<sup>232</sup> *Ibid.*, 1106b6–7.

<sup>233</sup> *Ibid.*, 1109a25–29.

<sup>234</sup> *Ibid.*, 1109a24.

## 2.5 THE STOICS VERSUS THE HEDONISTS

Surprisingly, it is Adam Smith, the founder of economics, who probably has the best description of the moral systems of ancient Greece in his book *The Theory of Moral Sentiments*. In the final, most interesting part of his monumental work<sup>236</sup> we find an excellent study of the philosophical ideas of the ancient Greeks. Smith divides the moral teachings of the ancients into two different and de facto competing schools—the Stoics and the Hedonists. Their central dispute lies in the answer to the question: of whether or not it pays to do good. Can it be calculated that good deeds bring us some kind of countervalue? That outgoing good correlates with the incoming good?

### 2.5.1 The Stoics

The Stoics did not find any relationship between good and *pleasure* or *utility*,<sup>237</sup> and for this reason, any calculus was forbidden in advance. Certain good deeds tend to be paid back in pleasure (increased utility), others not at all, but the doer of the deed should remain perfectly blind to the results or impacts of his actions. The morality of the individual is judged on the basis of observance of the rules, regardless of the outcome of the given act.<sup>238</sup>

In other words, the morality of individual actions is judged only from the point of view of adherence to the rules, not the results or impacts of a given act. The result should simply be left to Fate.<sup>239</sup> If man behaves unethically “his success can give him

---

<sup>235</sup> Searching for the mean is one of the greatest questions of Aristotelianism—it is not trial and error, empirical, but may be according to Plato *frónésis*—practical wisdom; see Gadamer, *The Idea of the Good in Platonic-Aristotelian Philosophy*.

<sup>236</sup> Smith, *The Theory of Moral Sentiments*, 395–430.

<sup>237</sup> *Ibid.*, 415.

<sup>238</sup> „A wise man . . . [a]ssured of the wisdom which directs all events of human life, whatever lot befalls him, he accepts with joy, satisfied that, if he had known all the connections and dependencies of the different parts of the universe, it is the very lot which he himself would have wished for . . . If it is life, he is contented to live; and if it is death, as nature must have no further occasion for his presence here, he willingly goes where he is appointed. ‘I accept,’ said a cynical philosopher, whose doctrines were in this respect the same as those of the Stoics—‘I accept with equal joy and satisfaction whatever fortune can befall me—riches or poverty, pleasure or pain, health or sickness, all is alike.’“ *Ibid.*, 405–406.

<sup>239</sup> “Human life the Stoics appear to have considered as a game of great skill; in which, however, there was a mixture of chance . . . the whole pleasure of the game arises from playing well, from playing fairly, and playing skillfully. If, notwithstanding all his skill, however, the good player should, by the influence of chance, happen to

but little satisfaction.”<sup>240</sup> According to the Stoics, the morality of a given act is not found in the repercussions of the act, whether it increases or decreases utility, but in the *correctness of the act itself*. For this reason, according to the Stoics, we must not analyze the costs or yields of the act.

Today Adam Smith is considered the founder of classical economics, for which the targeted maximization of utility is a central topic. Yet he considered himself a Stoic. He promotes this ancient philosophical direction<sup>241</sup> and admired how they managed to free themselves from thinking about utility.<sup>242</sup> (We will return to the paradox of how Smith’s legacy is understood today.)

### 2.5.2 The Hedonists

The Hedonist (Epicurean) school, as represented especially by Epicurus, professed the exact opposite. According to them, neither good nor rules are exogenous, given from above. The goodness of an act lies in its *results* of the deed itself—in the utility it brings. In addition, its utility is judged from the personal point of view of the actor. The source of Epicurean ethics is egoism, the means to it calculation, prudence. Epicurus does not acknowledge any higher or altruistic principles. Only in case of friendship is he willing to make an exception. Utility thus became the main assumption for a good life and the guiding principle in deciding on every act. While the Stoics were not allowed to calculate the results of their actions (who is capable of overseeing the ends of our acts?), for the Hedonists (Epicureans) it was, on the contrary, the *sine qua non* of their

---

lose, the loss ought to be a matter rather of merriment than of serious sorrow. He has made no false stroke; . . . he has enjoyed completely the whole pleasure of game. If, on the contrary, the bad player, notwithstanding all his blunders, should in the same manner happen to win, his success can give him but little satisfaction. He is mortified by the remembrance of all the faults which he committed. Even during the play, he can enjoy no part of pleasure which it is capable of affording.” Smith, *The Theory of Moral Sentiments*, 409.

<sup>240</sup> Ibid., 409.

<sup>241</sup> “The few fragments which have come down to us of what the ancient philosophers had written upon these subjects form, perhaps, one of the most instructive as well as one of the most interesting remains of antiquity. The spirit and manhood of their doctrines make a wonderful contrast with the desponding, plaintive, and whining tone of some modern systems.” Ibid., 415.

<sup>242</sup> “‘If I am going to sail,’ says [Stoic] Epictetus, ‘I choose the best ship and the best pilot, and I wait for the fairest weather that any circumstances and duty will allow. Prudence and propriety, the principles which the gods have given me for the direction of my conduct, require this of me, but they require no more; and if, notwithstanding, a storm arises, which neither the strength of the vessel nor the skill of the pilot are likely to withstand, I give myself no trouble about the consequence. All that I had to do is done already. The directors of my conduct never command me to be miserable, to be anxious, desponding, or afraid. Whether we are to be drowned, or to come to a harbour, is the business of Jupiter, not mine. I leave it entirely to his determination, nor ever break my rest with considering which way he is likely to decide it, but receive whatever comes with equal indifference and security.’” Ibid., 406.

morals.<sup>243</sup> “[B]odily pleasure and pain were the sole ultimate objects of natural desire and aversion.”<sup>244</sup> The Epicureans laid down an equals sign between good and utility; the morality of an act lies only and exclusively in how it decreased or increased personal benefit.<sup>245</sup>

It is important to emphasize that the Epicureans were completely consistent on this point and argued that “[a]ll the pleasures and pains of the mind were, according to Epicurus, ultimately derived from those of the body.”<sup>246</sup> On the other hand, physical experiences were defined relatively widely and also included intellectual experiences. A Hedonist was supposed to use his reason to oversee his acts to their end in the long term. He does not accept or excuse short-run pleasures: “It is impossible to live a pleasant life without living wisely and well and justly, and it is impossible to live wisely and well and justly without living pleasantly.”<sup>247</sup>

Egoism, forethought, calculus, and calculation made up the source of Epicurean ethics. Of course, according to the Hedonists, even these principles (the principles on which modern economics stands) have their exceptions. The principle of egoism, for example, is not valid in the case of friendship, where sympathy plays a role as the primary motive of our acts.

## 2.6 ECONOMICS OF GOOD AND EVIL

If we wanted to express the aforementioned in the technical language of economics, then the Stoics demarcated the space for human behavior through certain “moral constraints” (just as today’s economics works with budget constraints). For the Epicureans, of course, moral constraints completely disappear and morality is de facto implicitly incorporated in utility curves. Only external limits (budgets, for example) can limit the increases in utility. On the other hand, however, Hedonist teachings have a

---

<sup>243</sup> “Prudence, for example, though, according to this philosophy, [was] the source of all the virtues.” Smith, *The Theory of Moral Sentiments*, 434.

<sup>244</sup> “That they were always the natural objects of those passions, he [Epikuros] thought required no proof.” Ibid. 431.

<sup>245</sup> Ibid., 431.

<sup>246</sup> Ibid., 432.

<sup>247</sup> Epicurus, *Principal Doctrines*, 1.

major advantage in that they do not have to take any exogenous (externally given) moral system or set of rules, which will always be the weak point of the Stoics or anyone else who is founded on rules or responsibility. The Hedonist principle creates its own rules.

Another difference between the Stoics and the Epicureans is in the relativization of good as such. As a moral quality in the teachings of the Hedonists, good loses its inherent sense and becomes a mere subset of utility. Virtuous acts can sometimes lead to greater utility and must be committed at that time. Good becomes something of a set of rules that can lead to increased utility, which stands completely in conflict with the teachings of the Stoics. While good for the Stoics was the reason for all of their acts, and pleasure stems from adhering to rules (including disregarding their results), the Hedonists completely turned this logic around: Good became the achievement of utility.

As has already been said, this philosophy of utilitarian economic teaching goes mainstream in the hands of J. S. Mill.<sup>248</sup> Adam Smith, on the other hand, ends his chapter on the Epicureans with the words: “This system is, no doubt, altogether inconsistent with that which I have been endeavouring to establish.”<sup>249</sup> He refuses Hedonism as having too simplistic a view of the world:

*By running up all the different virtues, too, to this one species of propriety, Epicurus indulged a propensity, which is natural to all men, but which philosophers in particular are apt to cultivate with a peculiar fondness, as the great means of displaying their ingenuity—the propensity to account for all appearances from as few principles as possible.*<sup>250</sup>

One unintended irony is that it was this criticism from Adam Smith that predicted the future development of economic thought—to this day most economists consider the principle of self-love or egoism to be the only driving force of human behavior. An even greater irony is that Adam Smith is considered the father of this principle. Another methodological irony is that it is economics which tries to “account for all appearances from as few principles as possible.”

---

<sup>248</sup> Mill, *Utilitarianism*.

<sup>249</sup> Smith, *The Theory of Moral Sentiments*, 436.

<sup>250</sup> *Ibid.*, 438.

The polar tension between the teachings of the Stoics and the Hedonists in the economics of good and evil is highlighted most clearly by Immanuel Kant, when these two schools again were set against each other as two of the fundamental prototypes of the morality of decision making.<sup>251</sup> In his ethics, Kant joins the Stoics, whose teachings he revived and even made stricter. But this direction did not make it into economic thinking.

## 2.7 CONCLUSION

Greeks stood at the beginnings of our philosophy, and they significantly contributed to our way of living today. We started with the concept of truth of the poets, then talked about the birth of philosophy and of the numerical mystics. We went into some detail to see how interesting the economic thought of Xenophon is.

Plato was the bearer of the vector of our philosophy. He talked about the world of ideas and warned against the world of shadows, in which we now live. He has no respect for the desires of the body. Here we talked at some length about models and myths and about the idea of progress, about the Golden Age and the debate between a cultured and natural life. Aristotle could be considered the first scientist who, unlike Plato devoted a lot of energy to this carnal world. We debated his thinking about a happy life and the question of whether it lies in the maximization of utility. We also introduced the key concept of Maximization of Goodness as a meaning and purpose in life.

Finally, we opened the debate between Hedonists and Stoics, something to which Adam Smith devoted a lot of ink. Economics as a science is a clear follower of the Hedonistic approach equating goodness with utility. Only the Hedonist program—maximize your supply of goods until it reaches your demand for goods, has not been fulfilled, although we have tried very hard for many generations, to the present day.

---

<sup>251</sup> See for example Kant, “Introduction to the Metaphysics of Morals”.

## 3 CHRISTIANITY

### 3.1 SPIRITUALITY IN THE MATERIAL WORLD

*It is written, "Man does not live on bread alone."*

The Bible, New Testament

Jesus's "Man does not live on bread alone"<sup>252</sup> is certainly true, just as it is true that people cannot live without bread. We were endowed with both body and soul, and we are both spiritual and material beings. In an extreme approach, both of these positions are inhuman; both are lethal in a certain sense. Without the material, we will die; without the spiritual, we stop being people. We must care for both, but at the same time it definitely does not have to be true that one comes at the expense of the other, as is frequently said. On the other hand, it would be a mistake to think that these two areas are independent of one another and do not influence each other. The very fact that we need external, material factors so that we can stay alive through *the sweat of our face*<sup>253</sup> is given as a reason to ease up on this rushing and think about economics.

In this chapter we will take a look at how Christianity searches for harmony between these two poles. How does Christianity view the hurrying we do on Earth? What does it think about consumption, material-physical requests, and asceticism? I will try to point out the economic ideas in Christianity, predecessors to the concept of the invisible hand of the market, the question of good and evil, and organizing people in society. Here we will also pause to consider how Christianity looks at the question of whether good or evil pays.

As the most widespread religion in Western civilization, Christianity has had a huge influence on the formation of the modern economy. This faith frequently had the decisive word, especially in normative questions (that which *should* be done). It would be hard to imagine our contemporary Western market democracy without it.

---

<sup>252</sup> Matthew 4:4. Unless stated otherwise, all Biblical quotes are from the New International Version.

<sup>253</sup> Genesis 3:19: "By the sweat of your brow you will eat your food."

Christianity is built on Judaism<sup>254</sup>, takes over numerous elements of Greek thought, and adds its own completely new dimension of salvation. In this form it is a faith that became a completely essential part of the development of Euro-Atlantic civilization in the last two millennia. But this isn't the single reason why Christianity should be studied. Some economists write<sup>255</sup> that economics is closer to Thomas Aquinas than to Isaac Newton precisely because its rhetoric and argumentation<sup>256</sup> all too often bring to mind theological disputations rather than the arguments among those who study physics. This is in stark contrast to what the economics itself proclaims to be.

### 3.2 ECONOMIC PARABLES

The Bible and economics are much more closely tied than one would think. Of Jesus's thirty parables in the New Testament, nineteen (!) are set in an economic or social context: the parable of the lost coin;<sup>257</sup> of talents, where Jesus rebukes a servant who did not "put my money on deposit with the bankers;"<sup>258</sup> of the unjust steward;<sup>259</sup> of the workers in the vineyard;<sup>260</sup> of the two debtors;<sup>261</sup> of the rich fool,<sup>262</sup> and so forth.<sup>263</sup>

---

<sup>254</sup> The era of Christianity was the first time that the fundamental ideas of the Jewish faith were so well received that they began to meaningfully influence the history of all of Western civilization.

<sup>255</sup> Nelson, *Economics as Religion*, 329.

<sup>256</sup> McCloskey, "Rhetoric of Economics."

<sup>257</sup> Luke 15:8–10: "Or suppose a woman has ten silver coins and loses one. Does she not light a lamp, sweep the house and search carefully, 'R until she finds it? And when she finds it, she calls her friends and neighbors together and says 'Rejoice with me; I have found my lost coin.' In the same way, I tell you, there is rejoicing in the presence of the angels of God over one sinner who repents."

<sup>258</sup> Matthew 25:27: "Well then, you should have put my money on deposit with the bankers, so that when I returned I would have received it back with interest."

<sup>259</sup> Luke 16:5–12: "So he called in each one of his master's debtors. He asked the first, 'How much do you owe my master?' 'Eight hundred gallons of olive oil,' he replied. The manager told him, 'Take your bill, sit down quickly, and make it four hundred.' Then he asked the second, 'And how much do you owe? A thousand bushels of wheat,' he replied. He told him, 'Take your bill and make it eight hundred.' ... And if you have not been trustworthy with someone else's property, who will give you property of your own?" See also Luke 19:13–24.

<sup>260</sup> Matthew 20:8: "When evening came, the owner of the vineyard said to his foreman, 'Call the workers and pay them their wages, beginning with the last ones hired and going on to the first.'"

<sup>261</sup> Luke 7:41–43: "Two men owed money to a certain moneylender. One owed him five hundred denarii,[a] and the other fifty. 42: Neither of them had the money to pay him back, so he canceled the debts of both. Now which of them will love him more? Simon replied, 'I suppose the one who had the bigger debt canceled.' 'You have judged correctly,' Jesus said."

<sup>262</sup> Luke 12:16–21: "But God said to him, 'You fool! This very night your life will be demanded from you. Then who will get what you have prepared for yourself?' This is how it will be with anyone who stores up things for himself but is not rich toward God."

<sup>263</sup> Let's name only a few: Parable of the Hidden Treasure (Matthew 13:44), the Parable of the Pearl (Matthew 13:45), the Parable of the Good Samaritan (Luke 10:25–37), the Parable of the Faithful Servant (Mark 13:33–37;

Some authors have even counted that thousands of verses can be found on economic or social issues, of justice, wealth, or money, and that the second most frequent topics of both the Old and New Testaments are socio-economic (after idolatry<sup>264</sup>). As regards to the New Testament, economic inquiries are discussed on average every sixteenth verse; in the Gospel of Luke, it is as often as every seventh.<sup>265</sup>

The Sermon on the Mount, Jesus's longest and probably most important speech, starts with the words: "His disciples came to him, and he began to teach them, saying: 'Blessed are the poor in spirit, for theirs is the kingdom of heaven.'"<sup>266</sup> Poverty, a dominant economic theme, is present (albeit in the context of the poverty of the soul) right at the beginning. Blessed also are those "who hunger and thirst for righteousness, for they will be filled." Without wanting to go into deeper theological exegesis, it is certain that Jesus is turning the maximization theorem inside out. Shortage and poverty (of both the belly and the soul) are considered a high value. The beginning of Jesus's model prayer, which has taken on the name of Pater Noster (Our Father), presents the plea "give us today our daily bread"<sup>267</sup> just after the desire for the coming of the kingdom of God. Incidentally, a key term of the New Testament, *gospel*, originally meant a *tip*, a small payment for the conveyance of good news (such as an unexpected victory). We will soon return to these economic themes when we discuss the topic of gifts.<sup>268</sup>

And finally one example of how important economic dealings are in the New Testament comes from the last book of the Bible, Revelation. During the end times, during the reign of the Antichrist, the ones not marked with the "mark or the name of the beast" will be punished by not being *able to buy and sell*.<sup>269</sup>

---

Luke 12:35–48; Matthew 24:42–51), the Parable of the Prodigal Son (Luke 15:11–32). Harmony according to Cox, Easley, Robertson, and Broadus, *Harmony of the Gospels*, 348.

<sup>264</sup> This in and of itself can also be elegantly joined with the inordinate concentration on the material. "No one can serve two masters. Either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve both God and Money." Matthew 6:24. Also in Luke 16:13.

<sup>265</sup> Willis, *God's Politics: Why the Right Gets It Wrong and the Left Doesn't Get It*, 212. See also Colins and Wright, *The Moral Measure of the Economy*.

<sup>266</sup> Matthew 5:2–3.

<sup>267</sup> Matthew 6:11.

<sup>268</sup> Liddel and Scott, *Greek-English Lexicon*: "reward of good tidings, given to the messenger."

<sup>269</sup> Revelation 13:17, "so that no one could buy or sell unless he had the mark, which is the name of the beast or the number of his name."

### 3.2.1 Cancel Our Debts

As we have seen, Christianity builds a large amount of its teaching on economic terminology and uses economic and social context. Probably the most important connections between Christianity and economics can be found in the continuation of Jesus’s prayer<sup>270</sup> “Forgive us our debts, as we also have forgiven our debtors.”<sup>271</sup> For in New Testament Greek *debt* means *sin*.<sup>272</sup> In this sense, these words—debt, debtor—speak to our time much more audibly than the distant terms *sin* and *those that sin against us*.

Jesus was speaking of something even deeper here. In those days, people, whose debt increased so unbearably that they were not able to repay, became “debt slaves.”<sup>273</sup> There is very rich literature in the Old Testament about the whole concept of the release of debt slaves.<sup>274</sup> The New Testament takes this social institution to a higher and more fundamental level. Someone had to pay a ransom for people, who fell into slavery. These people had to be bought out, ransomed, or, to use a more modern term, bailed out. Forgiveness (of debts, sins) is the key feature of Christianity, which makes it unique among the major religions. Jesus’s role was to redeem men, purchase us at a price,<sup>275</sup> [buy us out of debt] from the arms of sin, debt, “To give His life as a ransom for many.”<sup>276</sup> “In him we have redemption through his blood, the forgiveness of sins, in

---

<sup>270</sup> See also Horsley, *Covenant Economics*, 81, 95.

<sup>271</sup> Matthew 6:12.

<sup>272</sup> In the Greek original the word “*opheilēmata*” is used, which means a debt, “*opheilo*.” All English translations of the Bible (save for two) translate it as such. This prayer is also recorded in Luke 11:2–4. Here the Greek “*amartias*” is used, which at the same time means sin, from the early root “*hamart*,” but it means “to miss the mark, do wrong, sin.” These two words are frequently synonyms. (*Amartias* appears in the New Testament 181 times, *hamarant* 36 times, *opheilo* 36 times.)

<sup>273</sup> See Leviticus 25:39.

<sup>274</sup> Exodus 21:1–6; Leviticus 25:8–10, 41–42; Deuteronomy 15:1–6, 12–15. Cancellation of debts also appears in the Code of Hammurabi §117. See Horsley, *Covenant Economics*, 45.

<sup>275</sup> 1 Corinthians 7:23: “You were bought at a price; do not become slaves of men.” We see similar elements in the Old Testament—an example of the classic situation of redemption from slavery in Leviticus 25:48: “he retains the right of redemption after he has sold himself. One of his relatives may redeem him.” Or 2 Samuel 7:23: “And who is like your people Israel—the one nation on earth that God went out to redeem as a people for himself, and to make a name for himself, and to perform great and awesome wonders by driving out nations and their gods from before your people, whom you redeemed from Egypt?” Or Psalms 107:2: “Let the redeemed of the LORD say this—those he redeemed from the hand of the foe.” Or Psalms 111:9: “He provided redemption for his people.”

<sup>276</sup> Mark 10:42–45; “ransom” refers to the covenant mechanism by which those who have fallen into debt-slavery could be ransomed (see Leviticus 25:25–28, 47–55). See Horsley, *Covenant Economics*, 123.

accordance with the riches of God’s grace,”<sup>277</sup> and further, “in whom we have redemption, the forgiveness of sins.”<sup>278</sup> For the Jewish community of the time, which was used to the concept of the representational sacrifice of animals (such as the lamb at Passover), he provided a new covenant: “He did not enter by means of the blood of goats and calves; but he entered the Most Holy Place once for all by his own blood, having obtained eternal redemption ...”<sup>279</sup>

For this reason Christ is the mediator of a new covenant, that those who are called may receive the promised eternal inheritance—now that he has died as a ransom to set them free from the sins committed under the first covenant. In other words, he came to “proclaim the year of the Jubilee”: the year of the forgiveness of debts, sins.

### 3.2.2 Gift-Giving and Trans-Action

In economic theory, the gift is among the anomalies that are hard to explain with existing models. At the same time, the concept of the gift (which we cannot repay) is the basic principle of the Christian concept of salvation. “For it is by grace you have been saved, through faith—and this not from yourselves, it is the gift of God—not by works, so that no one can boast.”<sup>280</sup> God’s redemption is free; it cannot be paid for, not by deeds, merit or “good behavior.” There simply is no exchange; it is a gift.

*This righteousness from God comes through faith in Jesus Christ to all who believe. There is no difference, for all have sinned and fall short of the glory of God, and are justified freely by his grace through the redemption that came by Christ Jesus.*<sup>281</sup>

And further, “I am the Alpha and the Omega, the Beginning and the End. To him who is thirsty I will give to drink *without cost* from the spring of the water of life.”<sup>282</sup>

---

<sup>277</sup> Ephesians 1:7.

<sup>278</sup> Colossians 1:14.

<sup>279</sup> Hebrews 9:12–15

<sup>280</sup> Ephesians 2:8–9.

<sup>281</sup> Romans 3:22–24.

<sup>282</sup> Revelation 21:6. Author’s emphasis.

Although it is paradoxical, in transcendental issues (*trans-scandere*, exceeding, rising, permeation through) the monetary transaction is not possible.<sup>283</sup> *Transcendentio* cannot be bought; it must be given.

Not long after the establishment of the first church, a magician appeared who wanted to buy and pay for these gifts with money. The apostles' reaction could probably be expected. "Peter answered: May your money perish with you, because you thought you could buy the gift of God with money!"<sup>284</sup> Let's pause for a moment for an economic view on the gift and on things or areas that are price-less (in both meanings of the word).

A mutual or reciprocal gift is a much deeper and older method of transaction than purchase and sale with an explicit price. For many generations of human history, things simply did not have a price; people got by without pricing. People long ago gave things reciprocally or lived in communities where things were exchanged—even if the first example was more common. The first nonmonetary social systems were gift economies. When barter did occur, it was usually between either complete strangers or potential enemies.<sup>285</sup> We should realize that even today money is intended for contact in large societies, while older or smaller societies did not and do not use money as much (such as family).<sup>286</sup>

The phenomenon of the gift is a greatly discussed and controversial topic among economists to this day. Why do people give gifts? Tips in restaurants or other occasions (such as taxis) could be considered a form of voluntary giving.<sup>287</sup> Why is a voluntary tip given in motels in foreign countries where we will never return?

The main characteristic of a gift is that it has no price. It certainly has value, but never a price. A gift can be reciprocal and mutual (and frequently tends to be), but their

---

<sup>283</sup> From the Latin preposition *trans* ("across, on the far side, beyond"). The prefix *trans* means across, through, over, beyond, or to the other side of, outside of.

<sup>284</sup> Acts 8:20.

<sup>285</sup> Graeber, *Toward an Anthropological Theory of Value*, 154. See also Cheal, *The Gift Economy*.

<sup>286</sup> The Czech philosopher Jan Sokol likes to add that his grandmother needed money only several times per year, and that was to buy salt.

<sup>287</sup> It is interesting overall to monitor which areas and which cultures have become refuges of tipping. Tips are given in restaurants, but never in stores with service. They are given to taxi drivers, but not to bus drivers. They are given to repairmen in the Czech Republic, while in America they are not given to maids or janitors.

exchange value will always be imprecise, unclear, fuzzy (we are not exchanging same for same). In Christianity, we give trust and faith (many consider that to be “God’s gift,” too), and God gives salvation to those who accept the gift. The gift is not negotiated; there is no possibility of a discount. As opposed to this, trade has a precise-to-the-cent price that both parties agree to. We must be aware that without the existence of a large and functioning market, setting a precise price must have been rather complicated and ultimately a sensitive matter as well. Even Thomas Aquinas battled with this problem (as do present-day antimonopoly offices, which frequently keep watch or set prices in situations where a market does not function well). Contemporary “speculative bubbles” are also an important imaginary “departure” of prices from their values (and after a certain time they burst, which means that prices “return” to their notional idea of value). To this day, gifts are given in all kinds of marketing promotions—“free items”—whether they are teddy bears at gas stations, 10 percent more ketchup or “buy one, get one free.” This too can be considered a modern effort to sweep away an *exact* price of goods in the framework of competition.

Another interesting thing is that we frequently hide prices or keep them secret. We carefully remove prices from gifts, only the payer may look at the bill in a restaurant, and in better restaurants the bill is even elegantly hidden in various folders. In the best restaurants, the person being invited apparently gets a menu where prices cannot be seen at all.<sup>288</sup>

We evidently have the feeling that the most valuable things should be given for free, that they should not be available for purchase.<sup>289</sup> It is precisely the most valuable things in life that must not be sold or monetized. The notion comes from somewhere within us that precise reciprocity is undesirable for important things or for people close to us. You may have noticed that nothing is bought or sold in the entire Lord of the Rings trilogy. The Fellowship gets everything it needs on its journey through gifts.

---

<sup>288</sup> Note also the dynamics of mutual gifts in restaurants or bars. People are invited to dinner or for a drink, but if you wanted to “treat” them by putting \$8.50 in front of them, you will not make him or her happy at all. But a drink worth \$8.50 is something few of your friends will refuse, even though this is de facto the same transaction (from the point of view of “numerical” economics).

<sup>289</sup> This is captured in one Old Testament passage: “Come, all you who are thirsty, come to the waters; and you who have no money, come, buy and eat! Come, buy wine and milk without money and without cost.” Isaiah 55:1.

The extremely careful J. R. R. Tolkien (who loved to immerse himself in details) never mentions currency anywhere in the *Lord of the Rings*. In this it is similar to most older tales, fairy tales, myths, and stories. Not even in the *Epic of Gilgamesh* do we find out anything about money, and not once does anyone sell anything. Important things are simply given, found, or stolen (the Ring of Power, for example, uses all these methods of changing owners—but it is never sold).

While money is necessary for the functioning of today's society, among those close to us we frequently create situations where it is as if money were not there, or at least that it is not important (which is why we “buy rounds,” or take turns paying at a restaurant). I once heard that friends are people who are so mutually indebted to each other that they forget how much they owe. On the other hand, if a friend wanted to pay for your help, it would probably offend you. “Paying back” by invitation for a dinner or drinks or doing a deed in return, on the other hand, is acceptable. But never payment that has a precise price and is exact. Marcel Mauss argues that this reciprocal gift-giving is “like a resurrection of a dominant motif long forgotten” and a “return to the old and elemental.”<sup>290</sup> Some anthropologists tend to argue that gift economies are essential or elementary structures, and money or quid pro quo exchange, are only secondary issues.<sup>291</sup>

And really, for untradable things that cannot be exchanged (such as friendship), there is no way to trade them or swap them (you cannot buy a true friend or inner peace). But you can buy things that seem to be around it: proxies. You can buy a dinner in a restaurant for your friends, but there is no way you can buy true friends by doing so; or you can buy a cabin in the mountains and *try* to find peace there, but you cannot *buy* peace itself. Ultimately, advertising functions on this principle: They show you something that cannot be traded (a good night's sleep, a happy family at breakfast, or beauty) and offer you a tradeable proxy (an expensive bed, some kind of breakfast cereal, a mountain cabin, or shampoo). And even though we know this is an illusion and that actors and extras play in ads, we still start to desire a better pillow (mine is responsible for my troubled sleep), new yogurts and cereals (the happy family at

---

<sup>290</sup> Mauss, *The Gift*, 66, 67.

<sup>291</sup> Cheal, *The Gift Economy*, 2. Also see Durkheim, *The Division of Labor in Society*, 4–7, and Levi-Strauss, *The Elementary Structures of Kingship*, and Bourdieu *Outline of a Theory of Practice*.

breakfast), and shampoo (even if the model in the ad has probably never used the particular brand).

But back to prices. Is the Czech philosopher Zdeněk Neubauer right when he argues that “price is unholy”?<sup>292</sup> The prominent German sociologist Georg Simmel seems to hint that too when he calls money: *common* (meaning vulgar): “Objects themselves are devalued of their higher significance ... Money is ‘common’ because it is the equivalent for anything and everything. Only that which is unique is distinguished; whatever is equal for many is the same even for the lowest among them, and for that reason it pulls even the highest down to the level of the lowest. That is the tragedy of every levelling process: it leads directly to the position of the lowest element.”<sup>293</sup> It even insults us when, for the most important things, someone accuses us of profit-seeking, or that we’re “just in it for the money.”

### 3.2.3 The Economics of the Kingdom

Aside from the paradox of the gift that you can never work off, Jesus’s teachings are often based on paradoxes, just like many of his parables.<sup>294</sup> Jesus considers more valuable two mites that a poor widow drops into the collection than the golden gifts of the rich.<sup>295</sup> Aside from the fact that here he expresses sensitivity to marginal disutility, at the same time he grants the legitimate role of money. Christianity respects the material side of life, does not condemn it, and when Jesus is asked whether secular taxes should be paid at all, he looks at the likeness stamped on the coin and answers: “Give to

---

<sup>292</sup> Neubauer, *O čem je věda?* [What Science Is About], 145.

<sup>293</sup> Simmel, *Peníze v moderní kultuře a jiné eseje* [Money in Modern Culture], 249.

<sup>294</sup> Even Jesus’s life is ultimately a paradox: The king is born in a manger (Luke 2), the most fervent “believers” of his time refuse him (Matthew 21:45–46), he befriends tax collectors and dines with prostitutes; his strength is demonstrated in weakness, and before the crucifixion; God, the most powerful being on Earth, is brutally nailed to the cross along with criminals. For all of this, let’s cite only a few passages that portray these paradoxes: “Jesus said to them, ‘I tell you the truth, the tax collectors and the prostitutes are entering the kingdom of God ahead of you. For John came to you to show you the way of righteousness, and you did not believe him, but the tax collectors and the prostitutes did. And even after you saw this, you did not repent and believe him.’” Matthew 21:31–32. “The Son of Man must be delivered into the hands of sinful men, be crucified and on the third day be raised again” Luke 24:7. “You killed the author of life, but God raised him from the dead.” Acts 3:15.

<sup>295</sup> Mark 12:42–44: “But a poor widow came and put in two very small copper coins, worth only a fraction of a penny. Calling his disciples to him, Jesus said, ‘I tell you the truth, this poor widow has put more into the treasury than all the others. They all gave out of their wealth; but she, out of her poverty, put in everything—all she had to live on.’”

Caesar what is Caesar's.”<sup>296</sup> It is true that Jesus once chased out the “men selling cattle, sheep and doves, and others sitting at tables exchanging money”<sup>297</sup> from the temple ... but he didn't chase them further than that! His argument was not against their employment (it wouldn't have been enough to drive them out of the temple) but that they mixed the sacred with the profane.<sup>298</sup>

Jesus, of course, frequently warned against a two-way relationship to property—it isn't one-way ownership, but a reciprocal ownership seems to exist, too. The biblical warning sounds appropriate: Earthly things (things of bread) are all right, but we should not care too much for them, should not cling too much to them, because they contain a trap:

*Do not store up for yourselves treasures on earth, where moth and rust destroy, and where thieves break in and steal. But store up for yourselves treasures in heaven, where moth and rust do not destroy, and where thieves do not break in and steal. For where your treasure is, there your heart will be also.*<sup>299</sup>

We should present the following passage similarly:

*Therefore I tell you, do not worry about your life, what you will eat or drink; or about your body, what you will wear. Is not life more important than food, and the body more important than clothes? Look at the birds of the air; they do not sow or reap or store away in barns, and yet your heavenly Father feeds them. Are you not much more valuable than they? Who of you by worrying can add a single hour to his life? ... But seek first his kingdom and his righteousness, and all these things will be given to you*

---

<sup>296</sup> Matthew 22:17: “‘Tell us then, what is your opinion? Is it right to pay taxes to Caesar or not?’ But Jesus, knowing their evil intent, said, ‘You hypocrites, why are you trying to trap me? Show me the coin used for paying the tax.’ They brought him a denarius, and he asked them, ‘Whose portrait is this? And whose inscription?’ ‘Caesar’s,’ they replied. Then he said to them, ‘Give to Caesar what is Caesar’s, and to God what is God’s.’” also Luke 20:25: “He said to them, ‘Then give to Caesar what is Caesar’s, and to God what is God’s.’”

<sup>297</sup> John 2:14.

<sup>298</sup> “So he made a whip out of cords, and drove all from the temple area, both sheep and cattle; he scattered the coins of the money changers and overturned their tables. To those who sold doves he said, ‘Get these out of here! How dare you turn my Father’s house into a market!’” John 2:15–16. It should be noted that this is actually Jesus’s second public act (after changing water into wine at Cana in Galilee), which John recorded in his gospel.

<sup>299</sup> Matthew 6:19–21.

*as well. Therefore do not worry about tomorrow, for tomorrow will worry about itself. Each day has enough trouble of its own.*<sup>300</sup>

What is interesting is that these words speak to rich and poor times with the same force. Even if (or precisely because) we have too much to wear (and the problem is to choose, buy, or order them) these words make sense to us, just as they make sense (or made sense) to the society of the poor, or the society that *truly had nothing to wear*. The passage is interesting to read again with this viewpoint: It is also aimed at over-rich society, which does not suffer from shortage but from surplus. And out of this surplus we worry what to *eat or drink* (isn't it too greasy, too sweet?) and *what to wear* (what shall I wear?).

It is also certainly appropriate to add the following citation: “For the love of money is a root of all kinds of evil. Some people, eager for money, have wandered from the faith and pierced themselves with many grieves.”<sup>301</sup> The expression is commonly misquoted as simply “money is the root of all evil,” which is not what the text says. It is *love* of money that makes prudence a vice. Perhaps the next quote (also by Paul but in a different letter, where he also uses the term *love of money*) puts it better in perspective: “Keep your lives free from the love of money and be content with what you have.”<sup>302</sup> In the parable of the sower, “worries and riches and pleasures” seem to be one of the key obstacles that do not allow the seed (of faith) to bring “fruit to maturity.”<sup>303</sup>

### 3.2.4 Game Theory: Love Thy Enemy Versus an Eye for Eye

We can look at certain results in the way offered by the modern approach of game theory. In the well-known Prisoner's Dilemma, two prisoners choose *their* dominant strategy, which maximizes their expected individual utility, but not the total utility. Both rationally choose the noncooperative option and thus ensure the worse result (non-pareto optimal). The system itself (the character of the game) “forces” us toward collectively unwanted results. Barry Nalebuff, one of the leading figures of

---

<sup>300</sup> Matthew 6:25–34.

<sup>301</sup> 1 Timothy 6:10.

<sup>302</sup> Hebrews 13:5.

<sup>303</sup> Luke 8:14.

contemporary game theory, notes that negotiations on the basis of the Christian maxim of “do unto others as you would have them do unto you” knows how to overcome this conflict: “If people were to follow the golden rule, there would be no prisoner’s dilemma.”<sup>304</sup>

An anthropological approach indicates interesting historical development related to both game theory and to the history of morals. For a long time it was argued in game theory that in strategies of repeated simultaneous games, it pays to use a *tit-for-tat* strategy, or the equivalent measure in response during every following step. If two players play a game of fraud cooperation, a highly effective strategy is to retaliate fraudulent moves with similarly fraudulent moves, and vice versa. In other words, to repay a slap with a slap, a smile with a smile, and a caress with a caress. This strategy was considered the best since the era of Axelrod’s experiments in 1980, when leading game theory experts played against each other; Anatol Rapoport used the *tit-for-tat* method and won repeatedly. It is a simple, strict strategy that forces adherence to the rules, urges cooperative solutions, and knows how to forgive (proportionally and quickly, which ensures that the game is not finished after the first cheating of any kind). It is actually the Old Testament’s eye for an eye and tooth for a tooth.

Only recently a strategy was found that works even more effectively. In a world of imperfect information and noise, it simply arrives at a disinterpretation of signals and a (frequently unnecessary) beginning of a retaliatory strategy.<sup>305</sup> In addition, this strategy has a recursive tendency and tends to be connected with a spiraling effect of descending to the bottom. Nalebuff argues that the *kinder* is more effective in the end.

As in the history of Eastern civilization, the rule of *eye for an eye, tooth for a tooth* was first considered to be the most effective strategy.<sup>306</sup> For the first time, Jesus arrives at a more cooperative long-term strategy:

---

<sup>304</sup> Dixit and Nalebuff, *Thinking Strategically*, 106.

<sup>305</sup> Ultimately the great themes of Shakespeare’s plays are the small misunderstandings at the beginning which over time become amplified to gigantic dimensions. His comedies tend to end with everyone laughing at themselves, while the tragedies end with everyone killing each other.

<sup>306</sup> Exodus 21:23–25: “But if there is serious injury, you are to take life for life, eye for eye, tooth for tooth, hand for hand, foot for foot, burn for burn, wound for wound, bruise for bruise.”

*You have heard that it was said, “Eye for eye, and tooth for tooth.” But I tell you, Do not resist an evil person. If someone strikes you on the right cheek, turn to him the other also. And if someone wants to sue you and take your tunic, let him have your cloak as well. If someone forces you to go one mile, go with him two miles. Give to the one who asks you, and do not turn away from the one who wants to borrow from you.*<sup>307</sup>

In a situation of repeated games, if both sides take a strategy of an eye for an eye, or repaying good with good and evil with evil, evil gains a much greater space. One single act of evil (perhaps even a random one) takes on recursive echoes over time. It isn't certain whether a small wave of evil will gradually fade away or whether it will grow into a devastating storm.<sup>308</sup> Our paying off of evil does not decrease it but multiplies it. Compared to a Nalebuff's game, *the merciful* come to a much greater minimalization of evil than the tit-for-tat, eye-for-an-eye strategy—in a similar way to what Jesus spoke of:

*You have heard that it was said, “Love your neighbor and hate your enemy.” But I tell you: Love your enemies and pray for those who persecute you, that you may be sons of your Father in heaven. He causes his sun to rise on the evil and the good, and sends rain on the righteous and the unrighteous. If you love those who love you, what reward will you get? Are not even the tax collectors doing that? And if you greet only your brothers, what are you doing more than others? Do not even pagans do that?*<sup>309</sup>

At the same time, Christianity carried out a major revolution on this ethical question. As we have shown in previous chapters, evil may but does not have to take on a moral form; certain evils (a tree falling on a person) are bad, but it is not a moral evil for which someone should be found guilty. In this epistle, all evil, including *residual evil*, simply occurs—whether consciously or inadvertently, moral or outside morals—and all this evil is placed on the shoulders of the Messiah, who is sacrificed for all the

---

<sup>307</sup> Matthew 5:38–42.

<sup>308</sup> In the book *Good Omens: The Nice and Accurate Prophecies of Agnes Nutter, Witch*, by N. Gaiman and T. Pratchett, one of the Riders of Apocalypse, War appears as a war correspondent and causality is turned around. Wars start wherever she goes. One slightly distorted interview with one party, the second again slightly shifted from the other side, and a war breaks out even among parties who originally got on well together.

<sup>309</sup> Matthew 5:43–47; and Dixit and Nalebuff, *Thinking Strategically*, 109.

evil in the world. In these complicated systems, guilt is found only with difficulty, and precisely for this reason God is in this sense unfair, because He *forgives*. He is, so to say, “positively unfair,” just as is the landholder who pays unfairly high wages to his laborers even though he does not have to.<sup>310</sup> Moral systems seeking guilt will get drowned in one go by grace in the New Testament.

### 3.3 THE ECONOMICS OF GOOD AND EVIL IN THE NEW TESTAMENT

Does good pay (economically)? The question of *why* to do good presented a problem for Jewish thought (as we have shown), and the New Testament resolves it to a great extent. And in a dual manner.

By introducing the new concept of the “Kingdom of God,” which was quite foreign to Judaism, Christianity literally opened a “new space” where moral acts receive their payment. The earthly world does not have to be just (the just can suffer here, while the unjust live in surplus and abundance), but justice awaits every person in the coming kingdom. While Judaism must simply deal with the problem of just rewards in *this world*, Christianity shifts justice to another *world*, to the *world beyond*. Good and evil (outgoing) therefore have an economic logic in that the reward (incoming) occurs, but in heaven. So it pays to do good and to suffer evil, because the just will receive their reward in heaven.

This is an elegant solution, but even this solution has its price—and the price was this world. The world, which in the Old Testament was a world of good and the scene of history, has been shifted to the second track. Christianity has provided a satisfactory solution to the ancient economic moral paradox of the just reward, but not for free—the solution to this paradox comes at the cost of sacrificing the world. To many Christians the world seemed unjust and to a large extent evil. This is where some of the New Testament’s distance, sometimes as far as resistance, to this world stems from: “Don’t you know that friendship with the world is hatred toward God? Anyone who chooses to be a friend of the world becomes an enemy of God.”<sup>311</sup> Because only in a thoroughly bad world can the just suffer and the unjust enjoy themselves. It would appear wisest to

---

<sup>310</sup> Matthew 20:1–16.

<sup>311</sup> James 4:4.

run away from such a world. Apostle Paul writes, “to die is gain ... I desire to depart and be with Christ, which is better by far.”<sup>312</sup> In the end, the personification of evil gains a more specific and more horrifying form than in the Old Testament.<sup>313</sup> In the Old Testament, Satan is explicitly named in four occasions<sup>314</sup> (if we count the snake in Genesis as his representation). On the other hand, he is mentioned nearly fifty times in the New Testament. What’s more, he is said to be the “ruler of this world.”<sup>315</sup> In this sense, the economics of good and evil does not work *in this world*. The reward for the just is not here (see the story of Lazarus) but in heaven.

The Christian detachment from the world originates from this point especially. From this standpoint, the world appears evil, unfair, transitory, unimportant. Let us not deal with the so-called world of Platonic shadows, let’s not be tied up or tied down by them: the best is to ignore them as much as possible (Augustine also thinks similarly, but this trend is overturned by Aquinas in later phases of Christianity).

The second, much deeper way in which the New Testament solved the problem of economics of good and evil was by dismantling the *accounting* of good and evil altogether. Salvation is an undeserved gift (as we have seen above) that you cannot earn.

---

<sup>312</sup> For to me, to live is Christ and to die is gain. If I am to go on living in the body, this will mean fruitful labor for me. Yet what shall I choose? I do not know! I am torn between the two: I desire to depart and be with Christ, which is better by far; but it is more necessary for you that I remain in the body. Convinced of this, I know that I will remain, and I will continue with all of you for your progress and joy in the faith, so that through my being with you again your joy in Christ Jesus will overflow on account of me. Philippians 1:21–26.

<sup>313</sup> “In the Old Testament, Satan is not represented as a fallen and malignant spirit, but as a servant of Yahweh, performing a divine function and having his place in the heavenly train. In the parallel accounts of David’s numbering of Israel (1 Samuel 24:1; 1 Chronicles 21:1), the tempting of David is attributed both to Yahweh and Satan . . . The unveiling of Satan as a rebellious world-power is reserved for the New Testament.” *International Standard Bible Encyclopedia*: “Satan” entry.

<sup>314</sup> 1 Chronicles 21:1: “Satan rose up against Israel and incited David to take a census of Israel.” (Incidentally, it is interesting to compare the same story captured in the historically older 2 Samuel 24:1, where on the contrary “Again the anger of the Lord burned against Israel, and he incited David against them, saying, ‘Go and take a census of Israel and Judah.’” Then in Zechariah 3:1–2: “Then he showed me Joshua the high priest standing before the angel of the Lord, and Satan standing at his right side to accuse him. The Lord said to Satan, ‘The Lord rebuke you, Satan! The Lord, who has chosen Jerusalem, rebuke you! Is not this man a burning stick snatched from the fire?’” Satan shows himself several times at the beginning of the book of Job (chapters 1 and 2). The fourth case, even if it has been discussed, is the figure of the “serpent” in the Garden of Eden. This “snake” tends to be frequently published as Satan. Certain translations translate the prosecutor in Psalms 109:6 to be Satan.

<sup>315</sup> In John 14:30 Jesus speaks of Satan as the ruler of this world: “I will not speak with you much longer, for the prince of this world is coming.” Or in John 12:31: “Now is the time for judgment on this world; now the prince of this world will be driven out.” In Ephesians 6:11–12, Paul further writes, “Put on the full armor of God so that you can take your stand against the devil’s schemes. For our struggle is not against flesh and blood, but against the rulers, against the authorities, against the powers of this dark world and against the spiritual forces of evil in the heavenly realms.”

In this sense, the economics of good and evil ceased to exist. We shall come to this later, but first let's pause at the biggest commandment—the commandment of love.

### 3.3.1 You Must Love

Here it would also be good to recall what the Old and New Testaments want primarily: to “love your neighbor as yourself.” According to Jesus, this law immediately follows the commandment to love God and is the largest commandment of all.<sup>316</sup> “The entire law is summed up in a single command: ‘Love your neighbor as yourself.’”<sup>317</sup>

This commandment is important for economists as well because it has to do with the regulation of egoism or self-love. One should not have unlimited self-love or zero self-love, but his or her interest in him- or herself should be as great as he or she feels toward those close to him or her. The one who loves greatly can greatly love him- or herself as well. Incidentally, we note that both count as love. Our self-love should be the same as love toward those close to us. No more, no less.

In addition, our outgoing love should be independent from the behavior of the other party, or the behavior toward us (incoming good). In other words, Jesus wants us to love each other at all costs. Let the other party love or hate us, but we should love those close to us the same as ourselves.

There is nothing bad about caring for oneself (prudence), but it must not become an obsessive love. Prudence is even one of the seven virtues, as McCloskey notices: “Thomas Aquinas in the middle of the thirteenth century assigned a place of honor among the seven virtues to Prudence—that is, to know-how, competence, a thrifty self-interest, ‘rationality’ on a broad definition.”<sup>318</sup> We should note here that the virtue of prudence is only one of seven, not the only one, and we should always keep that in perspective.

---

<sup>316</sup> “‘Love the Lord your God with all your heart and with all your soul and with all your mind and with all your strength.’ The second is this: ‘Love your neighbor as yourself.’ There is no commandment greater than these.” Mark 12:29–30.

<sup>317</sup> Galatians 5:14. And then, “The entire law is summed up in a single command: ‘Love your neighbor as yourself+’” (Romans 13:9). James even marks this as the Royal Law. “If you really keep the royal law found in Scripture, ‘Love your neighbor as yourself’ you are doing right.” James 2:8.

<sup>318</sup> McCloskey, *The Bourgeois Virtues*, 8.

### 3.3.2 The Indestructibility of Evil: The Parable of the Weeds

Evil is difficult, if not impossible, to get rid off. Even in the perfect state of the Garden of Eden, the (latent) possibility of evil—the Tree of the Knowledge of Good and Evil—had to exist.<sup>319</sup> Evil had to be possible. This is something Christianity is completely aware of; we cannot be rid of evil through human effort. Once it exists, it grows through good like an omnipresent weed. This is why the world needs Christ's representative sacrifice; if we were able to achieve pure good through our own effort, this sacrifice would be unnecessary. In this context, the parable of the weeds in the Gospel of Matthew is interesting:

*Jesus told them another parable: 'The kingdom of heaven is like a man who sowed good seed in his field.' But while everyone was sleeping, his enemy came and sowed weeds among the wheat, and went away. When the wheat sprouted and formed heads, then the weeds also appeared. The owner's servants came to him and said, 'Sir, didn't you sow good seed in your field? Where then did the weeds come from?' 'An enemy did this,' he replied. The servants asked him, 'Do you want us to go and pull them up?' 'No,' he answered, 'because while you are pulling the weeds, you may root up the wheat with them. Let both grow together until the harvest. At that time I will tell the harvesters: First collect the weeds and tie them in bundles to be burned; then gather the wheat and bring it into my barn.'<sup>320</sup>*

We cannot get rid of evil absolutely; evil has a role to play. If we were to set about uprooting all evil, we would destroy a lot of good wheat. In the words of Thomas Aquinas, “for if all evil were prevented, much good would be absent from the universe.”<sup>321</sup> Augustine seemed to be of similar opinion: “For He [God] judged it better

---

<sup>319</sup> Genesis 2:16–17: “You are free to eat from any tree in the garden; but you must not eat from the tree of the knowledge of good and evil, for when you eat of it you will surely die.”

<sup>320</sup> Matthew 13:24–30.

<sup>321</sup> Aquinas, *Summa Theologica* I. Q22, A2, R.O.2: „[O]ne who provides universally allows some little defect to remain, lest the good of the whole should be hindered ... inasmuch as the defect in one thing yields to the good of another, or even to the universal good: for the corruption of one is the generation of another, and through this it is that a species is kept in existence. Since God, then, provides universally for all being, it belongs to His providence to permit certain defects in particular effects, that the perfect good of the universe may not be hindered, for if all evil were prevented, much good would be absent from the universe. A lion would cease to live, if there were no slaying of animals; and there would be no patience of martyrs if there were no tyrannical persecution.“

to bring good out of evil, than not to permit any evil to exist;” and elsewhere he writes: “For if it were not a good that evil should exist, its existence would not be permitted by the omnipotent God.”<sup>322</sup>

The parasitic weed (evil) should be pulled only in the context of the field; weeds are not pulled outside the field (for example, in a meadow or on a hillside). The parable of the weeds has another dimension: We would certainly not be able to distinguish what is “good seed” and what is weed—until it grows.<sup>323</sup> Our abstract-moral systems are also imperfect, not to mention their transfer into practice. There is no moral school that has proven to be completely consistent and without contradictions. Is it within man’s power at all to distinguish between good and evil (“Do not judge, or you too will be judged.”<sup>324</sup>)? Incidentally, this parable is being fulfilled to this day, when mankind is not able to set up a satisfactory moral system, even though the greatest and most creative minds have attempted to do exactly that.

It is as if beams were stuck in our eyes through which we see the moral world distortedly—we do not perceive our own errors, and at the same time we are capable of pulling out “the speck of sawdust in your brother’s eye.”<sup>325</sup> We are trying to create sophisticated moral systems (one, for example, is the system of the Pharisees) with which we filter out the mosquitoes but swallow the camels.<sup>326</sup> Jesus defied such artificial moral systems in his time, and even mocked them.<sup>327</sup> Jesus left behind that no system of rules could be judged from the outside, only commandments to love. Jesus takes the position that all good or evil comes from within man, be it from his will or his heart.<sup>328</sup> But how should we judge those whose hearts we cannot see into? Paul adds another *nonrule* to this: “The goal of this command is love, which comes from a pure

---

<sup>322</sup> Augustine, *Enchiridion on Faith, Hope, and Love*, 33, 110.

<sup>323</sup> Without evil, are we able to perceive good at all? Do we perceive that our teeth do not hurt until they actually start to hurt and later stop?

<sup>324</sup> Matthew 7:1; also Luke 6:37: “Do not judge, and you will not be judged. Do not condemn, and you will not be condemned. Forgive, and you will be forgiven.”

<sup>325</sup> Matthew 7:3–5.

<sup>326</sup> Matthew 23:24: “You blind guides! You strain out a gnat but swallow a camel.”

<sup>327</sup> Mark 2:27: “Then he said to them, ‘The Sabbath was made for man, not man for the Sabbath. So the Son of Man is Lord even ’f the Sabbath.’”

<sup>328</sup> Payne, *Odkud zlo?* [Whence Evil?] 78.

heart and a good conscience and a sincere faith.”<sup>329</sup> And even more plainly: “To the pure, all things are pure, but to those who are corrupted and do not believe, nothing is pure. In fact, both their minds and consciences are corrupted.”<sup>330</sup> And finally, a crowning *nonrule*: “Everything is permissible for me—but not everything is beneficial. Everything is permissible for me—but I will not be mastered by anything.”<sup>331</sup>

But let’s go back to the Garden of Eden, where, according to the Bible, the ability to know, to distinguish between good and evil, was born. From this standpoint, there remains an eternal paradox whereby all moral schools try to outdo each other on which of them can better *distinguish* the difference between good and evil (to *know* what is good and what is evil).<sup>332</sup> At the same time, according to Genesis, the fall of man from the Garden of Eden was precisely due to the desire to taste the fruits of the Tree of the *Knowledge* of Good and Evil. The desire to know, to distinguish between good and evil, therefore became the cause of the failure—and moral schools try (yet again) to excel in exactly that! Jesus’s words shift morals from the area of acts to the area of thoughts and imaginings, desires. To commit a sin, it isn’t necessary to kill; it’s “enough” to hate.<sup>333</sup>

The difference between hatred and murder is often one of nerve and opportunity, sometimes even mere logistics. Other sins were similarly shifted from external (carried out) to internal (desire for evil, intention), as can be seen in the Sermon on the Mount. A message of the Christian gospel is that when it comes to salvation, good and evil no longer count. As the apostle Paul writes: “Blessed is the man whose sin the Lord will never count against him.”<sup>334</sup> For those who have been forgiven, their evil will now not be counted. This was a very radical (both practically and philosophically) way out of the labyrinth of rules of human morality. Christ atones for our guilt and its repayment, and by doing so he transforms morality and cancels the concepts of good and evil that

---

<sup>329</sup> 1 Timothy 1:5.

<sup>330</sup> Titus 1:15.

<sup>331</sup> 1 Corinthians 6:12. Paul then repeats this four chapters later in 1 Corinthians 10:23: “Everything is permissible—but not everything is beneficial. Everything is permissible—but not everything is constructive.”

<sup>332</sup> For more, see Bonhoeffer, *Ethics*.

<sup>333</sup> Matthew 5:21–22: “You have heard that it was said to the people long ago, ‘Do not murder and anyone who murders will be subject to judgment.’ But I tell you that anyone who is angry with his brother will be subject to judgment. Again, anyone who says to his brother, ‘Raca,’ is answerable to the Sanhedrin. But anyone who says, ‘You fool!’ will be in danger of the fire of hell.”

<sup>334</sup> Romans 4:8.

existed up to that point. Christ cancels the economy of good and evil. The relationship to God is not similar to double-entry accounting, but to love and joy. Instead of this, he offers an unearned, unfair (positively unfair) grace, one that is unfair to our benefit.<sup>335</sup>

### 3.3.3 Labor as a Blessing, Labor as a Curse

We have seen how the concept of labor developed with the Hebrews and the Greeks. Man was placed in the Garden of Eden “to work it and take care of it.”<sup>336</sup> Eden was not a place of idleness; even in a state of perfection and bliss, man worked.<sup>337</sup> Labor belongs to man as a means for fuller expression, self-realization, and ultimately as a permanent source of introspection—a recognition of one’s own possibilities and limits, often even a partial role in this world. Man therefore does not work out of necessity 1 but out of his nature.<sup>338</sup> Unpleasant work (in *the sweat of your face*) occurred only after the Fall.

We read similar stories in Greek legends. Labor long ago was pleasant, but because Pandora, the first woman created (and who was created as a punishment), opened her box, and aside from every possible evil, that which came out of the box was also the unpleasantness of labor—burdensome labor that mankind had not known previously.<sup>339</sup> It is as if labor itself was not cursed (it existed long ago in a blessed form) but suffering was added to its character: “Cursed is the ground because of you; through painful toil you will eat of it all the days of your life.”<sup>340</sup> It is as if it said: “That which was created to give you pleasure and give meaning to your existence will now be frequently disagreeable and will fight with you.”

This conception boldly complements the classical economic view of labor, which implicitly assumes a negative utility from labor from the first hour worked. Today we

---

<sup>335</sup> The idea that all evil is redeemed and that man should, at the same time, remain responsible to God, himself, and those close to him precisely *because of* love and gratitude is truly not trivial. Augustine’s “love and do what you want” might be better understood in this regard. A discussion of grace and the law is understandably deeper and more complicated. This dispute was dealt with by Paul, for example, in his letter to the Romans.

<sup>336</sup> “The LORD God took the man and put him in the Garden of Eden to work it and take care of it.” Genesis 2:15.

<sup>337</sup> See more in *Summa Theologica* I. Q102, A3.

<sup>338</sup> *Summa Theologica* I. Q97, A3, Corpus.

<sup>339</sup> See Hesiod, *Theogony*, 571nn.

<sup>340</sup> Genesis 3:17.

consider work to be a disutility and consumption utility (men work *just so* they can consume). However, we overlook the deeper, ontological sense of labor, or the fact that labor is unique for man and that people see a deep sense in their work and see it as a partial (yet important!) goal of their lives.

But back to the New Testament. Labor should provide man with pleasure and fulfillment. The Bible does not call for a life without manual labor, as opposed to certain Greek ideals. Labor is even a responsibility for man: “If a man will not work, he shall not eat.”<sup>341</sup> The notion that a spiritual person should be clear of all drudgery and earthly hurrying is shaded by the simple reality that Jesus Christ came to Jerusalem as a trained carpenter. All his disciples worked, mostly as fishermen (manual), but also as tax collectors (nonmanual). None of them made their livings as philosophizing intellectuals, people who would spend all their time meditating. Even the Apostle Paul, who composed an astounding part of the New Testament and spread the gospel all the way to Rome, did not *specialize* in spiritual things, and worked any time he could—he built tents so as not to be a bother to others.<sup>342</sup>

Where is the balance between the physically active and contemplative life? Neither the New nor Old Testament sees any *either-or* between the two areas. On the contrary, those who want to live piously should work honestly and make the money for their livelihood, the Apostle Paul writes to the church in Thessalonica, where a growing number of people started to refuse manual labor under the guise of various spiritual reasons.

*In the name of the Lord Jesus Christ, we command you, brothers, to keep away from every brother who is idle and does not live according to the teaching you received from us. For you yourselves know how you ought to follow our example. We were not idle when we were with you, nor did we eat anyone's food without paying for it. On the contrary, we worked night and day, labouring and toiling so that we would not be a burden to any of you. We did this, not because we do not have the right to such help,*

---

<sup>341</sup> 2 Thessalonians 3:10.

<sup>342</sup> Acts 18:1–4: “After this, Paul left Athens and went to Corinth. There he met a Jew named Aquila, a native of Pontus, who had recently come from Italy with his wife Priscilla, because Claudius had ordered all the Jews to leave Rome. Paul went to see them, and because he was a tentmaker as they were, he stayed and worked with them. Every Sabbath he reasoned in the synagogue, trying to persuade Jews and Greeks.”

*but in order to make ourselves a model for you to follow. For even when we were with you, we gave you this rule: "If a man will not work, he shall not eat." We hear that some among you are idle. They are not busy; they are busybodies. Such people we command and urge in the Lord Jesus Christ to settle down and earn the bread they eat. And as for you, brothers, never tire of doing what is right. If anyone does not obey our instruction in this letter, take special note of him. Do not associate with him, in order that he may feel ashamed.*<sup>343</sup>

Elsewhere, the Apostle Paul again emphasizes that not even he lived from the charity of his neighbors, even though he fully concentrated on his spiritual mission to spread the gospels to the pagans:

*I have not coveted anyone's silver or gold or clothing. You yourselves know that these hands of mine have supplied my own needs and the needs of my companions. In everything I did, I showed you that by this kind of hard work we must help the weak, remembering the words the Lord Jesus himself said: "It is more blessed to give than to receive."*<sup>344</sup>

### **3.3.4 Private Ownership: Who Owns the Land?**

Connected with labor is the earning that stems from it, own ownership. Now, is private ownership always valid? In a certain extreme sense, in times of existential need, Christianity doubts the absolute right to private property. Despite this, Thomas Aquinas argues that private ownership has a beneficial influence on social calm, proper order, and positive motivational impulses. Aquinas makes one important exception related to the right of private ownership: "In cases of need all things are common property ... . So that there would seem to be no sin in taking another's property, for need has made it common."<sup>345</sup> This is based on the idea that *by nature* all earthly assets fall under common ownership. His idea has gained popularity not only from the time of the scholastics, but also in the era of classical economics. John Locke, one of the fathers of

---

<sup>343</sup> 2 Thessalonians 3:6–14.

<sup>344</sup> Acts 20:33–35.

<sup>345</sup> Aquinas, *Summa Theologica* IIa–IIae Q.66 A.7 Corpus.

the Euro-Atlantic economic tradition, put forth a similar notion. He argues using both reason and faith: “Whether we consider natural reason, which tells us that men, being once born, have a right to their preservation, and consequently to meat and drink and such other things as Nature affords for their subsistence, or ‘revelation,’ which gives us an account of those grants God made of the world to Adam, and to Noah and his sons, it is very clear that God, as King David says (Psalm 115:16), ‘has given the earth to the children of men,’ given it to mankind in common.”<sup>346</sup> The classical economist John Stuart Mill considers this in a similar context: “No man made the land. It is the original inheritance of the whole species.”<sup>347</sup>

Human law must never infringe on the eternal laws of God.<sup>348</sup> Not even private property laws can be placed above man as a member of human society. In other words, the institution of private property falls at the moment human life is at stake.

While Thomas Aquinas does not see anything bad about wealth as such (on the contrary, as we will still show, he greatly doubts traditional tendencies toward asceticism), he cannot imagine it in conditions of extreme shortages for one’s neighbors (his view of society as a society of neighbors more or less predetermines this view). On the other hand, he is aware that there are many destitute and that it is impossible to satiate all of them. “Nevertheless, if the need be so manifest and urgent, that it is evident that the present need must be remedied by whatever means be at hand..., then it is lawful for a man to succor his own need by means of another’s property, by taking it either openly or secretly: nor is this properly speaking theft or robbery.”<sup>349</sup> This is because “this necessity diminishes or entirely removes sin.”<sup>350</sup> The idea is also repeated in the *First Treatise on Civil Governments* by John Locke, a well-known defender of (almost absolute) property rights.<sup>351</sup>

---

<sup>346</sup> Locke, *Two Second Treatise of Government*, 16.

<sup>347</sup> Mill, *Principles of Political Economy*, 142; For more see M. Novak in *The Catholic Ethic and the Spirit of Capitalism*, especially 151, 285, 287.

<sup>348</sup> Aquinas, *Summa Theologica* Ia-IIae Q.66 A.7 Corpus: “I answer that, things which are of human right cannot derogate from natural right or Divine right.”

<sup>349</sup> Aquinas, *Summa Theologica* Ia-IIae Q.66 A.7 Corpus.

<sup>350</sup> Aquinas, *Summa Theologica* IIa-IIae Q. 66, A6 R.O.1.

<sup>351</sup> John Locke: *First Treatise on Civil Governments*, 4.42. Also see secondary literature: Sigmund, *St. Thomas Aquinas on Politics and Ethics*, especially 73.

The rich should be prepared to share with others in times of need.<sup>352</sup> Aquinas gives the example of the Old Testament instruction that it is not considered a crime for someone to feed themselves from the fruits of a vineyard that does not belong to them. The hungry may eat until full in others' vineyards, provided they do not take any grapes with them. Thomas Aquinas argues that this is not against the law of society's welfare (i.e., private ownership), because the law should be set up in such a way as to "teach people to be used to being prepared to give to others from their property."<sup>353</sup>

The law on gleaning is taken in a similar spirit as well. The rich had the responsibility not to send out a second round of harvesters to collect the first group's leftovers.<sup>354</sup> Everything that was left in the field belonged to the poor, widows, and orphans.<sup>355</sup> Anyone who has read the Old Testament must have noted how frequently the text lays out special orders to protect the socially weakest people.

### 3.3.5 Small Love: Communitarianism, Charity and Solidarity

From an economic viewpoint we cannot go without mentioning the reality that the first church lived in communes of sorts, which functioned on the basis of joint ownership, in the expectation that the end of days would be coming soon:

*All the believers were together and had everything in common. Selling their possessions and goods, they gave to anyone as he had need ... All the believers were one in heart and mind. No one claimed that any of his possessions was his own, but they shared everything they had. There were no needy persons among them. For from time to time those who owned lands or houses sold them, brought the money from the sales and put it at the apostles' feet, and it was distributed to anyone as he had need.*<sup>356</sup>

---

<sup>352</sup> "The second thing that is competent to man with regard to external things is their use. In this respect man ought to possess external things; not as his own, but as common, so that, to wit, he is ready to communicate them to others in their need. Hence the Apostle says [1 Timothy 6:17,18]: 'Charge the rich of this world [!] to give easily, to communicate to others, etc.'" *Summa Theologica* IIa-IIae Q. 66, A2 Corpus.

<sup>353</sup> „The purpose of the law was to accustom men to give of their own to others readily” *Summa Theologica* Ia-IIae Q. 105, A2 R.O.1.

<sup>354</sup> "If you enter your neighbor's vineyard, you may eat all the grapes you want, but do not put any in your basket." Deuteronomy 23:24-25.

<sup>355</sup> "When you reap the harvest of your land, do not reap to the very edges of your field or gather the gleanings of your harvest. Do not go over your vineyard a second time or pick up the grapes that have fallen. Leave them for the poor and the alien. I am the LORD your God." Leviticus 19:9-10.

<sup>356</sup> Acts 2:44-4:35.

A similar means of ownership would later shift to monasteries and occasionally to some Christian cities as well, such as the Czech city of Tábor during the Hussite Wars in the fifteenth century. How the notions of a voluntary and deeply religious communitarianism became atheistic communism is a question unto itself. Regardless, communists owe Christianity for this notion. Nevertheless, as is seen from history, the Marxist communist vision was not capable of offering a functional alternative to capitalism.

We know similar reports of communitarianism from the numerous references to the “House of Prisca and Aquila.”<sup>357</sup> The first generation of Christians wanted to create an “alternative society that separated itself from the dominant imperial society as much as possible.”<sup>358</sup> These local assemblies<sup>359</sup> celebrated the Lord’s Supper<sup>360</sup> and gathered money for the poor.<sup>361</sup>

In Latin, *charitas* means love. In the New Testament, several words for love are used instead of the one used today: The Greek *agapé* (divine love) was different from *erós* (sexual love, flames, attraction), *stergēin* (family love), and *filia* (friendly love).<sup>362</sup> *Charitas* was a kind of social love, compassion. It could almost be said that “small love” is a kind of gravitational force which, while weak (and almost imperceptible in comparison with other forces), is similar to charity in that it is a weak love, difficult to detect in comparison with other loves (which are intense and concentrated on one or a couple of people). But just as with short but strong (nuclear) forces and distant and weak (gravitational) forces, *charitas* holds together large units, in our case society—in a similar way to how gravity keeps together objects at large distances but is not as “strong” as nuclear or electric forces.

---

<sup>357</sup> 1 Corinthians 16:19; Romans 16:5.

<sup>358</sup> Horsley, *Covenant Economics*, 140.

<sup>359</sup> *Ibid.*, 144. It was these local assemblies that Paul seems to have been visiting and writing letters to in his travels.

<sup>360</sup> 1 Corinthians 14:23; Romans 16:23.

<sup>361</sup> Galatians 2:1–10, Acts 15:6–41.

<sup>362</sup> For more, see Lewis, *The Four Loves*, or McCloskey, *The Bourgeois Virtues*, compare to *Letters of C. S. Lewis*, 225.

The oldest charitable or solidarity customs or rules have been known since the Old Testament.<sup>363</sup> The New Testament further expands on this: “Surplus goods that one did not need were to be given as alms rather than to be stored up like a treasure.”<sup>364</sup> And in some cases the New Testament goes even further: “Sell your possessions and give to the poor,” says Jesus to his disciples when he calls to them to “seek his kingdom, and all these things will be given to you as well.”<sup>365</sup>

Nevertheless, redistribution should be carried out from goodwill and voluntarily. The Apostle Paul writes: “Whoever sows sparingly will also reap sparingly, and whoever sows generously will also reap generously. Each man should give what he has decided in his heart to give, not reluctantly or under compulsion, for God loves a cheerful giver.”<sup>366</sup> The Apostle Paul describes equality in redistribution in the following citation about believers inside the church mutually helping each other out:

*Now finish the work, so that your eager willingness to do it may be matched by your completion of it, according to your means. For if the willingness is there, the gift is acceptable according to what one has, not according to what he does not have. Our desire is not that others might be relieved while you are hard pressed, but that there might be equality. At the present time your plenty will supply what they need, so that in turn their plenty will supply what you need. Then there will be equality, as it is written: “He who gathered much did not have too much, and he who gathered little did not have too little.”*<sup>367</sup>

---

<sup>363</sup> According to Lowry, “the earliest suggestion or concept of social or economic justice comes from the book of Nehemiah 5:5 in the Old Testament.” Lowry and Gordon, *Ancient and Medieval Economic Ideas and Concepts of Social Justice*, 5. The biblical citation is Nehemiah 5:1–8: „Now the men and their wives raised a great outcry against their Jewish brothers. Some were saying, ‘We and our sons and daughters are numerous; in order for us to eat and stay alive, we must get grain.’ Others were saying, ‘We are mortgaging our fields, our vineyards and our homes to get grain during the famine.’ Still others were saying, ‘We have had to borrow money to pay the king’s tax on our fields and vineyards. Although we are of the same flesh and blood as our countrymen and though our sons are as good as theirs, yet we have to subject our sons and daughters to slavery. Some of our daughters have already been enslaved, but we are powerless, because our fields and our vineyards belong to others.’ When I heard their outcry and these charges, I was very angry. I pondered them in my mind and then accused the nobles and officials. I told them, ‘You are exacting usury from your own countrymen!’ So I called together a large meeting to deal with them and said: ‘As far as possible, we have bought back our Jewish brothers who were sold to the Gentiles. Now you are selling your brothers, only for them to be sold back to us!’ They kept quiet, because they could find nothing to say.”

<sup>364</sup> Horsley, *Covenant Economics*, 155.

<sup>365</sup> Luke 12:31–33.

<sup>366</sup> 2 Corinthians 9:6–7.

<sup>367</sup> 2 Corinthians 8:11–15.

Now about the collection for God's people:

*Do what I told the Galatian churches to do. On the first day of every week, each one of you should set aside a sum of money in keeping with his income, saving it up, so that when I come no collections will have to be made. Then, when I arrive, I will give letters of introduction to the men you approve and send them with your gift to Jerusalem.*<sup>368</sup>

The social safety net inside the church was supposed to function like that. But it was not about applying it to the entire society, where Paul had no guarantees that the money collected would be fairly handled. The money was only sent to places where there was an urgent need.

Now let's briefly look at the economic ethos developing in the dominantly Christian Europe later on.

### **3.4 LATER DEVELOPMENT: AUGUSTINE'S ASCETICISM AND AQUINAS'S GROUNDEDNESS**

Augustine and Thomas Aquinas were among the key personalities who shaped Christian Europe and influenced its development. We can read about the tension between accepting the world and its marginalization in many parts of the New Testament, although Jesus's teachings do not stand as a priori negative against the world. One of the key messages of Jesus's gospel was made up of the news repeated many times that "the Kingdom of God is at hand."<sup>369</sup> In a certain sense it is already present in this material world, as if it were constantly arriving, breaking like waves on this world.<sup>370</sup>

---

<sup>368</sup> 1 Corinthians 16:1-3.

<sup>369</sup> "The time is fulfilled, and the kingdom of God is at hand; repent and believe in the gospel." (English Standard Version, Mark 1:15). The Kingdom of God is a strange concept, hard to identify; "nor will people say, 'Here it is,' or 'There it is,' because the kingdom of God is within you." (Luke 17:21). The fact that the Kingdom is not *there* is also nicely described in the apocryphal Gospel of Thomas: "Jesus said, 'If your leaders say to you, "Look, the (Father's) kingdom is in the sky," then the birds of the sky will precede you. If they say to you, "It is in the sea," then the fish will precede you. Rather, the kingdom is within you and it is outside you.'" Sentence 3 from Patterson and Meyer, *The "Scholars' Translation" of the Gospel of Thomas*.

<sup>370</sup> C. S. Lewis probably best describes the coming of the Kingdom of God: "At present we are on the outside of the world, the wrong side of the door. We discern Fresnel and purity of the meaning, but they do not make us fresh and

Augustine ties, to a large degree, into Platonism,<sup>371</sup> and in the existing world he instead sees only a hallucination, a shadowplay which only tells of the *truly existing* world—for him, the visible does not represent reality (which in many ways is similar to the occasional extremes of a rational notion of the world, where abstractions are placed above the concrete). This is not directly about the dualism of body and spirit, but despite this Augustine understood the body as the “weight of the soul.”<sup>372</sup> This notion itself meant that economics did not assign a great deal of importance to it. From an economic standpoint, it will be interesting for us to follow a later great personality, Thomas Aquinas, who reversed attention from the Augustine inwardness toward examining the external world.

Aristotle’s writings, which reversed attention rather toward the external world, were discovered in Europe only in the time of Aquinas. At the end of the high Middle Ages, Aristotle was seen as a threat to Augustinian oriented Christianity. Thomas Aquinas did not disdain an Aristotelian interpretation of earthly topics, but instead he endeavored them, so that slowly it would come to pass that “the world receives loving attention.”<sup>373</sup> Just as Augustine connected the ideas of Platonism to Christianity, Thomas Aquinas did the same with the ideas of Aristotle (he refers to Aristotle almost constantly in his writings—what’s more, he refers to him as a Philosopher—with a capital P).<sup>374</sup> One of Thomas Aquinas’s main contributions was that he served as an alternative to Augustinian neo-Platonism, which dominantly supported the teaching of

---

pure. We cannot mingle with splendors we see. But all the leaves of the New Testament are rustling with the rumor that it will not always be so. Some day, God willing, we shall get in.” *The Weight of Glory*, 16–17.

<sup>371</sup> Specifically, for example, in the book *Confessions*, book 7.

<sup>372</sup> Augustine, *City of God*, 19.17: “When we shall have reached that peace, this mortal life shall give place to one that is eternal, and our body shall be no more this animal body which by its corruption weighs down the soul, but a spiritual body feeling no want, and in all its members subjected to the will.” On the other hand, we need to mention that Augustine tried to leave behind the extreme version of Plato’s and especially Plotinus’s duality of mind and matter, in which the flesh has a strongly negative connotation. A more detailed and finer distinction can be found in Augustine’s narration on Psalm 142, eighth verse. For more detail, see for example Sipe, “Struggling with Flesh: Soul/Body Dualism in Porphyry and Augustine.”

<sup>373</sup> Falckenberg and Drake, *History of Modern Philosophy*, 13.

<sup>374</sup> Despite Aquinas’s accepting a large part of his teachings from Aristotle, he does not accept them uncritically, and it would be a strong simplification to argue that Thomism is just Aristotelianism in another guise, “re-christened.” He cites Aristotle so that he does not have to unnecessarily repeat evidence already carried out, not out of blind honor for the word the Philosopher said. As opposed to his contemporary, Siger of Brabant, who let it be heard that more must be done to secure the opinion of the Philosopher than of the truth, for Aquinas, it was precisely about defending the truth, not Aristotle. On certain points Aquinas, on the contrary, points out Aristotle’s erroneous argumentations, and on some questions he leans toward the opinion of Augustine or the neo-Platonic Dionysius Areopagita.

the Western church for a thousand years.<sup>375</sup> By “christening” Aristotle, Aquinas created a system that viewed the created world through markedly friendlier eyes. One of the charges of the time against Thomas Aquinas (and Albert) that very well describes this was: “They claim divine wisdom, although worldliness is far more native to their minds.”<sup>376</sup>

### 3.4.1 Aquinas’s Celebration of Reality

Neoplatonic thought favors the notion of an ascension toward God’s *unchanging* existence through a gradational hierarchy, ranked more or less according to ties to matter. But Thomas Aquinas considers it differently: “Everything, whether alive or not, whether material or spiritual, whether perfected or wretched, and in fact whether good or evil—everything that has existence, confronts us with the very basic existence of God. This world is not only good—it is in a very precise sense holy.”<sup>377</sup> Aquinas teaches us to behave with respect toward *all* creation, to take a positive position on everything that exists. In the words of Thomas Aquinas, “each thing is good because it possesses actual being . . . being itself must be called a good.”<sup>378</sup> “God is in all things.”<sup>379</sup> From an ontological standpoint, Thomas Aquinas understood the material world to be absolutely *real*. This world was not just a hallucination, a shadow, a trap, a test bed for evil, an imperfect forerunner to the real world—as could be found in the extreme Platonists and some notions of Augustine. For Aquinas, it made perfect sense to resolve the problems of this world.<sup>380</sup>

---

<sup>375</sup> “The truth is that the historical Catholic Church began by being Platonist; by being rather too Platonist.” Chesterton, *St. Thomas Aquinas*, 36.

<sup>376</sup> Pieper, *Guide to Thomas Aquinas*, 121.

<sup>377</sup> Pieper, *Guide to Thomas Aquinas*, 142.

<sup>378</sup> Aquinas, *Contra Gentiles* III, Q.7, part 3. To explain the full logic goes like this:

“From these considerations it becomes evident that no essence is evil in itself. In fact, evil is simply a privation of something which a subject is entitled by its origin to possess . . . Now, privation is not an essence; it is, rather, a negation in a substance. Therefore, evil is not an essence in things. Again, each thing has actual being in accord with its essence. To the extent that it possesses being, it has something good; for, if good is that which all desire, then being itself must be called a good, because all desire to be. As a consequence, then, each thing is good because it possesses actual being. Now, good and evil are contraries. So, nothing is evil by virtue of the fact that it has essence. Therefore, no essence is evil . . . . Therefore, nothing is evil by virtue of its essence . . . . Now, every being intends a good, when it is acting, as has been proved. Therefore, no being, as being, is evil.”

<sup>379</sup> Aquinas, *Summa Theologica* I . Q8 (Whether God is in all things?) A1, Corpus.

<sup>380</sup> Novak, *The Spirit of Democratic Capitalism*, 71, 96.

Thomas Aquinas went even further than Aristotle in his positive position toward *matter*. Aristotle argued that the world was formed by God from *preexisting* matter, which did not represent a subject of God's creation, but the material from which God only formed individual entities. Aquinas, entirely in keeping with the teachings of Judaism, remains convinced that even this primordial *matter* was created by God and that even that is the work of a *good* God's creation,<sup>381</sup> "for everything God created is good."<sup>382</sup> Aquinas counters Augustine's argument that "for the soul to be happy, it must be severed from everything corporeal,"<sup>383</sup> with the notion that the soul sequestered from the body is no more similar to God than the soul in the body. Corporeality therefore does not have to be negative; on the contrary, Aquinas defends it.

This question, which at first appears unspectacular, has immense consequences, especially for economics. If God created out of nothing, *ex nihilo*, then matter too must be the creation of a good God. From this viewpoint, matter, reality, and *this* world represent good—it is therefore worth dealing with, worth improving, and worth addressing. Today, it seems, we are at a somewhat different extreme, that of too much care of the material, exterior world and neglecting our interior, spiritual world, or neglecting the *care for the soul* (as one of the most influential Czech philosophers of the twentieth century, Jan Patočka, writes). Now, the era before Aquinas was biased in exactly the opposite direction. This swing of the pendulum is interesting, as both extremes are to be avoided. As Aquinas's biographer, G. K. Chesterton wrote, "God made Man so that he was capable of coming in contact with reality; and those whom God hath joined, let no man put apart."<sup>384</sup> As presented by Thomas Aquinas, we look on something that could be called a blessing and emancipation of what today is a common perception of economic behavior.

---

<sup>381</sup> Aquinas, *Summa Theologica* I. Q44, A2, Corpus.

<sup>382</sup> 1 Timothy 4:4.

<sup>383</sup> Augustine's opinion quoted in the *Summa Theologica*, Ia-IIe. Q4, A6, Corpus. Original citation from Augustine's *City of God*, 22.26.

<sup>384</sup> Chesterton *St. Thomas Aquinas*, 91.

### 3.4.2 Archetypes of the Invisible Hand

But what to do with the evil that undoubtedly exists? Is it necessary to thoroughly punish and eradicate it through restraints and laws? Thomas Hobbes, for many the greatest philosopher of the modern era, offers a solution. According to Hobbes, man is born infected by evil, and that is why his acts need to be firmly corrected and inspected. He offers the tough, firm hand of ruler-tyrant as a solution, someone with strong executive powers for suppressing all evil.<sup>385</sup>

If that does not occur, then wantonness will spread among free people, and soon thereafter will be a war with everyone against everyone (*bellum omnium contra omnes*) and chaos will start to grow. It isn't necessary to point out that this consideration has immense impacts for the notion of the economic freedom of individuals, however they are economically engaged. Aquinas stands against this notion: "Every evil is based on some good. Indeed, evil cannot exist by itself, since it has no essence ... So, every evil is in a good thing."<sup>386</sup> Evil in and of itself (in and *for* itself) does not exist.<sup>387</sup> It is impossible to commit evil, unless there is some good for whose sake one does the evil deed.<sup>388</sup> Pure evil cannot be intended; it may occur only outside intent.<sup>389</sup> Evil things (evil decisions) do exist,<sup>390</sup> but they defy the basic orientation of human nature.<sup>391</sup> Human nature, and sound reason, tend toward good. Even Socrates had a similar opinion: "Anyone who does anything wrong or bad does so involuntarily."<sup>392</sup>

---

<sup>385</sup> Hobbes, *Leviathan*, 129: "Tie them by fear of punishment to the performance of their covenants ... justice, equity, modesty, mercy, and, in sum, doing to others as we would be done to, of themselves, without the terror of some power ... are contrary to our natural passions."

<sup>386</sup> Aquinas, *Contra Gentiles* III, chapter 11 (the title of the chapter is "That Evil Is Based on the Good"). "It can also be shown from the preceding considerations that every evil is based on some good. Indeed, evil cannot exist by itself, since it has no essence, as we have demonstrated."

<sup>387</sup> *Ibid.*, chapter 12. In chapter 7 he concludes with some joy that, "it is impossible for any being, as a being, to be evil ... Through this consideration, the error of the Manicheans is refuted, for they claimed that some things are evil in their very natures."

<sup>388</sup> *Ibid.*, chapters 4, 6, and 7.

<sup>389</sup> *Ibid.*, chapter 14: "Therefore, it is clear that evil is an accidental cause and cannot be a direct cause by itself." Or elsewhere, in III, chapter 71: "It is impossible for an agent to do something evil, unless by virtue of the fact that the agent intends something good."

<sup>390</sup> *Summa Theologica* Ia-IIae, Q18, A1.

<sup>391</sup> *Ibid.*, Q71, A2, OTC, here quotes Augustine (*De Lib. Arb.* III, 13) "Every vice, simply because it is a vice, is contrary to nature."

<sup>392</sup> "[A]s if there were anyone who willingly did bad things. I am pretty sure none of the wise men thinks that any human being willingly makes a mistake or willingly does anything wrong or bad. They know very well that anyone who does anything wrong or bad does so involuntarily." Plato, *Protagoras*, 345d-e.

To avoid misunderstandings: I do not want to say here that man was or is good but only insofar as his nature, if you will his core, is good. Man has a good core, a good essence, was created in good, but a distortion occurred and man actually does carry out evil deeds.<sup>393</sup> But he has a tendency toward good and is not altogether rotten to the core; man is, to put it in Christian terms, still salvable, including the “worst.” If there is nothing, absolutely nothing good in mankind, what would be the point of saving them?<sup>394</sup> This is precisely the human core to which God can speak and address his challenges and calls. Bad things that are carried out are a subset of the good. Man can contemplate evil (murder), but it is carried out in a different intention (perhaps revenge, which is his subjective feeling of justice, and justice is good—he gets revenge out of [his feeling for] justice). Even the greatest evils (such as the Holocaust or witch-burning) are carried out under the pretense (rhetorically but also from the convictions of many) of a greater good, one which was behind this evil (the Nazis argued for a greater *Lebensraum* [living space, or the need to expand]; the Inquisitors that their acts would rid the world of evil). So man then carried out entirely mistakenly the greatest evil thinkable, but always did so in the (most self-warped) effort toward *some kind* of good. Intention is not enough for good; knowledge is also necessary.

Evil has its role here in this world: “For if all evil were prevented, much good would be absent from the universe,”<sup>395</sup> Aquinas writes. Elsewhere he mentions that “many goods are present in things which would not occur unless there were evils.”<sup>396</sup> And all in all [my emphasis]:

*It does not pertain to divine providence to prohibit evil entirely from things . . . good of the whole takes precedence over the good of a part. It is proper for a governor with foresight to neglect some lack of goodness in a part, so that there may be an increase of goodness in the whole ... . If evil were removed from some parts of the universe, much perfection would perish from the universe, whose beauty arises from an ordered unification of evil and good things. In fact, while evil things originate from good*

---

<sup>393</sup> Mark 7:20–23; Jeremiah 17:9.

<sup>394</sup> “It is not the healthy who need a doctor, but the sick.” Mark 2:1; “[W]ho wants all men to be saved and to come to a knowledge of the truth.” 1 Timothy 2:4.

<sup>395</sup> Aquinas, *Summa Theologica* I. Q22, A2, R.O.2.

<sup>396</sup> Aquinas, *Contra Gentiles* III, chapter 71.

*things that are defective, still, certain good things also result from them, as a consequence of the providence of the governor. Thus, even a silent pause makes a hymn appealing. Therefore, evil should not have been excluded from things by divine providence.*<sup>397</sup>

In some ways this starts to sound like the thesis that would later come out in Mandeville's *The Fable of the Bees: or, Private Vices, Publick Benefits*.<sup>398</sup> In his book *New Studies in Philosophy, Politics, Economics, and the History of Ideas*, F. A. Hayek perceives this context very well; he explicitly makes reference to the unoriginality of Mandeville's reflection: "Had not even Thomas Aquinas had to admit that *multitudae ulilitates impedirentur si omni peccata districte prohiberentur* — that much that is useful would be prevented if all sins were strictly prohibited?"<sup>399</sup>

The idea of the invisible hand, or that an unsystematic and frequently evil effort from an individual in society leads to common benefit, is well known among the ancients as well. It was neither Adam Smith nor Bernard Mandeville, nor even Thomas Aquinas, who was the first to express this principle. The ancient poet Aristophanes writes:

*There is a legend of olden time  
That all our foolish plans and vain conceits  
Are overlured to work the public good.*<sup>400</sup>

But Aquinas's conception is aimed elsewhere. Even if God does not want evil,<sup>401</sup> Aquinas puts the existence of evil into the context of *evidence* of God's existence and providence, and against those who see evidence of the nonexistence of God in evil acts.

---

<sup>397</sup> Aquinas, *Contra Gentiles* III, chapter 71, part 7.

<sup>398</sup> At the time of its publication, the fable provoked a major scandal (Hayek, *New Studies in Philosophy, Politics, Economics, and the History of Ideas*, 252), and we will show why later.

<sup>399</sup> Hayek, *New Studies in Philosophy, Politics, Economics and the History of Ideas*, 252. Citation from *Summa Theologica* IIa-IIae. Q78, A.2.

<sup>400</sup> Aristophanes, *Ecclesiazusae*, 289. Hayek cites in *The Trend of Economic Thinking: Essays on Political Economists and Economic Thinking*, vol. 3, 85, also in *New Studies in Philosophy, Politics, Economics, and the History of Ideas*, 254.

<sup>401</sup> Aquinas, *Contra Gentiles* I, chapter 95.

For the purposes of the welfare of the whole, partial evil must necessarily exist.<sup>402</sup> The good of the whole supercedes the good of its parts, as we have shown above. In support of these ideas, Aquinas presents two citations from the Bible:

*I form the light and create darkness,  
I bring prosperity and create disaster;  
I, the LORD, do all these things.*<sup>403</sup>

And elsewhere:

*When a trumpet sounds in a city,  
do not the people tremble?  
When disaster comes to a city,  
has not the LORD caused it?*<sup>404</sup>

If absolute good is to exist, it would certainly be a notion of God. Nevertheless, we see from the citation above that the Hebrews see things in a more complicated light: While it is God who causes peace, he also “causes disaster.” Ultimately it is God who placed the Tree of the Knowledge of Good and Evil in the Garden of Eden, and when people ate of it He commented that “the man has now become like one of us, knowing good and evil.”<sup>405</sup> On the other hand, we have again shown that even Satan, the embodiment of evil, plays a dual role; his evil role serves to contribute to *some* kind of good. But for moral categories of good and evil to exist, for morals to exist, freedom must exist, because we can only speak of morals within the context of free choice. In this sense, good cannot exist without (at least the possibility of) evil. The possibility of evil existed even in a perfect Eden.

---

<sup>402</sup> Aquinas, *Summa Theologica* I. Q22, A2, R.O.2.

<sup>403</sup> Isaiah 45:7.

<sup>404</sup> Amos 3:6. With this *Wesley's Notes* comment on this verse: “Evil ... either immediately by his [God's] own hand, or by the hands of those he employs. Whatever are the instruments, God is the principal agent. Out of his mouth both good and evil proceed.” Matthew Henry's concise *Commentary*: “The evil of sin is from ourselves, it is our own doing; but the evil trouble is from God, and is his doing, whoever are the instruments.”

<sup>405</sup> Genesis 3:22.

Evil therefore cannot be wiped out from the world, nor is that desirable. This conception does not legitimize the idea of laissez-faire directly, but it significantly enriches it. We have already partially shown this in the parable of the weeds. In any case, we have moved far from the tough and thorough wiping out of vices by a governing power. God's providence does not rule out evil. "Nor was it fitting for the common good to be destroyed in order that individual evil be avoided, especially as God is so powerful that he can direct any evil to a good end."<sup>406</sup> Or, put even more bluntly: "I answer that it is by no means lawful to induce a man to sin, yet it is lawful to make use of another's sin for a good end, since even God uses all sin for some good, since He draws some good from every evil."<sup>407</sup>

Sometimes it is better to harness the devil to the plow than to fight against him. Instead of drawing up huge amounts of energy in the struggle against evil, it is better to use its own energy toward the desired goals; placing a mill on a raging river or harnessing the devil to a cart, as the Czech Saint Prokop did. If you cannot defeat him, trick him. It is wiser and more advantageous to make appropriate use of chaotic natural forces than to try vainly to suppress them in a Sisyphean manner. It is the same curse of evil we already know, thanks to the slip of the tongue of Goethe's Mephistopheles:

*Part of that Power, not understood,  
which always wills the Bad, and always works the Good.*<sup>408</sup>

It is enough to direct and *regulate* the self-propelled energy of chaos, which nourishes itself and creates a feedback loop of causality, so that it serves our goals, as that saint did. Economics should then mean the art of helmsmanship. The interaction of chaos and free will should not be understood as an obstacle (even if it appears as a stormy sea) but as a resource. Instead of trying to calm the sea down and directing it by threats of violence, one should instead learn how to steer *on it*. Michael Novak writes interestingly about this problem in his book *The Spirit of Democratic Capitalism*. He argues that in all existing and historical systems, only the system of democratic

---

<sup>406</sup> Aquinas, *Summa Theologica* I. Q92, A1, R.O.3.

<sup>407</sup> Ibid., IIa-IIae Q.78 A4 Corpus

<sup>408</sup> Goethe, *Faust: A Tragedy*, scene 3.

capitalism has understood how deeply embedded “sin” is in the human spirit; however, it is not possible for any system to uproot this sin. For this reason, capitalism takes the “fallen world” as the base for reality, and in addition manages to “retransform its energy into creative power.”<sup>409</sup>

Ultimately God also “plows with the Devil.” He can use and uses this evil as His (albeit according to the interpretation of the passage in Ezekiel, “stormy”<sup>410</sup>) servant.

### 3.5 GOOD OR EVIL MAN

The question of whether man is good or evil is a key question for the social sciences. “Regulation” will develop from it. If man is evil by nature, then it is necessary to force him toward good (in the context and under the pretext of “social good”) and limit his freedom. If it is a *dog-eat-dog world*, as Hobbes believes, we need a strong state, a powerful Leviathan that *forces* men toward (men’s unnatural) good.

But if on the other hand human *nature* (or something of the ontological core of man’s being, his very “I”) is good, then more laissez-faire is possible. Man can be *left alone*, because human nature will automatically have a tendency to steer him toward good. State interventions, regulation, and limits to freedom need be applied only where man as part of a whole is not sufficiently (collectively) rational, where spontaneous social coordination works poorly or where *forced* coordination is capable of ensuring better results (in the case of externalities, for example). This is one of the key questions for economics: Can the free will of thousands of individuals be relied on, or does society need coordination from above? Which are the areas of human activity where the spontaneous market can achieve optimal results? When does the interaction of free

---

<sup>409</sup> Novak, *The Spirit of Democratic Capitalism*, chapter 4: “Sin.”

<sup>410</sup> Ezekiel 28:11–19. This prophecy against the King of Tyrus was so persuasive that it has become adapted to relate directly to the fallen angel Lucifer. Because of its persuasiveness and poetry, it is appropriate to cite it in full: “You were the model of perfection, full of wisdom and perfect in beauty. You were in Eden, the garden of God; every precious stone adorned you: ruby, topaz and emerald, chrysolite, onyx and jasper, sapphire, turquoise and beryl. Your settings and mountings were made of gold; on the day you were created they were prepared. You were anointed as a guardian cherub, for so I ordained you. You were on the holy mount of God; you walked among the fiery stones. You were blameless in your ways from the day you were created till wickedness was found in you. Through your widespread trade you were filled with violence, and you sinned. So I drove you in disgrace from the mount of God, and I expelled you, O guardian cherub, from among the fiery stones. Your heart became proud on account of your beauty, and you corrupted your wisdom because of your splendor. So I threw you to the earth; I made a spectacle of you before kings. By your many sins and dishonest trade you have desecrated your sanctuaries. So I made a fire come out from you, and it consumed you, and I reduced you to ashes on the ground in the sight of all who were watching. All the nations who knew you are appalled at you; you have come to a horrible end and will be no more.”

(unregulated) human activity head spontaneously toward good and when does it head toward evil? It is precisely in this question of the good or evil of the human core where various schools' differing approaches lie. Are we a society of villains or of neighbors?

### 3.5.1 The Society of Neighbors

Love toward one's neighbor is one of the key messages of Christianity. Man is born as a *zoon politikon*, a social being.<sup>411</sup> We do not come together into societies because of our shortcomings or necessity (this is not the primary reason) but due to our social character.<sup>412</sup> Not even the newly created and perfect Adam was supposed to remain in solitude: "The LORD God said: 'It is not good for the man to be alone.'"<sup>413</sup>

In the pages of *Summa Theologica*, Thomas Aquinas argues that man was supposed to live a "social life" even in the Garden of Eden—in a state of perfection and innocence.<sup>414</sup> But he goes even further. For him, man is naturally *the familiar and friend of every man*, which is the absolute opposite notion to Hobbes's *dog-eat-dog* world. Aquinas's man is good and, as a social being, is determined to do good even to others. This has a fundamental influence on the view of society and therefore also on the formation of the (economic) tools with which he operates, as Aquina explains here:

*Besides, since "man is naturally a social animal," he needs to be helped by other men in order to attain his own end. This is most fittingly accomplished by mutual love, which obtains among men. Therefore, by the law of God, which directs men to their ultimate end, mutual love is prescribed for us.... Now, it is natural to all men to love each other. The mark of this is the fact that a man, by some natural prompting, comes to the aid of any man in need, even if he does not know him. For instance, he may call*

---

<sup>411</sup> Aquinas, *Summa Theologica* I. Q97, A4, Corpus; also Aquinas, *Contra Gentiles* III, chapter 117. The term and the idea of *zoon politikon* is taken, of course, from Aristotle. Also see Thomas Aquinas, *De Regno, On Kingship to the King of Cyprus*: "Yet it is natural for man, more than for any other animal, to be a social and political animal, to live in a group." 1.1.4.

<sup>412</sup> On the other hand, in order to avoid possible misinterpretations, it will be appropriate to note that Aquinas's man is an individual—that individuality exists (see *Contra Gentiles* III, chapter 113) and souls are specific (Sigmund, *St. Thomas Aquinas on Politics and Ethics*, 137). At the time not even this question was clear. A struggle with Islamic philosophers flamed up here as well; they believed that all people had a common *racios*, common reason.

<sup>413</sup> Genesis 2:18.

<sup>414</sup> "Because man is naturally a social animal and so in the state of innocence he would have led a social life." *Summa Theologica* I, Q97, A4, Corpus.

*him back from the wrong road, help him up from a fall and other actions like that: “as if every man were naturally the familiar and friend of every man.”*<sup>415</sup>

Aquinas further writes:

*For men are of mutual assistance to each other in the knowing of truth, and one man may stimulate another toward the good, and also restrain him from evil. Hence it is said: “As iron sharpens iron, so one man sharpens another.” (Prov. 27:17). And it is said in Ecclesiastes (4:9–12): “Two are better than one, because they have a good return for their work: If one falls down, his friend can help him up. But pity the man who falls and has no one to help him up! Also, if two lie down together, they will keep warm. But how can one keep warm alone? Though one may be overpowered, two can defend themselves. A cord of three strands is not quickly broken.”*<sup>416</sup>

But with such knowledge, Aquinas still sees the existence of rulers as necessary; rulers to correct the free movement of crowds, so that society does not fall apart. Aquinas does not allow for anarchy. The following citation represents this reality in several sentences. In addition he considers the coordination of public interests by a ruler, which creates the central topic of economics:

*If, then, it is natural for man to live in the society of many, it is necessary that there exist among men some means by which the group may be governed. For where there are many men together and each one is looking after his own interest, the multitude would be broken up and scattered unless there were also an agency to take care of what appertains to the commonweal. In like manner, the body of a man or any other animal would disintegrate unless there were a general ruling force within the body which watches over the common good of all members. With this in mind, Solomon says [Eccl. 4:9]: “Where there is no governor, the people shall fall.”*<sup>417</sup>

---

<sup>415</sup> Aquinas, *Contra Gentiles* III, chapter 117 (this chapter is called “That We Are Ordained by Divine Law to the Love of Neighbor”).

<sup>416</sup> *Ibid.*, chapter 128.

<sup>417</sup> Aquinas, *De Regno*, 1.1.8.

Elsewhere Aquinas writes: “Men also adopt different methods in proceeding towards their proposed end, as the diversity of men’s pursuits and actions clearly indicates. Consequently man needs some directive principle to guide him towards his end.”<sup>418</sup>

Society therefore requires neither a *tyrant* nor a *central planner*, but a *regulator*, a ruler-helmsman. So economics must also be epitomized by the helmsman’s art, instead of as a tool for turning the flow of rivers or completely remaking them.

### 3.5.2 Reason and Faith

It would be a major misunderstanding to argue that the era of medieval scholastics was a period of blind faith and that humanity had to wait until the Enlightenment for the renewal of reason. If we read Thomas Aquinas with this erroneous perspective, we will again and again be taken aback by how much emphasis he places on the rational part of knowledge. In this regard he appears as one of the most devoted listeners to reason. Many other theologians before and after him appealed to pure revelation and disdained reason under the heading “lean not to your own understanding.”<sup>419</sup> For example, Martin Luther later stated that faith is set up as the antithesis of reason, and he called reason “the devil’s whore.”<sup>420</sup> For the first time in this context, Aquinas’s quote comes to the fore: “It is impossible that the truth of faith should be opposed to those principles that the human reason knows naturally . . . for God is the Author of our nature.”<sup>421</sup> He requires a dialectic relationship between faith and reason in the sense that one needs the other, and he himself takes great pains that reason be developed as much as possible and that our faith not be misguided.

But Aquinas goes even further and insists that science is important for the teaching of faith, because if something can be undoubtedly proven which evidently resists dogma, then here science has revealed an item of faith, which has either been

---

<sup>418</sup> Aquinas, *De Regno*, 1.1.

<sup>419</sup> Proverbs 3:5.

<sup>420</sup> Luther, *Last Sermon in Wittenberg*, Band 51:126, Line 7ff. The entire citation reads, “But since the devil’s bride, Reason, that pretty whore, comes in and thinks she’s wise, and what she says, what she thinks, is from the Holy Spirit, who can help us, then? Not judges, not doctors, no king or emperor, because [reason] is the Devil’s greatest whore.” Also see Nelson: *Economics as Religion*, 131.

<sup>421</sup> Aquinas, *Contra Gentiles* I, chapter 7, part 1.

badly interpreted or not understood.<sup>422</sup> Reason could not have received higher recognition. He designated the role of science in the following manner: If practical discoveries can be truly proven, the traditional explanation of the Bible must defer, because that interpretation was erroneous. Aquinas's biographer G. K. Chesterton is convinced that if the whole matter were left to Aquinas and the likes of him, there would have never been such a clash between religion and science.<sup>423</sup>

Reason is made nearly equal to virtue; revolting against reason was for Aquinas like revolting against God, for "in that field the reason has a right to rule, as a representative of God in Man."<sup>424</sup> According to Chesterton, Aquinas envisages divinity as pure intelligence. A person is as virtuous as the level on which they are able to listen to their reason and later act according to it. Not using reason where possible is a sin—"vincible ignorance is a sin," he writes.<sup>425</sup> In the chapter in which he discusses drunkenness, he classifies drunkenness as a sin precisely because man consciously gives up the use of reason.<sup>426</sup> We find an entire range of similar exaltations in Aquinas's writings. Aquinas was not able to imagine, as wasn't Descartes years later,<sup>427</sup> "God the Deceiver," who gave man reason and senses only so he could deceive him.

Aquinas revels in reason as far as it goes. In this he is very similar to Thomas H. Huxley, an agnostic who invented the word "agnosticism." In fact, Aquinas nearly literally accepts Huxley's definition of the agnostic method: *To stick to reason as far as it is possible*. The only question is *how far* is it possible? For at a certain point in argumentation, sooner or later, every rationalist falls back on intuition.<sup>428</sup>

---

<sup>422</sup> Aquinas, *Contra Gentiles* II, chapter 3. Also see Pieper, *Guide to Thomas Aquinas*, 118–119.

<sup>423</sup> See Chesterton, *St. Thomas Aquinas*.

<sup>424</sup> Chesterton, *St. Thomas Aquinas*.

<sup>425</sup> *Summa Theologica* I, chapter 2, Q 76, A.2.

<sup>426</sup> "Thus drunkenness (of this kind) is a mortal sin because through it a man willingly and knowingly deprives himself of the use of reason which enables him to act virtuously and avoid sin." *Summa Theologica* IIa–IIae, Q150, A2.

<sup>427</sup> Descartes, *Discourse on Method*; similar topics also in *Meditations*.

<sup>428</sup> As G. K. Chesterton puts it: "*I am a rationalist. I like to have some intellectual justification for my intuitions.*" (Chesterton, *Orthodoxy*, 203).

### 3.5.3 The City, Nature, and Freedom

Thomas Aquinas also runs into the trade-off between personal independence and social progress, which even Gilgamesh's civilized friend Enkidu knew. Aquinas writes:

*If man were intended to live alone, as many animals do, he would require no other guide to his end. Each man would be a king unto himself, under God, the highest King, inasmuch as he would direct himself in his acts by the light of reason given him from on high. Yet it is natural for man, more than for any other animal, to be a social and political animal, to live in a group. This is clearly a necessity of man's nature. For all other animals, nature has prepared food, hair as a covering, teeth, horns, claws as means of defence or at least speed in flight, while man alone was made without any natural provisions for these things. Instead of all these, man was endowed with reason . . . Now, 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 the society of many.*<sup>429</sup>

Specialization meant the necessity of social development from primitive being (just as the humanized Enkidu did) to a higher level. In this sense it is important to note that, as Georg Simmel puts it, "The metropolis has always been the seat of the money economy. Here the multiplicity and concentration of economic exchange gives an importance to the means of exchange which the scantiness of rural commerce would not have allowed."<sup>430</sup>

Man alone is unable to ensure all of the happiness society offers. If he lived alone in the desert or on a forgotten island, he would be the ruler of himself. Instead of the material well-being he receives in a specialized society, he would gain the freedom to govern himself and not be subordinate to anyone in a social structure. But if he lives in society and were to use its advantages, he must be naturally part of the order that enables society to head toward a common goal.

---

<sup>429</sup> Introduction to *De Regno*, 1.1.

<sup>430</sup> Simmel, *Simmel on Culture*, 176.

### 3.6 CONCLUSION: THE BIBLE AS AN ECONOMIC READING

Christianity is the leading religion of our Euro-American civilization. Most of our social and economic ideals come from Christianity or are derived from it. The economy is thus often believed or presented to be more of a social fabric than religious faith itself. If we have such high expectations of these commonly held beliefs (for example, in secularized economic progress), we must treat those beliefs with the same scrutiny as others.

It is surprising how much the economy has in common with the Old and New Testaments. The original sin can be also interpreted as a “sin of consumption,” as Adam and Eve did actually consume something that they had no title to and did not need to consume; that consumption was connected with guilt. Most of Jesus’s parables use economic language or context. And the very key term of Christianity—redemption—originally had a purely economic meaning—to redeem, to purchase a slave, and to set him or her free. This undeserved forgiveness of debts, redemption, the forgiveness of sins, can be observed in our culture as well—when the government plays the role of the redeemer and redeems overindebted banks and companies. So did the word *sin*, which meant *debt* in Greek, originally have a purely economic meaning. In fact, the key concepts of Christianity would not make sense without economic terminology. And so it appears that the basic messages of Christianity can be better understood in our economic age much better if they are interpreted in the (original) economic terminology. They become much more specific and current. The prayer “forgive us our sins” meaning “cancel our debts” could be heard from the leading banks in the crisis of 2008 and 2009.

Christian thought highlights the concept of what could be called positive unfairness. It is unfair in a positive sense—such as redemption, or the parable of unjustly high wages for workers. It doesn’t matter how hard you try—everyone gets the same reward. Christianity thus largely abolishes the accounting of good and evil. God forgives, which is positively unfair. Christianity introduces the concept of heaven into the great narrative and thus solves the Hebrew problem of divine justice and its manifestation (or lack of it) here on Earth.

We have also discussed gifts and prices, as some things that cannot be bought but must be given. We try to mimic that, often even today, when we pretend not to care about a price or intentionally dilute it. We have discussed the economics of salvation and love as the key binding principle of the universe. We have debated at some length the problem of evil and how evil plays a role in the good scheme of things—and how it can never be totally destroyed. We debated the issue of the invisible hand of the market—how our evil deeds can turn into benefits, but also how good intentions can turn sour. We debated the issue of whether we can truly have evil intentions and studied the concept of the relationship of good and evil. The economic thought of Augustine and Aquinas is also presented as very relevant for understanding of the fabric that makes up today's world. We debated the good or evil nature of human beings and the world. Finally, we have talked about the relationship between reason and emotions, and about nature versus civilization as the basic state of human existence.

## 4 DESCARTES THE MECHANIC

*The standpoint of economic theory is Cartesian.  
These are the roots of the homo oeconomicus, as narrow a concept of  
man as can be imagined . . .*

Piero Mini

Myths, faith, and religious teachings were thus far a determining key for explaining the surrounding world, including its “economic” characteristics. The arrival of the scientific era brought changes with it (or, as we will later see, should have brought changes). The era of scientific thought set a goal of pushing through a method of examining the world that would not allow doubt and would be free of any subjective, disputable dimension. Perhaps the most important characteristic of the modern era has been the change in emphasis from the question *why?* to the question *how?* This shift is, so to speak, from essence to method. The scientific era has tried to demystify the world around us, to present it in mechanical, mathematical, deterministic, and rational garments and to get rid of axioms that cannot be empirically confirmed, such as faith and religion. But alas, even in the dimension of *how?* the world around us to this day certainly keeps its secrets—and needs faith and belief to function.

While economics is classified as a social science, it relies the most (mainly mainstream economics) on a mechanical, mathematical, deterministic, and rational world. Thus, it is important to give appropriate attention to this tectonic maneuver. Understanding of the ideas of René Descartes has crucial importance for economists who consider these things, because “an economic position is Cartesian.”<sup>431</sup>

### 4.1 MAN AS MACHINE

Descartes’s scientific approach to perceiving the world unquestionably represented a huge breakthrough, and this is doubly true for economists. We have seen that the notion of the invisible hand of the market existed long before Smith. Homo

---

<sup>431</sup> Mini, *Philosophy and Economics*, 24.

economicus has gained his (a)moral side from Epicurus, but he acquired his mathematical and mechanical part from René Descartes. Mathematics was considered the original principle of all things as early as the Greek philosopher Pythagoras<sup>432</sup>, (completely in the spirit of the postmodern era, where our current viewpoints are created only through recycling and combining past stories). Descartes's ideas, of course, became absolutely key, if not determining, for the methodology of economic science. Economics started to develop at the time when his legacy received widespread recognition. The first economists widely discussed theories of knowledge, and all have proven to be successors to Descartes. His ideas were brought to England by John Locke and David Hume. Through them, Descartes's teachings penetrated economics as well—and they have remained firmly built into it to this day. In no other social science were the Cartesian ideas accepted with as much enthusiasm as in economics. What did the greatness of Descartes consist of, and what was the fundamental significance of his theories for economists?

Descartes is widely and to a degree deservedly considered a key founder of modern science.<sup>433</sup> He changed seeing the world<sup>434</sup> and the anthropological understanding of the existence of man immediately in several areas. This scientific (re)construction had impacts on anthropology. Let Mill and Bentham's utilitarian calculus be an example of the effect on morals and economics; it would later, in modified form, become an inherent part of modern economics.

First, Descartes tried to get rid of tradition, myth, and superstition, but especially subjective nonsystematicness (understand this as a dependence on feelings and

---

<sup>432</sup> This rise of algebraic analysis was concurrent with Descartes's discovery of analytical geometry, and then with the invention of the infinitesimal calculus by Newton and Leibniz. Truly, Pythagoras, if he could have foreseen the issue of the train of thought which he had set going would have felt himself fully justified in his brotherhood with its excitement of mysterious rites. . . . The history of the seventeenth century science reads as though it were some vivid dream of Plato or Pythagoras. Whitehead, *Science and the Modern World*, 32–34.

<sup>433</sup> Some authors: see Bishop Nicholas of Kues as the true founder of modern science. The first division of “modern philosophy from scholastic philosophy” can be dated to 1450 when Nicholas of Kues wrote his masterpiece *Idiota*. The process of “rebirth” was completed with Descartes's *Principles of Philosophy* in 1644. See Falckenberg, *History of Modern Philosophy*, 27.

<sup>434</sup> “But the revival of philosophy in the hands of Descartes and his successors was entirely coloured in its development by the acceptance of the scientific cosmology at its face value. The success of their ultimate ideas confirmed scientists in their refusal to modify them as the result of an enquiry into their rationality. Every philosophy was bound in some way or other to swallow them whole. Also the example of science affected other regions of thought. The historical revolt has thus been exaggerated into the exclusion of philosophy from its proper role of harmonising the various abstractions of methodological thought. Thought is abstract; and the intolerant use of abstractions is the major vice of the intellect.” Whitehead, *Science and the Modern World*, 19.

emotions). By doing so, he laid the foundations for a *new method* of systematic examination of the world on a firm (objective) basis. We will later get to how he managed to do this.

Second, after the relatively Aristotelian-Thomistic medieval period, the ancient *dualistic* representation of the polarities of matter and spirit reentered the world—only the soul to a certain extent was replaced with intellect. So this new dualism was not as much ethical in nature as it was epistemological. Man is the only link between matter and intellect, just as in older dualistic concepts (of man hanging between good and evil). Even here the superiority of intellect over material holds—the rationalist position—which to this day enables economists to create their models without their necessarily having a fixed relationship to empirical reality.

Third, fascinated by the technical progress of the time, the new period introduces the concept of mathematical mechanics as the ontological texture of reality. Mechanics then is promoted from a relatively narrow use in machinery to the highest rung on the ontological ladder.<sup>435</sup> If morals are the main texture of reality in the notions of the Hebrews, mercy for the Christians, and love for Augustine, mechanics becomes the main building block in Descartes's hands. We will return to the difficulties of this notion, but here let us present Mini's noteworthy observation: "Despite his superficial emphasis on thinking, Descartes really assigned to thought only a very meager role. The roads to discovery are many, but he acknowledged only one—the mathematical one."<sup>436</sup>

The reduction of human anthropology relates to the reduction of intellect to mathematics. There is no room for emotion, chance, or any kind of unfilled space in such a world. Everything relates to each other with a deterministic hardness and the precision of a mechanical watch. Descartes and his heirs "conceived practically everything in mathematical terms—the universe, the body politic, the human body, even

---

<sup>435</sup> "Also in his *Principles of Philosophy*, he [Descartes] says: 'That by our senses we know nothing of external objects beyond their figure [or station], magnitude, and motion.' Thus the bodies are perceived as with qualities which in reality do not belong to them, qualities which in fact are purely the offspring of the mind. Thus nature gets credit which should in truth be reserved for ourselves; the rose for its scent: the nightingale for his song: and the sun for his radiance. The poets are entirely mistaken. They should address their lyrics to themselves, and should turn them into odes of self-congratulation on the excellency of the human mind. Nature is a dull affair, soundless, scentless, colourless; merely the hurrying of material, endlessly, meaninglessly. However you disguise it, this is the practical outcome of the characteristic scientific philosophy which closed the seventeenth century." Whitehead, *Science and the Modern World*, 56.

<sup>436</sup> Mini, *Philosophy and Economics*, 24.

human impulses and morality.”<sup>437</sup> Cartesian mechanics are excellently summarized in Descartes’s own example in the *Treatise on Man*, where he perceives the body as “just a statue or a machine made of earth” and its function derived from simple mechanical principles, the same as “clocks, artificial fountains, mills and other machines.”<sup>438</sup> This principle allegedly knows how to explain everything—even the things psychology has laboriously tried to do to this day: “Indeed one may compare the nerves of that machine I am describing with the pipes in the works of a fountain . . . with various devices and strings.”<sup>439</sup> This faith is still strong in economics to this day—economic man is a mechanical construct that works on infallible mathematical principles and through pure mechanics, and economists are capable of explaining even his innermost motives.

In the spirit of the Ionian philosophers, Descartes transfers the entire world into one basic parameter of principles for one’s own existence, which for him represents distribution in space, or *res extensa*, a kind of common denominator of all material things. For Descartes, only a single world exists: “Matter of the heavens and earth is the same.”<sup>440</sup> His methodological monism (the effort to transfer or infer everything from one single principle) and the principal equivalence of the spiritual and material worlds play a leading role in economics to this day. The unifying, fundamental, and all-explaining principle to which economics is inclined at almost every opportunity is, understandably, self-interest.

## 4.2 COGITO ERGO SUM

Because René Descartes had a truly breakthrough influence on economic anthropology, it would be appropriate to at least briefly summarize his ideas. In the *Principles of Philosophy*, Descartes tries to throw out anything that could be even slightly doubted. Toward this purpose he forgets everything he knew, remembers what his senses say, and he concentrates solely on logical thinking. In the end, he comes to the conviction that something, which makes up these thoughts—therefore he himself,

---

<sup>437</sup> Ibid., 18.

<sup>438</sup> Descartes, *Treatise on Man*, 99, and, 120.

<sup>439</sup> All from Descartes, *Treatise on Man*, 100, and 131.

<sup>440</sup> Descartes, *Principles of Philosophy*, paragraph 22.

who carries out these thoughts—must necessarily exist.<sup>441</sup> He comes to his famous conclusion *cogito ergo sum*. He bases his philosophy on this new and, according to his convictions, solid foundation. He later comes to evidence of the existence of God—because he finds his notion in thought—and continues further, until in the second part of the book he arrives at the principle of objective existence of material objects and space.

Because material objects, and therefore space as well, can apparently only be perceived by the senses, empiricism, in a philosophical sense, comes into conflict with rationalism. But Descartes tries to hold firmly to a rationalist methodology, one for which he himself clears a path. If, of course, the senses state something different than reason does, reason is right. Even if we do not see that reality, it is more reasonable to trust the logical explanation. Things also exist that are incomprehensible for our senses; they are blind and mute in certain areas, and reason can go places where they cannot reach. Even if particles cannot be split infinitely “in reality,” we are capable of this act in our thoughts (imagination). The real world therefore is a representation of the rational world rather than the world we know from “mere” experience.

But how can we be sure the external world of phenomena (and therefore also of space) exists at all if we cannot believe our own senses? How do we know it is not just a dream? But that would suppose that God is deceiving us and that everything we “see” is just an illusion of space, matter, and time. In certain places Descartes considers the exterior world as a continuous dream, one that objectively does not exist. As Descartes writes, this assumes a God that would want to deceive us. This is an unacceptable idea for him. He does not analyze where he gets his certainty from and relies only on a sort of theological evidence, one which is based on the Christian understanding of God as the giver of light.<sup>442</sup> If God is the most true and perfect, He cannot want to deceive us. If we are to assume that God is not intoxicating us with the opiate of dreams,<sup>443</sup> we must

---

<sup>441</sup> But he could have also carried this exercise in another way: “I feel, therefore I am,” or “I love, therefore I am,” etc.

<sup>442</sup> “The first attribute of God which here falls to be considered, is that he is absolutely veracious and the source of all light, so that it is plainly repugnant for him to deceive us.” Descartes, *Principles of Philosophy*, 27.

<sup>443</sup> “God would, without question, deserve to be regarded as a deceiver, if he directly and of himself presented to our mind the idea of this extended matter, or merely caused it to be presented to us by some object which possessed neither extension, figure, nor motion. For we clearly conceive this matter as entirely distinct from God, . . . since God cannot deceive us, for this is repugnant to his nature, as has been already remarked, we must unhesitatingly conclude that there exists a certain object extended in length, breadth, and thickness.” Descartes, *Principles of Philosophy*, 42.

come to the conclusion that the external material world really exists and that we can examine it. What sort of “scientific proof” is this?

Of all material things, Descartes first deals with our bodies. While they lie in the realm of material world, they are an exception because they are in some way *joined* with our intellect, which is not subject to matter. Matter residing in space acts on our bodies, which function as a *medium*, and thus, matter communicates with our reason through our senses. Another step leads to the examination of the essence of things that act on our bodies—material items whose principle Descartes seeks. They are not found in anything perceptible by the senses (such as color, hardness, temperature, matter), but only in their arrangement, which can be described in three mathematical characteristics: arrangement in width, length, and depth (in the basic Cartesian system these are represented by axes  $x$ ,  $y$ , and  $z$ ).<sup>444</sup> The reason why the nature of material things is determined by arrangement in space is shown in the example of a stone. We can imagine that through grinding we can take the hardness away from a stone; we can also recall that a stone that has no color is clear; we can separate weight, the feeling of coldness and warmth, and all similar characteristics. The only substance that we cannot separate from a stone is its arrangement in three dimensions (*res extensa*). This substance is identical to space.<sup>445</sup>

### 4.3 MODELS AND MYTHS

In the hands of the rationalist Descartes, empirical perceptions (which were at the time of the later medieval scholastic tradition thought of as being in harmony with reason) suffered a defeat, and in the battle for closer proximity to “reality,” reason won. Descartes closes his eyes and *meditates*: “I suppose, accordingly, that all the things which I see are false (fictitious); I believe that none of those objects which my fallacious memory represents ever existed; I suppose that I possess no senses; I believe that body, figure, extension, motion, and place are merely fictions of my mind. What is

---

<sup>444</sup> “And indeed, as I perceive different sorts of colours, sounds, odours, tastes, heat, hardness, etc., I safely conclude that there are in the bodies from which the diverse perceptions of the senses proceed, certain varieties corresponding to them, although, perhaps, not in reality like them,” Descartes, *A Discourse on Method*, 135; and “We perceive nothing out of us by our senses except light, colors, smells, tastes, sounds, and the tactile qualities; and these I have recently shown to be nothing more, at least so far as they are known to us, than certain dispositions of the objects, consisting of magnitude, figure and motion.” Descartes, *The Principles of Philosophy*, 57 Part V, Of the World“, paragraph 199.

<sup>445</sup> See Anzenbaucher, *Úvod do filozofie* [Introduction to Philosophy], 79.

there, then, that can be esteemed true? Perhaps this only, that there is absolutely nothing certain.”<sup>446</sup> The battle between rationalists and empiricists played out again in later periods, and the results varied; but it was Descartes who struck the historic key blow to the imperfection of our senses.

George Berkeley comments on this in the following way: “Prejudices and errors of sense do from all parts discover themselves to our view; and, endeavoring to correct these by reason, we are insensibly drawn into uncouth paradoxes, difficulties, and inconsistencies, which multiply and grow upon us as we advance in speculation, till at length, having wandered through many intricate mazes, we find ourselves just where we were, or, which is worse, sit down in a forlorn Scepticism.”<sup>447</sup> And Galileo is even more blunt: “The new [Cartesian] science has carried out a rape of our perceptions.”<sup>448</sup>

We can look at the philosophy of René Descartes as a leading example of the *paradox of inconsistency*. Despite the errors in its foundations, the Cartesian scientific method became the main *modus operandi* of today’s mainstream economic thought. We have lived to see similar moments in economics as well. Systems containing internal inconsistencies, which are partially in conflict with reality and frequently based on purely and *intentionally unrealistic* assumptions and which come to absurd conclusions in extremes, are nonetheless successfully applied. It would appear that the system has its lifespan not due to its infallibility or logical consistency, but because of the nonexistence of a competing system (these issues are discussed in greater detail by K. Popper, I. Lakatos, P. Feyerabend, and finally also by T. S. Kuhn).<sup>449</sup> Economic models therefore are not accepted on the basis of greater or lesser truthfulness (even if a correspondence to reality certainly adds to their attractiveness), but rather on the basis of greater or lesser *believability, suitability, persuasive force, or correspondence with our internalized faith in the workings of the world* (i.e., with borrowed or inherited paradigms or, if you will, prejudices). Scientific and economic models play a similar

---

<sup>446</sup> Descartes, *Meditations*, second meditation, first chapter.

<sup>447</sup> Berkeley, *A Treatise Concerning the Principles of Human Knowledge*, 9.

<sup>448</sup> Taken from Arendt, *The Human Condition*, 274 ; article n.31 from Galileo’s *Dialogues concerning the Two Great Systems of the World*.

<sup>449</sup> Excellent secondary literature from this area comes from the Czech author B. Fajkus’s *Současná filosofie a metodologie* [Contemporary Philosophy and the Methodology of Science], or Mini, *Philosophy and Economics: The Origins of Development of Economic Theory*, or Caldwell, *Beyond Positivism*.

role as myths when one system (or myth) replaces or destroys another. This is what occurred when theological myth was replaced by scientific myth. We should note when reading Descartes how inconspicuously and carefully he replaces the theological myth with the scientific myth and how he proceeds.<sup>450</sup>

#### 4.4 DOUBTS ABOUT DOUBTING

It is paradoxical that Descartes, who wanted to separate pure logic and rationality, presents us with a pleiad of logically unfounded notions, prejudices, and ideologies that he himself believed. His path to pure reliance on reason then “surprisingly” leads *back* to an *affirmation of his previous ideas* (prejudices), or such a world as Descartes saw before he started to doubt at all (even if undoubtedly he had his doubts).

Descartes’s “evidence” of God’s existence can serve as an example. It builds on the idea that we bear the notion of God in our thoughts (read: as Descartes bore it); according to him this idea would not be possible if He were not real. Then what was the point of the exercise?

Descartes took the Bible and Thomas Aquinas’s *Summa Theologica* with him on all his travels, and he also wrote of mystical appearances, which he had.<sup>451</sup> Of course, if he were not a Christian he would find it difficult to sometimes come to what he wishes to be universally valid conclusions. He makes an even more absurd judgment in the evidence of the existence of external things, or things found outside intellect—in the empirical “phenomenal” world. Put in a simplified fashion, it is unthinkable that our senses deceive, and from this he draws the conclusion that they do not deceive.

---

<sup>450</sup> And so “reducing scientific knowledge to the collective beliefs of members of scientific disciplines.” See Redman, *Economics and the Philosophy of Science*, 22, where she summarizes Kuhn’s view using Suppe, *The Structure of Scientific Theories*, 647–648.

<sup>451</sup> For more on Cartesian “meditations” or the visions he had, see Yates, *The Rosicrucian Enlightenment*, 152: “Descartes went into winter quarters at a place on the Danube, where, warmed by a German stove, he fell into a series of profound meditations. On the night of 10 November 1619, he had dreams, which seem to have been a most important experience, leading him towards the conviction that mathematics were the sole key to the understanding of nature.” On the importance of hermeneutic writings in the Renaissance see Feyerabend, *Against Method*, 35: “After Aristotle and Ptolemy, the idea that the earth moves—that strange, ancient, and entirely “ridiculous” Pythagorean view—was thrown on the rubbish heap of history, only to be revived by Copernicus and to be forged by him into a weapon for the defeat of his defeaters. The Hermetic writings played an important part in this revival, which is still not sufficiently understood, and they were studied with care by the Great Newton himself.” Also see Yates, *Giordano Bruno and the Hermetic Tradition*, especially chapter 8, “Renaissance Magic and Science”: “For the new school of Cartesian philosophy, Renaissance animist philosophies, with their Hermetic basis, were utterly outmoded ways of approaching the world. Science replaced magic in the great seventeenth-century advance,” 395.

Descartes, who developed his method precisely and mainly to be rid of traditions and prejudices, establishes them even more firmly.

We are very familiar with the same processes in economics, where on the basis of carefully selected assumptions we come to conclusions that are (understandably and, actually, unevitably) already contained in the assumptions. So, conclusions are really irrelevant (they are merely derived from assumptions); it is the *assumptions that are key*. (This is quite contrary to the exact opposite notion most hold of the popular versions of science—that assumptions are irrelevant and it is the *conclusions* that matter). And so McCloskey notes that *Economics*, the bible-textbook of mainstream economics by Paul Samuelson, promises scientific “knowledge free of doubt, free from metaphysics, morals and personal conviction. What it is able to deliver renames as scientific methodology the . . . economic scientist’s metaphysics, morals and personal convictions.”<sup>452</sup> The anthropological difference between scientific and prescientific man is that prescientific man explicitly knew the assumptions referred to (articles of faith and myths) and actively accepted them (or rejected them). In contrast, modern man bears his (scientific) faith more or less unconsciously. Religion is accompanied by an explicit profession of faith,<sup>453</sup> but not science (although it is clear that you must use belief in science as well).<sup>454</sup> It is as if modern man is ashamed of his (scientific) faith: This could very well be because it cannot be scientifically proven, which somehow does not correspond with our modern anthropology. The whole concept of “scientific faith” seems to a common ear to be an oxymoron, but it is not.

Prescientific man did not bother with scientific evidence and, therefore, did not have to be ashamed of his articles of faith (today we would say prejudices) and could confess them freely. They are nowadays hidden in axioms that are postulated (not confessed in terms of “I believe in . . .”), never proven; most of scientific faith, however, is laid even before such axioms are even mentioned; this faith rests deeper, so deep we don’t even notice it. Thus, Alfred N. Whitehead criticizes Descartes’s approaches as a

---

<sup>452</sup> McCloskey, *The Rhetoric of Economics*, 16.

<sup>453</sup> For example, Apostolic professions of faith: “I believe in God the Almighty, Creator of the Heavens and the Earth.”

<sup>454</sup> “It is the faith that at the base of things we shall not find mere arbitrary mystery. The faith in the order of nature which has made possible the growth of science is a particular example of a deeper faith. This faith cannot be justified by any inductive generalisation.” Whitehead, *Science and the Modern World*, 20.

“source of those quite unbelievable abstractions by which modern philosophy has been ruined.”<sup>455</sup>

Through the *pretentious* (yes, *pretentious*) *doubting* of the existence of the real world, Descartes returns in a circle back to the existence of the real world (only this time it is “scientifically proven”). If he *truly doubted*, he could not pronounce (not even in his *dreams*) that he *believes* in an empirical world, one which must be real and not deceptive, and conduct his “evidence” on the basis of these rearrangements. Doubts can therefore be made about the integrity of Descartes’s doubting: We can doubt his doubting. We must search for the meaning of his inquiry, because what use would this exercise be to us if it only confirmed everything we previously believed? In addition, it is actually ironic and paradoxical that Descartes began and gave birth to the foundation of the scientific method and scientific discourse in a *dream*.<sup>456</sup>

#### 4.5 INFLATIONARY RATIONALITY IN A CIRCLE

Kant later raised the thesis that pure reason needs an external, empirical world to be able to *think* at all. In other words, in order for reason to be able to function, it needs to operate with *external* stimuli or their concepts. Language itself is a net of abstractions that are meaningless in and of themselves. *Rationality in and of itself* simply turns inflationarily in a circle; rationality is of itself hollow. On the other hand, empiricism in and of itself is bereft of interpretation; it is lacking meaning, is *senseless*, is *meaningless*, and therefore does not exist.<sup>457</sup> Facts do not work without a rational perceiver, a certain rational framework in which interpretation, name, and meaning are gained. As Caldwell writes, “at least for science, there are no brute facts.”<sup>458</sup>

For economists, Descartes’s reduction of man has additional key consequences. From his time, man is defined not by emotion but by logical reasoning. A perceptive individuality falls and is lost in the generality of an objective rationality identical for all.

---

<sup>455</sup> Whitehead, *Science and the Modern World*, 82.

<sup>456</sup> “It is one of the more profound ironies of the history of thought that the growth of mechanical science, through which arose the idea of mechanism as a possible philosophy of nature, was itself an outcome of the Renaissance magical tradition.” Yates, *The Rosicrucian Enlightenment*, 150. Frances Yates is a respected authority in this field.

<sup>457</sup> Meaning without an interpretational framework, without an explanatory theory—we cannot cognitively perceive facts without the framework, story, interpretation, meaning.

<sup>458</sup> Caldwell, *Beyond Positivism*, 48.

What cannot be calculated or at least proxied with numbers is treated as if it were not real, illusory. A mathematical equation becomes the ideal of truth: cold, distant, the same for all individuals, historically and spatially constant. Man and reality are reduced to mechanical-mathematical calculus. If this reduction cannot be carried out, it is as if it only testified to a shortage of knowledge and of ignorance—such a preserve remains uncharted territory, mythic and scorned.

#### 4.6 SCIENTIFIC INDIVIDUALISM

With this we come to another conclusion, one that is important for economics. By doing this (reducing man and reality to mechanical- mathematical calculus), Descartes also carried out a less generally known step in the direction of the individualization of the individual. Descartes's man is not defined in the context of society—he does not accept social impulses. Descartes remains completely alone in his dreamworld. Even Plato, who carried out a similar exercise with the deception of the senses two thousand years before Descartes, finally got to the point when a man who has lived his whole life in a cave of dreams (*with his friends*, whom he later tries to free!) breaks free of his bonds in the end and comes out of the cave to behold bare reality. Plato's parable of the cave reaches its climax when he remembers those close to him and with his return to them. But Descartes is closed off in his world, completely alone. After all, rationality doesn't need others. As Edmund Husserl put it: "Descartes, in fact, inaugurates an entirely new kind of philosophy. Changing its total style, philosophy takes a radical turn: from naive Objectivism to transcendental subjectivism."<sup>459</sup>

It is precisely this sociopsychological position from which we can attack Descartes's first meditational step as well, when he comes to his famous *cogito ergo sum*. It can nevertheless be said just as well—and perhaps more convincingly—that man gained all his *cogitos* on the basis of social interaction (as Plato's story somewhat portrays).<sup>460</sup> Philosophers such as Immanuel Kant, Martin Buber, Emmanuel Levinas, and others stand on this side; they *define* human existence on the basis of individuals

---

<sup>459</sup> Husserl, *Cartesian Meditations*, 4.

<sup>460</sup> Compare this with Marx's position in Mini, *Philosophy and Economics*, 174.

meeting with other individuals. According to them, only through meeting with another is the notion of the “I exist” born.

#### **4.7 CONCLUSION: OBJECTIVITY AND MANY COLORS**

In conclusion, let's mention another of Husserl's observations. Descartes struggled to set up new, unshakable foundations of science, so that scientific knowledge would be left unified, self-evident to all, and indisputable. Briefly put, he struggled for objectivity (unity, or the unification of points of view) so that he could rid the new philosophy (science) of disputes, doubt, subjectivity, and the disunity of explanations that stem from it. His new science was to be such that everyone would agree on—objectively. In other words, he wanted to remove all doubt.

If we look around ourselves, we can see that a unification of neither scientific viewpoints nor methods occurred and that the opinions of individual philosophers (or scientists, among whom economists, sociologists, or doctors could be counted) drastically differ. Specifically, in economics there is not even agreement on the most fundamental models, and methodology by far is not unified. It is more the agreement on a question that unites a field, not the answers.

Science has not succeeded in being built as Descartes wished. Science is overflowing with doubts. We find ourselves in a similar situation as before Descartes, when world opinion was set by religion. The only difference is that science has become the religion of the modern era. After an excursion into the area (more or less successful) of the transformation of myth in science, let us return to the main setting of economic thinking. Let us start with a man who has influenced economic thinking to the present day, despite the fact that only a couple of sentences are devoted to him in economic theory textbooks, Bernard Mandeville.

## 5 BERNARD MANDEVILLE'S BEEHIVE OF VICE

*The Worst of all the Multitude did something for the common Good.*

Bernard Mandeville

For a long time, ethical debates were considered inappropriate in the realm of main stream economics. A debate about morality was considered the somewhat luxurious icing on the cake of profitability and wealth. For economists, ethics became uninteresting and irrelevant. There was no need to talk about ethics—it sufficed to rely on the invisible hand of the market; it would automatically transform private vices (such as selfishness) into general welfare (such as growth in efficiency). Once again, we have a historic irony: As we will soon see, the idea of the invisible hand of the market is, in reality, born of moral inquiry, but about a hundred years later the issue of morality is lost and economics is completely emancipated from ethics. An unusual reversal has taken place. Adam Smith, Thomas Malthus, John S. Mill, John Locke—the great fathers of classical liberal economics—were first and foremost moral philosophers.<sup>461</sup> A century later, economics had become a mathematized and allocative science, full of graphs, equations, and tables, with no room for ethics.

How could this happen? We must search Bernard Mandeville for an important part of the answer; he may not be as well known as Adam Smith, but he is the true father of the idea of the invisible hand of the market as we know it today.<sup>462</sup> The theory of the market's invisible hand, which today is erroneously attributed to Adam Smith, left a deep mark on the morality of economics: It postulated that private ethics do not matter; anything that happens, be it moral or amoral, contributes to the general welfare. It's not difficult to suspect that just at the moment when the principle of the invisible hand is trivialized, ethics becomes seemingly irrelevant. The originally universal notion

---

<sup>461</sup> The topic is also examined by Amartya Sen, winner of the Nobel Prize in Economics. In the book *On Ethics and Economics*, he points out that economics until recently was taught as part of the moral sciences at the University of Cambridge. Sen, *On Ethics and Economics*, 2.

<sup>462</sup> The importance of Mandeville for Smith cannot be denied, but let us note here that, as has recently been discovered, Fronsperger advanced similar theses a hundred and fifty years earlier in Frankfurt, with explicit reference to the stoic tradition. Fronsperger was not as cynical as Mandeville, but the egoistic pursuit of one's own utility is seen as beneficial for society and stands in contrast to the religious tradition. His work, however, is not available in English (I thank Prof. Schefold for this note).

of the relationship between ethics and economics, which we have already encountered in the Old Testament, was turned on its head. Together with Mandeville, the argument began that the more vices there were, the more material well-being there could be. It's a certain historical irony that Adam Smith sharply and completely clearly distanced himself from the idea of the market's invisible hand as Bernard Mandeville presented it.

The attention of economists today is starting to return once again to ethics, and the internalization of norms is becoming an attractive field. It is beginning to be generally recognized that economics does better in an ethical environment where the actors abide by the rules of the game. Under various labels (quality of business environment, corporate governance, transparency, surveys of informal institutions, etc.), respected global institutions are starting to pay attention to research on the influence of ethics on the economy. Attention is going back to the beginning, to the Hebrew notion that more ethics is better for the economy. This is a notion with which Adam Smith would have agreed.<sup>463</sup> And the provocative poet Bernard Mandeville figured in that beginning.

## 5.1 THE BIRTH OF HOMO ECONOMICUS

*Till now I imagined there had never appeared in the world such a book  
as the works of Machiavelli. But de Mandeville goes far beyond it.*

John Wesley<sup>464</sup>

Even if Mandeville remained somewhat in the shadow of other, more renowned names, it was he who was the first to be explicitly concerned with economics, economic well-being, and their ties to morality. He was the first to systematically perceive the unintended beneficial societal impacts of the actions of individuals and to openly postulate that societal welfare can (and must!) be based on egoism. He asserts his ideas in an absolutely audacious, provocative, and original way. Retrospectively, there are

---

<sup>463</sup> “Human society . . . appears like a great, an immense machine, whose regular and harmonious movements produce a thousand agreeable effects. . . . So virtue, which is, as it were, the fine polish to the wheels of society . . . while vice, like the vile rust which makes them jar and grate upon one another, is as necessarily offensive.” Smith, *The Theory of Moral Sentiments*, 464.

<sup>464</sup> *The Journal of Rev. John Wesley, London 1909–1916*, IV, 157, note from 14 April 1756. Quoted in Harth's introduction to Mandeville, *The Fable of the Bees*, 8.

indications that some of his theses can be found in much older writings (e.g. in the Sumerians, in the Hebrews, and in the teachings of Thomas Aquinas). Nevertheless, it was clearly Mandeville who introduced the concept that moral vice in individuals can lead to the economic welfare of the whole into mainstream Western thought. From this standpoint, we must consider Mandeville, not Adam Smith, the very first modern economist. He was also unique to take on economic topics in verse. In short and lively poems, he creates an original thought complex, one completely beyond all moral and societal concepts published before him.

### 5.1.1 **Knaves turn'd honest**

Great ideas are very rarely encountered without accompanying controversy. Bernard Mandeville's stories provoked a fierce scandal at the time. Among those greatly offended, as we will see, was Adam Smith himself— the same Adam Smith whom economists generally consider to be an upholder of Bernard Mandeville's ideas.

Mandeville originally made a living by translating and writing fairy tales. He gained his renown through a single work that met with public acceptance, *The Fable of the Bees: or, Private Vices, Publick Benefits*. His fable in verse was first published in 1714, but it only provoked a scandal in reedition in 1723. He suddenly found himself at the center of one of the most heated debates of the eighteenth century. The number of Mandeville's critics grew quickly; joined by such distinguished figures as George Berkeley, Francis Hutcheson, Archibald Campbell, and John Denis. Adam Smith branded Mandeville's teaching "in almost every respect erroneous."<sup>465</sup> The English theologian John Wesley likened Mandeville to Machiavelli in his depravity. Mandeville's ideas were banned in courts, and in France his book was burned in the streets by executioners. Many considered him to be the Antichrist, and even David Hume and Jean-Jacques Rousseau joined his opponents.

The poem starts with a description of a prospering society whose characteristics correspond to the social system in England at the time. Here, vice thrives under the mask of an apparently peaceful society. There is no trade without fraud, no authority without bribery and corruption:

---

<sup>465</sup> Smith, *The Theory of Moral Sentiments*, 451.

*Thus every Part was full of Vice, Yet the whole Mass a Paradice;*<sup>466</sup>

But the bees complain, and believe they would live better in a just and honest society. The god of the bees, Jove, hears their request and transforms the bees into honest and virtuous creatures. “The Bar was silent from that Day; For now the willing Debtors pay, Ev’n what’s by Creditors forgot, Who quitted them, that had it not. Those, that were in the Wrong, stood mute, And drops the patch’d vexatious Suit.”<sup>467</sup>

But this is what happens: Instead of the beehive prospering and the bees living better, the exact opposite occurs. Many bees lose their jobs because only a handful of blacksmiths can earn a living in a society where neither bars on windows nor ironwork on doors is necessary. Judges, lawyers, and defenders lose their jobs, and bureaucrats overseeing the enforcement of the law cease to be necessary. Because luxury and gluttony disappear, ordinary people—farmers, servants, shoemakers, and dressmakers—suffer due to decreased demand for goods. The bee nation becomes peace-loving, so it stops arming itself as well. The fable comes to an inglorious end. The beehive dies out and only a small part survive, because the other bees were not needed and could not support themselves. In the end, another swarm drives them from the hive, and the bees find shelter in the remains of a fallen tree.

### 5.1.2 Ode to vice: The Source of the Wealth of Nations

*Pride and Vanity have built more Hospitals than all the Virtues  
together.*

Bernard Mandeville<sup>468</sup>

Mandeville becomes a bitter mirror of his time with a single goal: in his own words, to point out our hypocrisy.<sup>469</sup> We rail against vice and try at all costs to wipe it

---

<sup>466</sup> Mandeville, *The Fable of the Bees*, 9 (in the Penguin edition, 67).

<sup>467</sup> *Ibid.*, 70.

<sup>468</sup> Mandeville, *An Essay on Charity, and Charity-Schools*, 164.

<sup>469</sup> Mandeville, *The Fable of the Bees*, 55.

out—and nevertheless our welfare flows from it. If Mandeville lived in a society where it was appropriate to curse and swear against vice, he himself pointed out that we owe a great deal exactly to these same (hated) vices. For this reason, instead of cursing vice, he decided to devote a hymn to it. The bee god sends virtue as a punishment for the beehive’s hypocrisy, because the bees’ sin was not vice but hypocrisy. At the same time, Mandeville does not turn to an apology for vice—he continues to consider vice as vice. Despite all its attempts, society will never get rid of vice:

*If People were to be made better by any thing that could be said to them; but Mankind having for so many Ages remain'd still the same, notwithstanding the many instructive and elaborate Writings, by which their Amendment has been endeavour'd, I am not so vain as to hope for better Success from so inconsiderable a Trifle.*<sup>470</sup>

Mandeville even argues that “vices are inseparable from great and potent Societies.”<sup>471</sup> Vice is compared to trash on the street—yes, it is unpleasant, it dirties one’s shoes and clothing, slows one down, and harms the aesthetic, but it is an indivisible part of every city. “Dirty streets are a necessary Evil”<sup>472</sup> and “every Moment must produce new Filth.”<sup>473</sup> But if someone were to decide to uproot evil (Mandeville isn’t able to imagine such a change without a miracle and direct—and, it must be pointed out, maleficent—divine intervention), they must pay a high price. To wit, vice is advantageous for the economy.

*Such were the Blessings of that State; Their Crimes conspired to make 'em Great.*<sup>474</sup>

According to Mandeville, we should be grateful to vice and amorality for full employment, lively trade, and the de facto basis of the wealth of nations. Put in more modern language, vice is a multiplier of effective demand, which becomes a driver for

---

<sup>470</sup> Mandeville, *The Fable of the Bees*, 56.

<sup>471</sup> *Ibid.*, 57.

<sup>472</sup> *Ibid.*, Preface, 57.

<sup>473</sup> *Ibid.*, Preface, 57.

<sup>474</sup> *Ibid.*, 68.

the economy. Adam Smith was looking for the cause of the wealth of nations; Mandeville found it in linking vices to an economic system.

*That strange ridic'ulous Vice, was made  
The very Wheel, that turn'd the Trade.*<sup>475</sup>

If we were to allow the existence of an honest society, we would have to say farewell to economic prosperity and give up an important position in history. Mandeville himself does not give preference to the creation of the former or the latter, but merely points out what every regime amounts to. “Religion is one thing and Trade is another.”<sup>476</sup> If the ideals of a religion were to be realized in a specific society, a poor and “stupidly innocent”<sup>477</sup> community would be created. People must choose between morality and prosperity, and according to the poet-economist, herein lies the trade-off: “And so [they wrongly] conclude, that without Pride or Luxury, the same Things might be eat, wore, and consumed; the same Number of Handicrafts and Artificers employ'd, and a Nation be every way as flourishing as where those Vices are the most predominant.”<sup>478</sup> Mandeville really ascribes the wealth of nations to vice:

*Let us examine then what things are requisite to aggrandise and enrich a Nation. The first desirable Blessings for any Society of Men are a fertile Soil and a happy Climate, a mild Government. . . . In this Condition they may be as Virtuous as they can, without the least Injury to the Publick, and consequently as happy as they please themselves. But they shall have no Arts or Sciences, or be quiet longer than their Neighbours will let them; they must be poor, ignorant, and almost wholly destitute of what we call the Comforts of Life, and all the Cardinal Virtues together won't so much as procure a tolerable Coat or a Porridge-Pot among them: For in this State of slothful Ease and stupid Innocence, as you need not fear great Vices, so you must not expect any considerable Virtues.*

---

<sup>475</sup> Mandeville, *The Fable of the Bees*, 68.

<sup>476</sup> Mandeville, *Search into the Nature of Society*, 197.

<sup>477</sup> Mandeville, *The Fable of the Bees*, 23.

<sup>478</sup> *Ibid.*, note M on 149.

*Would you render a Society of Men strong and powerful, you must touch their Passions. ... Pride will set them to work in earnest: Teach them Trades and Handicrafts, and you'll bring Envy and Emulation among them: To increase their Numbers, set up a Variety of Manufactures, and leave no Ground uncultivated; . . . Suffer no body to act but what is lawful, and every body to think what he pleases . . . make good use of their Fear, and flatter their Vanity with Art and Assiduity . . . teach 'em Commerce with Foreign Countries, . . . this will bring Riches, and where they are, Arts and Sciences will soon follow . . . .*

*But would you have a frugal and honest Society, the best Policy is to preserve Men in their Native Simplicity ... remove and keep from them every thing that might raise their Desires, or improve their Understanding.*<sup>479</sup>

In his fable, Mandeville proposes a uniquely provocative description of causes of an economic cycle. Their god lets the beehive slide into recession because the bees became honest. In this way, he gets to the opposite pole of thought than the one we described with the Hebrews, which is that nations do better economically if they act honestly. According to Mandeville, wiping out evil in all of its particulars results in a much greater evil—the dying out of most of the hive and the general demise of the whole. Removing partial evil results in even greater evil, because:

*The Worst of all the Multitude  
Did something for the common good.*<sup>480</sup>

As is the custom with fables, we find a “moral” at the end:

*Then leave Complaints: Fools only strive To make a Great and honest Hive. T' enjoy the World's Conveniences, Befamed in War, yet live in Ease Without great Vices is a vain Eutopia seated in the Brain. Fraud, Luxury and Pride must live; Whilst we the Benefits receive. ... Nay, where the People would be great, As necessary to the State,*

---

<sup>479</sup> Mandeville, *The Fable of the Bees*, note Q on 200–201.

<sup>480</sup> *Ibid.*, 68.

*As Hunger is to make 'em eat. Bare Vertue can't make Nations live In Splendour; they, that would revive A Golden Age, must be as free, For Acorns, as for Honesty.*<sup>481</sup>

### 5.1.3 The Invisible Hand of the Market and Its Prototypes

Mandeville bases his social philosophy explicitly on the principle of self-love, egoism—exactly that from which Adam Smith distances himself in the very first sentence of his book *The Theory of Moral Sentiments*. If we were to remove evil from ourselves (our selfishness), Mandeville argues, prosperity would soon end. The mechanism is as follows. Each vice means at the same time an effective demand, either for goods or services. A developed society, Mandeville argues, lives mainly from the economical satisfaction of these needs.

The thesis that partial evil contributes to the good of the whole and therefore is not advisable to remove is one we have repeatedly encountered in much older writings. We already know how Gilgamesh as well as St. Prokop made friends with forces they could not tame, and transformed evil into something beneficial to society. Jesus discourages his disciples from pulling out weeds, “because while you are pulling the weeds, you may root up the wheat with them. Let both grow together until the harvest.”<sup>482</sup> And Thomas Aquinas reminds us: “Many goods are present in things which would not occur unless there were evils.”<sup>483</sup> It may have been unfortunate for Mandeville that he was not aware of these sources, because referring to them would have certainly saved him much of the controversy his fable provoked.

## 5.2 CONCLUSION: MANDEVILLE, THE FIRST MODERN ECONOMIST

Mandeville was the key proponent of the *need for greed* philosophy. In this sense, greed is the necessary condition for progress of a society; without greed there would be no or little progress. For where would we be without greed and without vices, he asks? The society would reach a very basic level of development only and would not be able to stand in the international competition. He was a clear proponent of the hedonistic

---

<sup>481</sup> Mandeville, *The Fable of the Bees*, 76.

<sup>482</sup> Matthew 13:29–30.

<sup>483</sup> Aquinas, *Contra Gentile*, Vol. III, chapter 71.

program: If there is a discrepancy between what we want and what we already possess, then we should aim at increasing our possessions, until it meets our demand(s). And he goes even further than the hedonist did: He advocates for our demand to grow further and further as this is the only way to progress in his view. In that regard, modern economics is a descendant of his thinking. Economics as a science assumes that human needs are unlimited (ever-growing demand), while resources are scarce. We should therefore try to utilize these scarce resources in a way that demand is met.

Does it mean that the only way forward would be catering to new demands, and does it mean that in order to do that we need newer and newer sets of tempting vices? If a society decided to be content with what it has (as the Stoics seem to suggest for their program), would that eventually mean the end of that particular society?

As for the economics of good and evil, Mandeville clearly believes that private vices contribute to public good and are therefore beneficial. He holds an opposite view from the Hebrews (and Adam Smith) who believed that virtue is economically beneficial and vice is not. As for the concept of the invisible hand of the market, to Mandeville the markets could turn vice to virtue and the markets were not just mere coordinators of human interaction but also convertors from personal evil to public good.

## 6 ADAM SMITH, BLACKSMITH OF ECONOMICS

*Adam, Adam, Adam Smith  
Listen what I charge you with!  
Didn't you say  
In the class one day  
That selfishness was bound to pay?  
Of all doctrines that was the Pith.  
Wasn't it, wasn't it, wasn't it, Smith?*<sup>484</sup>  
Stephen Leacock

Adam Smith, an exceptional English thinker from the eighteenth century who is universally considered the father of modern economics, was met by fate with a paradox. The thesis that the wealth of nations and individuals is based on selfishness, self-interest, and the invisible hand of the market is universally ascribed to him. This is also illustrated by this chapter's introductory quote, where Stephen Leacock pillories Smith for the argument that "selfishness was bound to pay."<sup>485</sup>

It is as if already with a name like his, Adam Smith was predestined to a role as the father-economist of the scientific era, a man who brought older, unestablished ideas down to earth and gave economic inquiry a fixed framework. The name *Smith* speaks for itself, and in Old Testament Hebrew language, *Cain* translates as "smith." On the other hand, *Abel* in Hebrew means breeze, breath, or futility. When Cain, the smith and farmer, kills the unanchored shepherd, he sends him to "the winds." *Adam* means nothing less than the name of the first man (in Hebrew, *Adam* means "man"). Thus even in his name, Adam Smith, the man-smith, etymologically connects a rare combination of meanings.

The notion that Adam Smith is the blacksmith of classical *egoistic* economics is, of course, somewhat more complicated. For example, an ordinary reader of the history of economic thought might be soundly shocked by the first sentence of Smith's *The*

---

<sup>484</sup> Leacock, *Hellements of Hickonomics*, as cited in Sen, *On Ethics and Economics*, 21.

<sup>485</sup> *Ibid.*, 75. Also in Sen, *On Ethics and Economics*, 21.

*Theory of Moral Sentiments*: “How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it.”<sup>486</sup>

The irony is such that Smith never stated what Stephen Leacock (and popular historical consciousness with him) ascribes to him. On the contrary, and precisely in the spirit of Kundera’s message, Smith’s name is written into economic history due to a principle that he himself did not invent, did not popularize, and generally de facto distanced himself from. A similar fate occurred to him with his second key contribution: specialization. The ancient Greeks examined specialization in detail; it could even be said that Xenophon devoted more attention to it and understood it more deeply than Adam Smith.

Smith did not exactly receive kind words from many commentators. For example, Schumpeter, one of the greatest authorities in the field of the history of economic thinking, writes: “no woman, except for his mother, ever played a role in his existence: in this as in other respects the glamors and passions of life were just literature to him.”<sup>487</sup> Similarly, the historian Norman Davies labels Smith “the ultimate absent-minded professor” and recalls a story where “he became one of the sights of Edinburgh, where he was given to rating the streets in a trance, half-dressed and twitching all over, heatedly debating with himself in a peculiar affected voice . . . . Virtually unmarriageable, he always lived with his mother. It is nice to think that this charmingly chaotic character should have set about putting intellectual order into the workings of everyday life.”<sup>488</sup>

## 6.1 THE WEALTH VERSUS ETHICS

The misunderstanding is based on the fact that Smith left a dual (and in many ways contradictory) heritage, one that today is frequently reduced to his most famous book, *Wealth of Nations*.

---

<sup>486</sup> Smith, *The Theory of Moral Sentiments*, 3.

<sup>487</sup> Schumpeter, *History of Economic Analysis*, 177.

<sup>488</sup> Davies, *Europe: A History*, 604.

It is, of course, generally known that Adam Smith did not write only one book; aside from the cult favorite *Wealth of Nations* (1776), he previously wrote *The Theory of Moral Sentiments* (1759). Simply put: At first glance his two books could not be more different from each other. *Wealth of Nations* became the beginning of an entire economic discipline, while in *The Theory of Moral Sentiments*, Smith looks at ethics, and he sharply distances himself from such economic concepts as the now-classic invisible hand of the market. “Smith himself is said to have thought it [The *Theory of Moral Sentiments*] superior to *Wealth of Nations*.”<sup>489</sup> As we could be convinced, the very first sentence of his four-hundred-page book unequivocally objects to any kind of attempt to transfer all human activity to (more or less hidden) egoism.<sup>490</sup>

Those connecting Smith with the invisible hand of the market could easily consider him a successor to the Hedonists, who were focused on reason, calculation, and self-interest. This, of course, would be a grave mistake. Let us recall that the Hedonists found the meaning of all earthly activities in enjoyment. If it was necessary to resist pleasure or undergo pain, then it was only because of the greater “utility” (or lesser evil) that followed. Whether acts are good or evil, they do not bear their own inherent value, which is judged from the viewpoint of their results and impacts on utility, on enjoyment. Good does not have its own value aside from its resultant utility. Good is not the goal of behavior and it only represents a means toward enjoyment. This system not only preceded utilitarianism but also became the basis for our contemporary economic dogmatics.

Most commentators certainly agree that Smith’s teachings are, on the contrary, built to a certain extent on the philosophy of the Stoics.<sup>491</sup> Smith divides moral schools into three lines, which are defined as the terms *propriety*, *prudence*, and *benevolence*. Epicurus is broken down in relation to the term *prudence* and his heritage is unequivocally condemned: “This system is, no doubt, altogether inconsistent with that

---

<sup>489</sup> Raphael, *The Impartial Spectator*, 1.

<sup>490</sup> See Kerkhof, “A Fatal Attraction?” and Force, *Self-Interest before Adam Smith*, 14. See also Hurtado-Prieto, *Adam Smith and the Mandevillian Heritage: The Mercantilist Foundations of Dr. Mandeville’s Licentious System*.

<sup>491</sup> “Stoic philosophy is the primary influence on Smith’s ethical thought. It also fundamentally affects his economic theory.” Raphael and Macfie in the Introduction to the Glasgow edition of *Theory of Moral Sentiments*. Smith, *The Theory of Moral Sentiments*, 1982, 5.

which I have been endeavoring to establish.”<sup>492</sup> He continues: “By running up all the different virtues, too, to this one species of propriety, Epicurus indulged a propensity, which is natural to all men, but which philosophers in particular are apt to cultivate with a peculiar fondness, as the great means of displaying their ingenuity—the propensity to account for all appearances from as few principles as possible.”<sup>493</sup>

Smith classified the Stoics under the chapter *propriety* and devoted more space and acknowledgment to them. Despite undergoing his criticism and the fact that he does not consider their teachings feasible, this school probably remains the closest to him, and his admiration is frequently evident directly from his text: “The spirit and manhood of their [Stoics’] doctrine make a wonderful contrast with the desponding, plaintive, and whining tone of some modern systems.”<sup>494</sup> Even though Smith admires the Stoic school, what he dislikes about the Stoics is their indifference, apathy, lack of interest in anything. At the same time he is aware of how complicated it is to achieve the Stoic ideal, and he is not able to identify completely with the idea that *no relationship* between cause and effect can be observed in nature, as the Stoics believed.

For Smith, moral teachings based on mutual kindness (*benevolence*) and *restraint* (self-command) were more inspiring as the main building blocks of society.<sup>495</sup> He refers to Augustine and Plato and to the church teachings of Dr. Hutcheson, and Thomas Aquinas would also belong in the same category. According to these schools, any benefit destroys morality. In other words, if we are rewarded for our good deed, the given deed has lost its moral dimension and has become, simply put, a tool for benefit. “If an action, supposed to proceed from gratitude, should be discovered to have arisen from an expectation of some new favor, or if what was apprehended to proceed from public spirit, should be found out to have taken its origin from the hope of pecuniary reward, such a discovery would entirely destroy all notion of merit or praise-worthiness in either of these actions.”<sup>496</sup> Smith writes that this school believes that “self-love was a

---

<sup>492</sup> Smith, *The Theory of Moral Sentiments*, 1853, 438.

<sup>493</sup> *Ibid.*, 438.

<sup>494</sup> *Ibid.*, 283.

<sup>495</sup> “The more extensive treatment given to self-command in edition 6 suggests that Smith had now acquired an even warmer regard for Stoicism than he felt in earlier days.” *Ibid.*, 18.

<sup>496</sup> *Ibid.*, 302.

principle which could never be virtuous in any degree or in any direction.”<sup>497</sup> Smith evaluates this stream favorably (“a system which has a peculiar tendency to nourish and support in the human heart the noblest and the most agreeable of all affections”<sup>498</sup>); however, despite this he does not agree with it in its isolated form: He does not consider the motive of kindness and charity out of love to be strong enough to hold the entire society together and to explain our basest instincts.

Smith further supports this construct by connecting it to the institution of the impartial spectator—a man within, an imagined concept according to which one impersonally yet emphatically judges and commits one’s deeds.

*We suppose ourselves the spectators of our own behaviour, and endeavour to imagine what effect it would, in this light, produce upon us. This is the only looking-glass by which we can, in some measure, with the eyes of other people, scrutinize the propriety of our own conduct.*<sup>499</sup>

A similar concept is used also by Hutcheson, Hume, and later by Mill. In his theory of nonindividualistic utilitarianism, Mill constructs an ethic according to which one should make sure he or she maximizes the utility of the whole. That is not personal or individualistic but collective perception of utility. If, as a true total utilitarian, I feel that giving up a hundred units of my wealth increases somebody else’s utility more than it decreases mine, in an extreme understanding, I should give it up for his sake, for it is not my utility but the utility of the whole that is of concern to a true follower of Mill’s utilitarianism. And this should be done voluntarily. Society guided by the “impartial spectator” would be a happier society than the one guided by individual maximalization of utility only. He understood well that there is a role for other factors in the economy than just a market, even though he was right—and for the period of his writing also brave—to stress and justify that the market must be at the core of every economic system. To conclude, using Smith’s philosophy to support a pure laissez-faire economic

---

<sup>497</sup> Smith, *The Theory of Moral Sentiments*, 1853, 302.

<sup>498</sup> *Ibid.*, 445.

<sup>499</sup> *Ibid.*, 164.

system is simply not accurate. Smith never asserted that every market allocation benefits society.

## 6.2 MEET AND SHAKE THE INVISIBLE HAND

The fact that society holds together due to sympathy and the concept of an *impartial spectator* are two important contributions that Smith actually did make. Today it seems that he implied that it is the invisible hand that prevents our society from falling apart. Yet, Adam Smith himself used the term “invisible hand” only three times—once in each of his two major books and once in *Astronomy*. Therefore it is not clear why these things caused so much commotion.<sup>500</sup>

The first occurrence is in perhaps Smith’s most famous passage, which describes a butcher’s motives to do business and which has served until now as a frequently used explanation of free-market forces [my emphasis]:

*It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages.*<sup>501</sup>

And latter on in the book:

*He [the butcher] generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an **invisible hand** to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. I have never*

---

<sup>500</sup> Raphael and Macfie argue that “Commentators have laid too much stress on the ‘invisible hand,’ which appears only once in each of Smith’s two books. On both occasions the context is the Stoic idea of harmonious system, seen in the working of society” (in Smith, *The Theory of Moral Sentiments*, 1982, 7), and continue: “In the Wealth of Nations the Stoic concept of natural harmony appears, especially in ‘the obvious and simple system of natural liberty’ (IV.ix.51).”

<sup>501</sup> Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 1.2.2.

*known much good done by those who affected to trade for the public good. It is an affectation, indeed, not very common among merchants, and very few words need be employed in dissuading them from it.*<sup>502</sup>

Compare this with the second occurrence in *The Theory of Moral Sentiments*, where the invisible hand redistributes wealth and reaches “same distribution ... had the earth beed divided into equal portions” so those that have:

*... they divide with the poor the produce of all their improvements. They are led by an **invisible hand** to make nearly the same distribution of the necessaries of life, which would have been made, had the earth been divided into equal portions among all its inhabitants, and thus without intending it, without knowing it, advance the interest of the society, and afford means to the multiplication of the species. When providence divided the earth among a few lordly masters, it neither forgot nor abandoned those who seemed to have been left out in the partition. These last, too, enjoy their share of all that it produces... . The same principle, the same love of system, the same regard to the beauty of order, of art and contrivance, frequently serves to recommend those institutions which tend to promote the public welfare.*<sup>503</sup>

To give a full account, there is actually one more occurrence of the “invisible hand” in Smith’s books, but it is irrelevant for our debate about economics and ethics. In his earlier piece *Astronomy*, when writing of early religious thought, he talks of a supernatural agency:

*Fire burns, and water refreshes; heavy bodies descend, and lighter substances fly upwards, by the necessity of their own nature; nor was the **invisible hand of Jupiter** ever apprehended to be employed in those matters.*<sup>504</sup>

So we see here that Smith used the notion of the invisible hand in three contexts: as a coordinator of the individual pursuit of self-love, as the collective hand of

---

<sup>502</sup> Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 266 (1.2.2; 4.2.9).

<sup>503</sup> Smith, *The Theory of Moral Sentiments*, 1853, 264–265, emphasis mine.

<sup>504</sup> Smith, *Essays on Philosophical Subjects*, 49. See Macfie, “The Invisible Hand of Jupiter.”

redistribution, and as a mystical, godlike power (of Jupiter). He simply could not have given the term he coined a larger and more confusing span of meaning.

And so it occurred that Smith's Invisible hand brought much confusion. For example Emma Rothschild goes as far as to argue<sup>505</sup> that Adam Smith meant the whole idea of invisible hand ironically and that the common reading of the notion of spontaneous coordination by the disembodied invisible (from the latin *caecus*, which literally means *blind*) hand is un-Smithian (as I try to show here too). It is not in the scope – nor aim – of this work to go deeply into the debates on Das Adam Smith Problem for a single reason that the debate is simply too wide.<sup>506</sup> Smith is frequently presented as a successor not only of Mandeville's thoughts, but also of Thomas Hobbes's as a propagator of ideas of human nature's egoistic motivation. Because free individual egoism is sufficient for the direction of society, morals are superfluous, for the market recasts everything (both good and bad, but especially the bad) into general welfare. That society could (or must) be built on selfishness. Briefly put, a person gets the feeling that instead of Smith we hear others cited—such as Hobbes (the battle of everyone against everyone), Mandeville (the sins of the invisible hand of the market will be recast into virtue), Herbert Spencer (defender of market Darwinism and a minimal state), or Ayn Rand (reductionism and radical egoism). Now, Adam Smith did not think in this way at all, and not even in one direction. We cannot even read such

---

<sup>505</sup> Rothschild, Adam Smith and the Invisible Hand, *The American Economic Review*, Vol. 84, No. 2, pp. 319-322, May 1992. „The use, here, is sardonic in a different respect. Smith is describing some particularly unpleasant rich proprietors, who are quite unconcerned with "humanity" or "justice" but who in "their natural selfishness and rapacity" pursue only "their own vain and insatiable desires." They do however employ thousands of poor workers to produce luxury commodities.“

<sup>506</sup> For a deeper insight into the problem, I refer the reader to for example Gloria Vivenza's work. She talks of "quasi-theological invisible-hand argument" which "refers to the relationship between individual and society, and to the general matter of the distribution of goods. As is well known, this states that even though all members of society will pay attention only to their own interests they will in the end unwittingly, and perhaps even unwillingly, further those of society as a whole." (in Vivenza, *Adam Smith and the Classics: The Classical Heritage in Adams Smith's Thought*, (Oxford: Oxford University Press, 2001, 63) This, of course, begs a question whether one can talk of morality when good a thing is done blidly, not knowingly, as a unintentional side-product. Her work is also crucial for uderstanding in depth relation of Adam Smith to stoic thought.

conclusions in the economic *Wealth of Nations*, even if we overlook *The Theory of Moral Sentiments*, in which he directly contradicts nearly everything described above.<sup>507</sup>

### 6.3 SMITH VERSUS MANDEVILLE

In *The Theory of Moral Sentiments*, aside from the three main schools described above, Smith also devotes special attention to the “debauched teachings” (*Of Licentious Systems*), characterized in that they erase the differences between vice and virtues. Here Smith also classifies Mandeville, a person for whose teachings he had no understanding at all:

*There is, however, another system which seems to take away altogether the distinction between vice and virtue, and of which the tendency is, upon that account, wholly pernicious: I mean the system of Dr. Mandeville. Though the notions of this author are in almost every respect erroneous, there are, however, some appearances in human nature, which, when viewed in a certain manner, seem at first sight to favour them. These, described and exaggerated by the lively and humorous, though coarse and rustic eloquence of Dr Mandeville, have thrown upon his doctrines an air of truth and probability which is very apt to impose upon the unskilful.*<sup>508</sup>

Adam Smith comes out strongly against the idea that we erroneously ascribe to him. If we were to discuss the beginnings of economics and the thesis that the wealth of nations stands on selfishness and self-interest, most of us would immediately mark Adam Smith as the father of this teaching. But this is peculiar. For even though Smith was familiar in detail with Mandeville’s work, it isn’t cited anywhere in *The Wealth of Nations*. The only place he quotes it is in *The Theory of Moral Sentiments*, where he clearly and repeatedly distances himself from the “dissolute” Mandeville and his attempt to reduce everything to (vicious) egoism. What’s more, Mandeville is the only

---

<sup>507</sup> „Near the end of the nineteenth century, German economists were struck by an apparent paradox in the history of economic ideas: reading Adam Smith’s two great works, *The Theory of Moral Sentiments* and *The Wealth of Nations*, they wondered how the person who made sympathy the mainspring of human action in the first book could also be the person who made calculating self/interest the primary motive force of the second book. How could one reconcile the advocate of sympathy with the advocate of self/ interest? thus arise *das Adam Smith problem*.“ See Bateman, B.W.: *Keynes’s Uncertain Revolution*, The University of Michigan Press, Michigan 1996

<sup>508</sup> Smith, *The Theory of Moral Sentiments*, 1853, 451.

one whom Smith so directly criticizes, ridicules, and caricatures—and does so in several places. It sometimes gives the impression that the entire book was written with the intention to argue against Mandeville. So there is no way Smith considers himself Mandeville’s successor, as popular history, on the contrary, has it.

Above all, Smith was not willing to come to terms with the thesis that there is no difference between vice and virtue (which was certainly not something Mandeville ever argued, even if Smith rebuked him for it). In reality, we instead witness how the definition of good and bad characteristics shifts slightly for Smith. Mandeville considers selfishness and self-love to be vices on which (aside from a multitude of other vices) the bees’ kingdom stands. This is why he came to the conclusion that *vices* lead to good. But Adam Smith *did not consider* self-love to be a vice. He renames “self-love” as “self-interest” (he freely swaps both terms), and despite not basing the *principle of the functioning of society* on it, he considers it important in the conduct of business. With this he can place himself as being against Mandeville (who was so condemned at the time), while at the same time basing his economic theories on a similar basis. With a silent redefinition of vice into virtue, Smith managed to draw from the logic of Mandeville’s argument without having to face derisive criticism. With Smith, Mandeville’s scornful “self-love” becomes the virtuous “self-interest”—a word we find (as opposed to the term “egoism”) in *The Wealth of Nations* or *The Theory of Moral Sentiments*.

This is a surprising approach from a teacher of morals. One can only look on in wonder at how Smith could silently redefine vice into virtue without appropriate discourse, and how he could fail to concede at least a bit of acknowledgment for Mandeville.

#### 6.4 DAS ADAM SMITH PROBLEM

Entire libraries could be filled with publications about the issue of the “two Smiths.”<sup>509</sup> Joseph Schumpeter named the topic *Das Adam Smith Problem*, and despite all of the discussions (whose main lines we will summarize), a satisfactory answer has

---

<sup>509</sup> For example, Heilbroner, *The Worldly Philosophers; Smith, Adam Smith’s Moral and Political Philosophy*; Morrow, “Adam Smith: Moralism and Philosopher”; Gaede, *Politics and Ethics: Machiavelli to Niebuhr*.

not been found to this day to the question of what Smith actually thought about self-interest and sympathy.<sup>510</sup> Whatever Adam Smith's anthropological perception of economic man is (whether it is about the individual or society, let it be built on self-love or not), what certainly remains is that the "father of economics" endowed the young field with a contradictory, unclear, and ambiguous view.

With a certain degree of exaggeration, it could be said that the dispute has dragged into the current day, and it divides current economic schools in many ways. For example, the dispute between methodological individualism and collectivism to a certain extent relates to the unclear definition of the problem of the "two Smiths." Adam Smith did not decide what economic anthropology would be like in coming eras. In *The Wealth of Nations*, man appears as an individual whose motives are given by self-interest. Smith, although a professor of ethics, doesn't discuss the moral issues at all at this point, and he does not look at how man functions in society outside the refuge of the conduct of business. Here self-love is the sole and apparently sufficient link between members of society, and not a single word appears on the necessity of mutual sympathy: "He will be more likely to prevail if he can interest their self-love in his favour, and show them, that it is for their own advantage to do for him what he requires of them."<sup>511</sup>

The above-mentioned passage with the butcher teaches us about the invisible hand, which harmonically, elegantly, and nonviolently governs, and, it would appear, no other helping hand is necessary. As opposed to this, the human beings in *The Theory of Moral Sentiments* look completely different. The governing principle of human behavior is loving benevolence, fondness; man is not a rational actor but is primarily led by emotion, and Smith's friend, David Hume, believed similarly. Man is not an individual actor torn away from society, but he is on the contrary its indivisible part. Schools that teach otherwise undergo sharp criticism by Smith. His sharpest words are reserved precisely for Mandeville's system, which later researchers erroneously ascribed as his (greatest?) contribution to the history of economic thought. In *The*

---

<sup>510</sup> Among the countless volumes, I would like to especially point out Witzum's article (1998), in which the author summarizes in detail and psychologically analyzes the possible conflict or on the contrary harmony between self-love and benevolence, or the (apparent) conflict between *The Wealth of Nations* and *The Theory of Moral Sentiments*. The following are worth pointing out: Doomen ("Smith's Analysis of Human Actions"), Hurtado ("Pity, Sympathy and Self-interest: Review of Pierre Force's Self-interest before Adam Smith"), Friedman ("Adam Smith's Relevance for 1976") or Evensky ("Adam Smith on the Human Foundation of a Successful Liberal Society").

<sup>511</sup> Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 1869, 15.

*Theory of Moral Sentiments*, Adam Smith shines as a philosopher and a very capable moral teacher (acclaimed to this day) not as an economist. He creates very courageous, original, and complicated psychological-societal constructs, only to fully and most rigorously show that the approach that seeks to find self-interest in every deed is erroneous. Sometimes one even gets the impression that Smith schizophrenically confronts himself and that one book casts doubt on the other.

## 6.5 NOT ONE, BUT MORE MOTIVES

According to Smith, the key to the correct view is a combination of motives. For this reason, he also criticizes Epicurus. Smith eludes efforts to seek a *single* explanatory principle behind *all* human acts, and he proposes more guiding principles instead. On one hand, kindness represents the finest and most beautiful principle, but it is not strong enough in and of itself. There is nothing wrong with mixing kindness with self-love; Smith sees nothing vicious or contemptible in it.

*The mixture of a selfish motive, it is true, seems often to sully the beauty of those actions which ought to arise from a benevolent affection. (...) Benevolence may, perhaps, be the sole principle of action in the Deity (...) so imperfect a creature as man, the support of whose existence requires so many things external to him, must often act from many other motives.*<sup>512</sup>

We can find an entire range of efforts to resolve and consolidate what at first glance appears to be Adam Smith's schizophrenic position. First, some scholars openly admit the incongruity of both of the author's theories (this approach has been given the difficult-to-pronounce term *Umschwungstheorie*).<sup>513</sup> For example, H. T. Buckle<sup>514</sup>

---

<sup>512</sup> Smith, *The Theory of Moral Sentiments*, 1853, 446–447.

<sup>513</sup> Hildebrand in *Die Nationalökonomie der Gegenwart und Zukunft* [The National Economy of the Present and the Future] charges Smith with “materialism” (meaning an egoistic theory of human nature), *Knies in Die Politische Oekonomie vom Standpunkte der geschichtlichen Methode* [Political Economy from the Standpoint of the Historical Method] argues that Smith changed his views between writing *The Theory of Moral Sentiments* and *The Wealth of Nations*, and that the change was a result of his visit to France. See also: von Skarżyński in *Adam Smith als Moralphilosoph und Schoepfer der Nationaloekonomie* [Adam Smith as a Moral Philosopher and Creator of National Economy]. According to von Skarżyński, Smith learned all his moral philosophy from Hutcheson and Hume, and all his economics from French scholars. See Introduction to Smith, *The Theory of Moral Sentiments*, 1982, 20.

<sup>514</sup> Volume 2 of Buckle, *History of Civilization in England*, 432–433, 437.

argues that: “They are, in reality, the two divisions of a single subject. In the *Moral Sentiments*, he investigates the sympathetic part of human nature; in *The Wealth of Nations*, he investigates its selfish part.” And later: “In the *Moral Sentiments*, he ascribes our actions to sympathy; in his *Wealth of Nations* he ascribes them to selfishness. A short view of these two works will prove the existence of this fundamental difference, and will enable us to perceive that each is supplementary to the other; so that, in order to understand either, it is necessary to study both.” Second, there have been many attempts to link these two sides of Smith, sometimes more, sometimes less elegantly.<sup>515</sup> One of the solutions can be found in the next passages of *The Theory of Moral Sentiments*:

*All the members of human society stand in need of each other’s assistance, and are likewise exposed to mutual injuries. Where the necessary assistance is reciprocally afforded from love, from gratitude, from friendship, and esteem, the society flourishes and is happy. (...) though among the different members of the society there should be no mutual love and affection, the society, though less happy and agreeable, will not necessarily be dissolved. Society may subsist among different men, as among different merchants, from a sense of its utility, without any mutual love or affection. (...) it [society] may still be upheld by a mercenary exchange of good offices according to an agreed valuation. Society, however, cannot subsist among those who are at all times ready to hurt and injure one another. (...) Justice, on the contrary, is the main pillar that upholds the whole edifice.*<sup>516</sup>

---

<sup>515</sup> In the edited version of *The Theory of Moral Sentiments* scholars argue that “The so-called “Adam Smith problem” was a pseudo-problem based on ignorance and misunderstanding. Anybody who reads The Theory of Moral Sentiments, first in one of the earlier editions and then in edition 6, will not have the slightest inclination to be puzzled that the same man wrote this book and *The Wealth of Nations*, or to suppose that he underwent any radical change of view about human conduct. Smith’s account of ethics and of human behaviour is basically the same in Edition 6 from 1790 as in Edition 1 from 1759. There is development but no fundamental alteration. It is also perfectly obvious that *The Theory of Moral Sentiments* is not isolated from *The Wealth of Nations*.” In Smith, *The Theory of Moral Sentiments*, 1982, 20.

Other scholars who see no problem between the two views are Hasbach, *Untersuchungen über Adam Smith und die Entwicklung der Politischen Ökonomie*; Limentani, *La morale della simpatia*; Eckstein in the Introduction to his translation (1926) or Campbell, *Adam Smith’s Science of Morals*. To these can be added, for acute treatment of the *Umschwungstheorie*: Zeyss, *Adam Smith und der Eigennutz*, and Oncken, “The Consistency of Adam Smith,” and in more detail, Wolf, ed., *Das Adam Smith–Problem, Zeitschrift für Socialwissenschaft*, 25–33, 101–8, 276–87. See also Macfie, *The Individual in Society*.

<sup>516</sup> Smith, *The Theory of Moral Sentiments*, 1853, 124–125.

From this viewpoint it appears that Adam Smith respected both basic principles and was only acting to distinguish how important a role this or that motive had in every action. Although both great emotions—love and self-love—frequently appear in their pure forms, mostly they mix together in our motives. Martin Buber speaks beautifully about this when he divides human relations between expedient relations and those that are purely and completely removed from utility.<sup>517</sup> So, it is possible that Adam Smith considered the principle of self-love to be the dominant motive of societal relations as a whole, where complete strangers are joined together. However, this motive alone would only lead to a minimalist functioning of a humanly poor society. So, we have to add Smith's second basic principle of loving benevolence. This principle can be found especially in interpersonal relations. It is what makes a society of people into a de facto society.

## 6.6 SMITH'S SOCIAL MAN AND HUME'S HERITAGE

In *The Theory of Moral Sentiments*, Smith presents a very “unselfish” thesis, which states that individuals are joined by a natural bond he calls *sympathy*. He is thinking not only about mutual favor (liking), but also of a universal human tendency, solidarity, and the ability to understand the motives of the other, empathy. He relies on people having an ability coded in them to feel for one another and, due to this, to behave fairly a priori. In order for Adam Smith to avoid the objection that a willingness to respect the motives of others is actually only self-love in a different guise (for example, we are afraid that a similar pain will happen to us), he creates his own system: According to him, man does not imagine that the given state could occur to him himself, but he *adapts* himself to the role of the other person. He gives as an example a man who puts himself in the place of a woman undergoing labor pains, even though he knows that such pain will never happen to him and that he doesn't even have to worry about it. There is an important difference in this, and Smith insists on this seeming detail and spends a lot of time and energy to raise it up beyond any doubt. With the help of “putting one's self into another's situation,” Smith created a psychological defense

---

<sup>517</sup> See Buber, *I and Thou*.

against the individualism of his time. “Sympathy, however, cannot, in any sense, be regarded as a selfish principle.”<sup>518</sup>

Smith builds his social ethics on the principle of mutual sympathy. Man is a social creature, and his nature is rooted in a need to feel empathy and to be part of his surroundings. This is also why morality has a valuable role across society: “Virtue is the great support, and vice the great disturber of human society.”<sup>519</sup> We could not imagine a greater conflict between Smith and Mandeville, who on the contrary considers vice to be the source of society’s wealth; on the other hand, at the moment the society becomes virtuous (as Smith would have it), it falls into poverty and is soon destroyed. For Smith:

*“virtue, which is, as it were, the fine polish to the wheels of society (...) while vice, like the vile rust, which makes them jar and grate upon one another, is as necessarily offensive. (...) If virtue, therefore, be desirable for its own sake, and if vice be, in the same manner, the object of aversion, it cannot be reason which originally distinguishes those different qualities, but immediate sense and feeling.”*<sup>520</sup>

## 6.7 SOCIETY AS A RATIONAL CHOICE?

Does society hold together based on the choice of rational reasons of an individual, a notion the modern economy seems to presuppose? Is it rational calculus that keeps a man a (good) member of a given society? Or is something else at play?

Smith’s contemporary David Hume contributed in great measure to the search for answers to these questions and to the understanding of economic anthropology overall. He commented on key topics of economic interest such as the origin of social order, the theory of utility and self-love, and also the relationship between rationality and extrarationality. Hume is important for us, since Smith and Hume held very many similar views, and they were very close friends.

---

<sup>518</sup> Smith, *The Theory of Moral Sentiments*, 1853, 465.

<sup>519</sup> Ibid., 463.

<sup>520</sup> Ibid., 464.

Hume comes out against the conception of a social contract promoted by people such as Thomas Hobbes. According to Hobbes' theory, man "exchanges" his freedom for social order by voluntarily (rationally) subjecting himself to social rules and at the same time expects that others will do the same. Society is therefore held together on the basis of the principle of self-love; it is therefore nothing more than hedonist calculus. Hume does not agree with this theory and writes:

*The most obvious objection to the selfish hypothesis is, that, as it is contrary to common feeling and our most unprejudiced notions, there is required the highest stretch of philosophy to establish so extraordinary a paradox. To the most careless observer there appear to be such dispositions as love, friendship, compassion, gratitude ... [which are] plainly distinguished from those of the selfish passions ... All attempts of this kind [to prove all from self-love] have hitherto proved fruitless, and seem to have proceeded entirely from that love of simplicity which has been the source of much false reasoning in philosophy.<sup>521</sup>*

Here he uses an argument that Adam Smith uses later. According to Hume, it is in our nature to carry out and praise acts "where the utmost subtilty of imagination would not discover any appearance of self-interest, or find any connexion of our present happiness and security with events so widely separated from us."<sup>522</sup> It is in our nature to celebrate acts that have no relationship at all to ourselves or the level of our utility, either in time or in space. According to Hume, the reason why we consider such acts as moral and good despite having no relationship to our utility is simple: These acts resonate with our moral *sentiment* (and therefore not with calculus). Private utility, Hume argues, cannot serve as a building block of society. We can still give many examples where "We have found instances, in which private interest was separate from public; in which it was even contrary: And yet we observed the moral sentiment to continue, notwithstanding this disjunction of interests."<sup>523</sup> As regards self-love and private utility, he does not consider it as an exclusive and all-explaining emotion but includes a wider utility as well, the utility of society: "Usefulness is agreeable, and

---

<sup>521</sup> Hume, "An Enquiry Concerning the Principles of Morals", from Hume, *Selections*, 245.

<sup>522</sup> *Ibid.*, 213.

<sup>523</sup> *Ibid.*, 215.

engages our approbation. This is a matter of fact, confirmed by daily observation. But, *useful*? For what? For somebody's interest, surely. Whose interest then? Not our own only: For our approbation frequently extends farther."<sup>524</sup>

This is a key idea, one that can also help us to understand Smith's concept of societal coexistence. Hume believed that human moral *sentiment* is stronger and deeper than the principle of utility. (Emotional) sentiment is stronger than (rational) calculus. The norms of human behavior existed *before* the creation of the state (the state did not create them in a Hobbesian way) and it is impossible to explain it from the position of social contract theory. "Compelled by these instances, we must renounce the theory, which accounts for every moral sentiment by the principle of self-love,"<sup>525</sup> Hume concludes. Social morals are the domain of emotions, feelings—not rationality. "Unlike modern economists Adam Smith assumes that people are highly interdependent as they consider the alternatives they face. Because people share similar feelings and passions, they can identify with others as others express their passions in behaviour."<sup>526</sup>

Like Aristotle and Aquinas, Hume considers human beings to be a *zoon politikon* and argues that it is *natural* for a person to be part of a society. In other words, the individual does not rationally "choose" to be a part of a society because it would bring a calculable utility, but because it is in his nature; at the end of the day the society is something he is (literally) born into. Human beings have a *natural* tendency toward good and a strongly inherent *social* sympathy, even empathy. "Everything, which contributes to the happiness of society, recommends itself directly to our approbation and good-will. Here is a principle, which accounts, in great part, for the origin of morality."<sup>527</sup> He simply considers this characteristic as a "principle of human nature."<sup>528</sup>

"The human heart (...) will never be wholly indifferent to public good."<sup>529</sup> He writes elsewhere: "No character can be so remote as to be, in this light, wholly

---

<sup>524</sup> Hume, "An Enquiry Concerning the Principles of Morals", from Hume, *Selections*, 214. Stress on the word "useful" in original text.

<sup>525</sup> *Ibid.*, 215.

<sup>526</sup> Halteman, "Is Adam Smith's Moral Philosophy an Adequate Foundation for the Market Economy?"

<sup>527</sup> Hume, "An Enquiry Concerning the Principles of Morals", from Hume, *Selections*, 215.

<sup>528</sup> *Ibid.*, 216.

<sup>529</sup> *Ibid.*, 229.

indifferent to me. What is beneficial to society or to the person himself must still be preferred.”<sup>530</sup> Hume probably summarizes this idea best in the following passage: “It appears that a tendency to public good, and to the promoting of peace, harmony, and order in society, does always (...) engage us on the side of the social virtues (...) principles of humanity and sympathy enter so deeply into all our sentiments, and have so powerful an influence, as may enable them to excite the strongest censure and applause.”<sup>531</sup> Here again the motive emerges that we know from Adam Smith, the motive of the individual who not only depends on himself, but whose strongest emotions bind him to others and to the entire society. It is appropriate to note again that Hume is speaking not of a rational calculus but about the *feelings* that lead us to *social virtue*. According to Hume, these virtues are not rationally justifiable, as the theory of the social contract argues.

Neither Smith nor Hume would agree that society is founded on hedonistic principles and on the principle of rational choice, as the rationalists and Rousseau’s theory of the social contract postulate. Human anthropology is different—man associates on the basis of innate feelings. The mystery of how society holds together shines through here as well. We are born with it, and we cannot say more about it.

## 6.8 REASON AS A SLAVE OF THE PASSIONS

Smith’s view on the rationality of human behavior appears interesting as well. Here he was also strongly influenced by David Hume. Adam Smith writes:

*But though reason is undoubtedly the source of the general rules of morality, and of all the moral judgments which we form by means of them; it is altogether absurd and unintelligible to suppose that the first perceptions of right and wrong can be derived from reason (...) These first perceptions (...) cannot be the object of reason, but of immediate sense and feeling. (...) But reason cannot render any particular object either agreeable or disagreeable (...) Reason may show that this object is the means of obtaining some other which is naturally either pleasing or displeasing and in this manner may render it either agreeable or disagreeable for the sake of something else.*

---

<sup>530</sup> Hume, “An Enquiry Concerning the Principles of Morals“, from Hume, *Selections*, 230.

<sup>531</sup> *Ibid.*, 219.

*But nothing can be agreeable or disagreeable for its own sake, which is not rendered such by immediate sense and feeling.*<sup>532</sup>

Hume was made famous by the passage that sets rationalistic anthropology on its head: “Reason is, and ought only to be the slave of the passions, and can never pretend to any other office than to serve and obey them.”<sup>533</sup> (Incidentally, on this point he stands very close to the ideas of Bernard Mandeville,<sup>534</sup> whom he criticizes so heartily together with Smith.) The passage more or less summarizes his philosophy—reason and feelings do not fight against each other and one is not set against the other. They are not lying on the same level so as to compete with each other. Human actions are led by feelings, passions, and affects, and reason plays its role only on a secondary level, in the process of rationalization.<sup>535</sup> John Locke uses a similar argument: “Reason does not so much establish and pronounce this law of nature as search for it and discover it ... Neither is reason so much the maker of that law as its interpreter.”<sup>536</sup>

Our actions are not the result of careful calculations of convenience or inconvenience, utility, and cost. Our actions instead allow themselves to be carried by forces that we do not understand, namely, emotions that motivate us to action. Keynes’s *animal spirits* also has a similar irrational character.

David Hume would have defied the contemporary anthropology of homo economicus from the following angle: Feelings, not rationality, are the moving force behind human behavior. Put more simply, rationality itself is not enough to motivate a human being to action. According to Hume, interests of society “are not, even on their own account, entirely indifferent to us. Usefulness is only a tendency to a certain end; and it is a contradiction in terms, that anything pleases as means to an end, where the end itself no wise affects us.”<sup>537</sup> Reason itself does not know how to order our preferences in such a way as to act; reason does not know how to motivate us to action.

---

<sup>532</sup> Smith, *The Theory of Moral Sentiments*, 1853, 470.

<sup>533</sup> Hume, *A Treatise on Human Nature*, 297.

<sup>534</sup> Compare Mandeville, *The Fable of the Bees*, 56.

<sup>535</sup> Rawls, *Lectures on the History of Moral Philosophy*, 29, 30.

<sup>536</sup> Citation from Hayek, *Law, Legislation, and Liberty*, 151.

<sup>537</sup> Hume, “An Enquiry Concerning the Principles of Morals”, from Hume, *Selections*, 239.

“What is honourable, what is fair, what is becoming, what is noble, what is generous, takes possession of the heart, and animates us to embrace and maintain it. What is intelligible, what is evident, what is probable, what is true, procures only the cool assent of the understanding; and gratifying a speculative curiosity, puts an end to our researches.”<sup>538</sup>

Immanuel Kant seems to take a similar position. “Pure reason, however, cannot command any ends a priori.”<sup>539</sup> Reason plays only a secondary role—when it finds the best path to a goal.<sup>540</sup> We find in our acts a cooperation between reason and feeling.<sup>541</sup> Reason alone produces paradoxes: “It is not contrary to reason to prefer the destruction of the whole world to the scratching of my finger.”<sup>542</sup>

## 6.9 CONSOLIDATION OF THE TWO SMITHS?

It is a paradox that important economic authorities deny economic originality to both Mandeville and Smith, while they praise both as important thinkers in the areas of psychology, ethics, and philosophy. So how is it possible that these two built the foundations of economics? Is it because psychology, philosophy, and ethics *are* in reality at the core of economics and precisely because, more than anyone else before them, Mandeville and Smith were at the climax of the economic debate which has lasted from time immemorial to this day? Why do we not consider the mercantilists as the fathers of economics? Or the mathematics-oriented physiocrats? It was the French physiocrat Vincent de Gournay (1712–1759) who—a generation before Smith—pronounced the proverbial catchphrase which is still used to this day, *laissez faire, laissez passer*. But today we don’t hear much about him—or about others—while *Das Adam Smith Problem* (i.e., the problem of egoism in the theories of Smith) is still lively and discussed to this day.

---

<sup>538</sup> Hume, “An Enquiry Concerning the Principles of Morals”, from Hume, *Selections*, 197.

<sup>539</sup> Kant, *The Metaphysical Elements of Ethics*, 41. (Chapter 9: “What Is a Duty of Virtue?”)

<sup>540</sup> Rawls, *Lectures on the History of Moral Philosophy*, 31–32.

<sup>541</sup> Hume, “An Enquiry Concerning the Principles of Morals”, from Hume, *Selections*, 198.

<sup>542</sup> Hume, *A Treatise of Human Understanding*, 298: “It is not contrary to reason to prefer the destruction of the whole world to the scratching of my finger. ‘Tis not contrary to reason for me to chuse my total ruin, to prevent the least uneasiness of an Indian or person wholly unknown to me.... In short a passion must be accompanied by some false judgement, in order to its being unreasonable; and even then it is not the passion, properly speaking, which is unreasonable, but the judgement.”

The problem is the definition of the breadth of “egoism,” or everything that we intend to include in this term. If the acts of Jan Hus, the famous Czech reformist preacher, who chose to be burned to death rather than deny his truth, or Francis of Assisi, who gave away his property, are defined as egoistical acts, then everyone behaves egoistically, but the term “egoism” visibly loses its meaning because it becomes an untestable, all-inclusive term that can be used to explain any even completely opposite acts.

## 6.10 CONCLUSION: MR. SMITH RELOADED

In this chapter we have followed the misunderstanding that occurred in connection with the concept of the invisible hand of the market, which was ascribed to Smith. We have discussed the problem of his ties to Bernard Mandeville and the concept of social contracts as a rational construct overall. We have opened the issue of *Das Adam Smith Problem*, and pointed out that human behavior cannot likely be explained by a single (egoistic) principle. At the same time we have paused to consider the philosophy of his close friend David Hume, from whom Smith took many ideas. Hume, for example, diminished the role of reason and placed emotion and feeling at a key location. Adam Smith, then, talks of a basic social principle of *sympathy*, which holds society together. Both perceived man as an essentially social being, one who feels connected even to the most distant member of the human family.

The modern mainstream, which claims to be a descendant of classical Smith economics, has neglected ethics. The issue of good and evil was dominant in the classical debates, yet today it is almost heretical to even talk about it. As I have tried to show, I further argue that the popular reading of Adam Smith is a misunderstanding. Smith’s contribution to economics is much broader than just the (dubious) concept of the invisible hand of the market and, birth of the egoistic, self-centered homo economicus.

The popular reading of Smith makes economics lopsided. For an understanding of the current state of economics it is therefore necessary to read both Smiths. Because if one focuses only on the popular side of Smith’s *Wealth of Nations* without having the

broader context of *The Theory of Moral Sentiments*, one can easily reach conclusions that were not of Smith's intentions.

Smith did understand the crucial importance of ethics and gave it a major role and place in society, although his legacy is a bit confusing. For us economists, I believe Smith's legacy is that moral questions must be included in economics—that it is the key question of economics. To this author, his most influential contribution to economics was ethical. The debate on good and evil did not begin but culminated with Smith.

## 7 CONCLUSION

This paper perhaps (for better or for worse) takes a somewhat existentialist approach to economics, which might be useful after decades of a mainstream reductionist approach. So in some ways this paper tries to take a step forward with alternative schools of economics and a step backward from the mainstream perception of the economy and economic anthropology. For economists, it seems that the questions “what do we think a human being is? How does the society function?” have to be rethought in order to be more widely understood. The aim of this work was to attempt to demonstrate that it is possible to bring different areas of humanities closer to economics and to attempt to show that there exist many significant links. It is also an attempt to show economics as a member of the field of social sciences and the humanities in general. If this research and direction helps to continue to open economics to the influence of a wider range of scholarly research, then this paper has done more than its aim.

The conclusion of this thesis can be manyfold. Firstly, we have tried to show that historical study of ancient texts, which seem, at first, non-related to economics have actually a lot to say and to teach us. We have tried to see this especially in the chapter on *The Epic of Gilgamesh*. Here we have tried to look at the basis of good and evil, notion of civilization and hierarchy in it. Importantly to us, we tried to look for the pre-shadows of economists’ debated belief in the workings of the invisible hand of the market.

We have looked for roots of economic philosophy and the setting of its basic presuppositions in the chapter on Ancient Greece. Here we tried to show other areas that lie at the foundations of economic thought. This chapter tried to show the links of economics especially in regards to philosophy but also myth (similiars to the attempts in the first chapter). Some ideas won in the competition of ideas; some lost; and thusly the development and progress took a different direction. This paper has tried to study those concepts and arguments that lost and to re-examine them.

In the third chapter not only are statements of Jesus analyzed and the arguments and examples that he used as illustrative models of human behaviour and reasoning, but

also the considerations of Paul, Augustine, and especially Thomas Aquinas. Here, the relationship of body and soul, the role of desires, look at the debt, gift, redemption, the role of work, the role of emotions, intellect and „body“ undergo analysis. This chapter also deals with social evil, communitarianism, and man as a social being. The methodology also touches upon the role of assumptions, beliefs and rational argumentation. Like in the chapter on Gilgamesh, we can see here, as well, how the concept of progress, civilization and its relationship with nature developed.

The remaining three chapters tried to go into detail by taking a look at three figures that helped to shape the study of economics, as we know it today. The main point and finding of this paper is the fact that the study of economics came from a wider context that is useful to study in order to enrich the understanding of the innate human elements and dynamics of social interactions. The author has tried to show how much philosophy and even religion there is in science and specifically in economics. A broader look at the work of these three personalities and how they responded to and influenced each other has also been demonstrated. In some aspects, the father of economics, Adam Smith, was a culmination of moral and philosophical debates from which economics as a scholarly field arose.

This work can be enlarged in many areas. There are, of course, other very interesting chapters of history, and many writings, that can add to our contemporary understanding. In future studies, the author wants to focus on the formation of effective demand, which starts with a certain desire and the feeling of discontent. Also, the author wishes to go into more depth by studying the nature or philosophy of money and the notion of debt (topics on which some recent literature has been written, as this area is of academic interest to many economists and non-economists as well). The author wishes to continue to research, teach, write and publish in this area.

## REFERENCES

- Akerlof, George A., and Shiller, Robert J.** *Animal Spirits: How Human Psychology Drives the Economy, and Why It Matters for Global Capitalism (New in Paper)*. Princeton University Press, 2010.
- Anzenbacher, Arno.** *Úvod do filozofie* [Introduction to Philosophy]. Prague: Státní pedagogické nakladatelství, 1990.
- Aquinas, Thomas.** *Contra Gentiles: On the Truth of the Catholic Faith*. Vol. 3, Providence, NY: Hanover House, 1955–57.
- Aquinas, Thomas.** *De Regno: On Kingship, to the King of Cyprus*. Translated by Gerald B. Phelan. Toronto: The Pontifical Institute of Mediaeval Studies, 1949.
- Aquinas, Thomas.** *The Summa Theologica of St. Thomas Aquinas*, Second and Revised Edition. 2008. <http://www.newadvent.org/summa/>.
- Arendt, Hannah.** *The Human Condition*. Chicago: University of Chicago Press, 1998.
- Aristophanes.** *Ecclesiazusae*. London: Harvard University Press, 1947.
- Aristotle.** *Nicomachean Ethics*, trans. T. Irwin (Indianapolis: Hackett Publishing, 1985).
- Aristotle.** *The Nicomachean Ethics*. Translated by W. D. Ross. Oxford: Clarendon Press, 1933.
- Aristotle, and David Bostock.** *Aristotle Metaphysics*. Oxford, UK: Clarendon, 1994. Print.
- Augustine.** *City of God*. Edinburgh: Eerdmans, 2002. <http://etext.lib.virginia.edu/ebooks/>.
- Augustine.** *Confessions*. Translated by Henry Chadwick. New York: Oxford University Press, 1991.
- Augustine.** *Enchiridion on Faith, Hope, and Love*. Washington, DC: Regnery, 1996.
- Balabán, Milan, and Veronika Tydlitátová.** *Gilgameš: mytické drama o hledání věčného života*. [Gilgamesh: Mythic Dram and Searching for Eternal Life ] Vyšehrad, 2002.
- Bassham, Gregory, and Eric Bronson,** eds. *The Lord of the Rings and Philosophy: One Book to Rule Them All*. Open Court, 2003.
- Bateman, Bradley W.** *Keynes's Uncertain Revolution*, Michigan: The University of Michigan Press, 1996.
- Becchio, Giandomenica.** ed. *Unexplored Dimensions: Karl Menger on Economics and Philosophy (1923-1938)*. Vol. 12. Emerald Group Publishing, 2009.
- Berkeley, George.** *A Treatise Concerning the Principles of Human Knowledge*. Oxford: Oxford University Press, 1998.
- Bonhoeffer, Ditrich.** *Ethics*. New York: Touchstone, 1995.

- Buber, Martin.** *I and Thou*. Translated by Ronald Gregor Smith. Hesperides Press, 2008.
- Buckle, Henry Thomas.** *History of Civilization in England*. London: Parker and Son, 1857–1861.
- Bunt, Lucas N. H., Phillip S. Jones , and Jack D. Bedient.** *The Historical Roots of Elementary Mathematics*. New York: Dover, 1988.
- Caldwell, Bruce J.** *Beyond Positivism*. London: Routledge, 1994.
- Campbell, Joseph.** *Myths to Live By*. New York: Viking, 1972.
- Campbell, Thomas Douglas.** *Adam Smith's Science of Morals*. London: Allen & Unwin, 1971.
- Cheal, David J.** *The Gift Economy*. New York: Routledge, 1988.
- Chesterton, G. K.** *Orthodoxy*. Redford, VA: Wilder Publications, 2008.
- Chesterton, G. K.** *St. Thomas Aquinas*. Middlesex: The Echo Library, 2007.
- Colins, Chuck, and Mary Wright.** *The Moral Measure of the Economy*. New York: Orbis Books, 2007.
- Cox, Steven L., Kendell H. Easley , A. T. Robertson, and John Albert Broadus.** *Harmony of the Gospels*. Nashville, TN: Holman Bible, 2007.
- Davies, Norman.** *Europe: A History*. London: Pimlico, 1997.
- Descartes, René.** *Discourse on the Method; and, Meditations on First Philosophy*. 4<sup>th</sup> ed. Edited by David Weismann. New Haven, CT: Yale University Press, 1996.
- Descartes, René.** *Meditations on First Philosophy*. Sioux Falls: NuVision, 2007.
- Descartes, René.** *Principles of Philosophy*. Translated by V. R. Miller and R. P. Miller. Dordrecht: Kluwer Academic, 1984.
- Descartes, René.** "Treatise on Man." In *The Philosophical Writings of Descartes*, edited by Dugald Murdoch, John Cottingham, and Robert Stoothoff. Cambridge: University of Cambridge, 1985.
- Detienne, Marcel.** *The Masters of Truth in Archaic Greece*. New York: Zone Books, 1999.
- Diamond, Jared.** *Why is sex fun?: the evolution of human sexuality*. Basic Books, 1998.
- Dixit, Avinash K., and Barry Nalebuff.** *Thinking Strategically: The Competitive Edge in Business, Politics, and Everyday Life*. New York: Norton, 1991.
- Epicurus.** *Principal Doctrines*. Translated by Robert Drew Hicks. The Internet Classics Archive, 1925. <http://classics.mit.edu/Epicurus/princdoc.html>.
- Estes, Clarissa Pinkola.** *Women Who Run with the Wolves*. New York: Ballantine Books, 2003.
- Euripides, and Maurice Platnauer.** *Euripides Iphigenia in Tauris*. Bristol: Bristol Classical, 1984.

- Falckenberg, Richard, and Charles F. Drake.** *History of Modern Philosophy: From Nicolas of Cusa to the Present Time*. Translated by A. C. Armstrong. New York: Kessinger, 1893.
- Friedman, Milton.** *Essays in Positive Economics*. Chicago, London: University of Chicago Press, 1970.
- Gadamer, Hans George.** *The Idea of the Good in Platonic-Aristotelian Philosophy*. New Haven: Yale University Press, 1986.
- Gaede, Erwin A.** *Politics and Ethics: Machiavelli to Niebuhr*. Lanham, MD: University Press of America, 1983.
- Goethe, Johann W.** *Goethe's Faust*. Translated by Walter Kauffman. New York: Anchor Books, 1961.
- Graeber, David.** *Toward an Anthropological Theory of Value*. New York: Palgrave, 2001.
- Halteman, Richard J.** "Is Adam Smith's Moral Philosophy an Adequate Foundation for the Market Economy?" In *Journal of Markets and Morality*, Vol. 6 (2003): 453–478.
- Harris, H. S.** *The Reign of the Whirlwind*. York, Canada: Space, 1999.
- Hayek, Friedrich A.** *Law, Legislation, and Liberty*. London: Routledge and Kegan Paul, 1973.
- Hayek, Friedrich A.** *New Studies in Philosophy, Politics, Economics, and the History of Ideas*. London: Routledge and Kegan Paul, 1978.
- Heller, Jan.** *Jak orat s čertem*. Prague: Kalik, 2005
- Hesiod.** "Works and Days." In Hesiod: *Theogony, Works and Days, Testimonia*, edited by Glenn W. Most. Cambridge, MA: Harvard University Press, 2006.
- Hildebrand, Bruno.** *Die Nationalökonomie der Gegenwart und Zukunft*. Frankfurt am Main: Erster Band, 1848.
- Hobbes, Thomas.** *Leviathan*. Oxford: Oxford University Press, 1996.
- Horsley, Richard A.** *Covenant Economics*. Louisville: Westminster John Knox, 2009.
- Hume, David.** *A Treatise on Human Nature*. NuVision Publications, 2008.  
<http://www.nuvisionpublications.com>.
- Hume, David.** *Enquiries Concerning the Human Understanding and Concerning the Principles of Morals*. Oxford: Clarendon Press, 1902.
- Husserl, Edmund.** *Cartesian Meditations*. London: Nijhoff, 1977.
- Hurtado-Prieto, Jimena.** *Adam Smith and the Mandevillian Heritage: The Mercantilist Foundations of Dr. Mandeville's Licentious System*. 2004
- Kahn, Charles H.** *Plato and the Socratic dialogue: the philosophical use of a literary form*. Cambridge, UK: Cambridge University Press, 1998.
- Kant, Immanuel.** *The Metaphysical Elements of Ethics*. Rockville: Arc Manor, 2008.

- Kerkhof, Bert.** "A Fatal Attraction? Smith's 'Theory of Moral Sentiments' and Mandeville's 'Fable'." In *History of Moral Thought* Vol. 16, no. 2 (1995): 219–233.
- Kirk, G. S., J. E. Raven, and M. Schofield.** *The Presocratic Philosophers*. Cambridge: Cambridge University Press, 1983.
- Kratochvíl, Zdeněk.** *Filosofie mezi mýtem a vědou od Homéra po Descarta* [Philosophy between Myth and Science from Homer to Descartes]. Prague: Academia, 2009.
- Kratochvíl, Zdeněk.** *Mýtus, filosofie, věda I. a II. (Filosofie mezi Homérem a Descartem)* [Myth, Philosophy, and Science]. Prague: Michal Jůza & Eva Jůzová, 1996.
- Leacock, Stephen.** *Hellements of Hickonomics, in Hiccoughs of Verse Done in Our Social Planning Mill*. New York: Dodd, Mead, 1936.
- Lewis, Clive Staples.** *The Four Loves*. New York: Harcourt Brace Jovanovich, 1960.
- Lewis, Clive Staples.** *Letters of C. S. Lewis*. Edited by W. H. Lewis. New York: Harcourt, Brace & World, 1966.
- Lewis, Clive Staples.** *The Weight of Glory and Other Addresses*. 2nd ed. New York: Macmillan, 1980.
- Liddell, H. G., and R. Scott.** *Greek-English Lexicon*. 9th ed. Oxford: Clarendon, 1996.
- Locke, John.** *Two Treatises of Government*. Cambridge: Cambridge University Press, 2003.
- Lowry, S. Todd.** "Ancient and Medieval Economics." In *A Companion to the History of Economic Thought*, edited by Warren J. Samuels, Jeff Biddle, and John Bryan Davis, 11–27. Oxford: Blackwell Publishing, 2003.
- Lowry, S. Todd.** *The Archaeology of Economic Ideas: The Classical Greek Tradition*. Durham, NC: Duke University Press, 1988.
- Lowry, S. Todd.** "The Economic and Jurisprudential Ideas of the Ancient Greeks: Our Heritage from Hellenic Thought." In *Ancient and Medieval Economic Ideas and Concepts of Social Justice*, edited by S. Todd Lowry and Barry Gordon. New York: Brill, 1998.
- Luther, Martin.** "Martin Luther's Last Sermon in Wittenberg, Second Sunday in Epiphany, 17 January 1546." In Dr. Martin Luthers *Werke: Kritische Gesamtausgabe*, 51–126. Weimar: Herman Boehlaus Nachfolger, 1914.
- Macfie, A. L.** "The Individual in Society: Papers on Adam Smith." 1967.
- MacIntyre, Alasdair C.** *After Virtue*. Vol. 211. Notre Dame, IN: University of Notre Dame Press, 1984.
- Mahan, Asa.** *A Critical History of Philosophy*. New York: Phillips & Hunt, 2002.
- Mandeville, Bernard.** "An Essay on Charity, and Charity-Schools." In Mandeville, *The Fable of the Bees*. Middlesex: Penguin, 1970.

- Mandeville, Bernard.** *The Fable of the Bees; or, Private Vices, Public Benefits*. Edited by Phillip Harth. Oxford: Clarendon Press, 1924; and later version. Middlesex: Penguin, 1970.
- Mandeville, Bernard.** *The Fable of the Bee; Or, Private Vices, Publick Benefits: With an Essay on Charity and Charity-school; and a Search into the Nature of Society*. London: Tonson, 1724. Print.
- Mauss, Marcel.** *The Gift: Forms and Functions of Exchange in Archaic Societies*. London: Cohen & West, 1966.
- Marx, Karl.** *Capital*. Vol. 1. Edited by Ben Fowkes. London: Penguin, 1990.
- McCloskey, Deirdre N.** *The Bourgeois Virtues: Ethics for an Age of Commerce*. Chicago: University of Chicago Press, 2006.
- McCloskey, Deirdre N.** "The Rhetoric of Economics." In *Journal of Economic Literature*, Vol. 21 (June 1983): 481–517.
- Mill, John Stuart.** *Utilitarianism*. Forgotten books, 2008. [www.forgottenbooks.org](http://www.forgottenbooks.org).
- Mill, John Stuart.** *Principles of Political Economy: With Some of Their Applications to Social Philosophy*. Edited with an Introduction by Stephen Nathanson. Indianapolis, IN: Hackett, 2004.
- Mini, Piero V.** *Philosophy and Economics: The Origins and Development of Economic Theory*. Gainesville: University Presses of Florida, 1974.
- Nelson, Robert H.** *Economics as Religion: From Samuelson to Chicago and Beyond*. University Park: Pennsylvania University Press, 2001.
- Nelson, Robert H.** *Reaching for Heaven on Earth: The Theological Meaning of Economics*. Savage, MD: Rowman & Littlefield, 1991.
- Neubauer, Zdeněk.** *O čem je věda? (De possest: O duchovním bytí Božím) [What Is Science About?]*. 1st ed. Prague: Malvern, 2009.
- New International Version of the Holy Bible.** Grandville, MI: Zondervan, 2001.
- Novak, Michael.** *Duch demokratického kapitalismu [The Spirit of Democratic Capitalism]*. Prague: Občanský Institut, 2002.
- Novotný, František.** *The Posthumous Life of Plato*. Prague: Academia, 1977.
- Nussbaum, Martha C.** *The Fragility of Goodness: Luck and Ethics in Greek Tragedy and Philosophy*. New York: Zone Books, 1999.
- Patočka, Jan.** *Kacířské eseje o filosofii dějin [Heretical Essays in the Philosophy of History]*. Prague: OIKOYMENH, 2007.
- Patterson, Stephen, and Marvin Meyer.** "The "Scholars' Translation" of the Gospel of Thomas". <http://home.epix.net/~miser17/Thomas.html>.
- Payne, Jan.** *Odkud zlo? [Whence Evil?]*. Prague: Triton, 2005.
- Pieper, Thomas J.** *Guide to Thomas Aquinas*. Notre Dame, IN: University of Notre Dame Press, 1987.

- Plato.** *Complete Works*. Edited by J. M. Cooper and D. S. Hutchinson. Cambridge: Hackett, 1997.
- Plato.** *The Republic*, reprinted in *The Republic of Plato*, translated, with notes and an interpretive essay by Allan Bloom, 2nd edition (1991), New York: Basic Books, 1968.
- Platon.** *Philebus*. Translated by Justin Cyril Bertrand. Oxford: Clarendon, 1975. Print.
- Polanyi, Michael.** *Personal Knowledge: Towards a Post-Critical Philosophy*. London: Routledge & Kegan Paul, 1962.
- Popper, Karl.** *The Open Society and Its Enemies*. New York: Routledge, 2003.
- Radin, Paul.** *The Trickster: A study in American Indian mythology*. Taylor & Francis, 1956.
- Raphael, David D.** *The Impartial Spectator: Adam Smith's Moral Philosophy*. Oxford: Oxford University Press, 2007.
- Rawls, John.** *Lectures on the History of Moral Philosophy*. Cambridge: Harvard University Press, 2000.
- Redman, Deborah A.** *Economics and the Philosophy of Science*. Oxford: Oxford University Press, 1993.
- Rothbard, Murray N.** *Economic Thought before Adam Smith: Austrian Perspectives on the History of Economic Thought*. Vol. 1. Cheltenham, UK: Edward Elgar, 1995.
- Rothschild, Emma.** „Adam Smith and the Invisible Hand“, *The American Economic Review*, Vol. 84, No. 2, May 1992.
- Russell, Bertrand.** *Mysticism and Logic and Other Essays*. London, New York: Longmans, Green, 1918.
- Sallust.** *On the Gods and the World*. Translated by Thomas Taylor. Whitefish, MT: Kessinger, 2003.
- Schumpeter, Joseph A.** *History of Economic Analysis*. London: Routledge, 2006.
- Sen, Amartya Kumar.** *On Ethics and Economics*. Oxford: Blackwell, 1987.
- Sigmund, Paul E., ed.** *St. Thomas Aquinas on Politics and Ethics*. New York: W. W. Norton, 1987.
- Simmel, Georg.** *Simmel on Culture: Selected Writings*. Edited by David Frisby, and Mike Featherstone. Thousand Oaks, CA: Sage, 1997.
- Simmel, Georg.** *Peníze v moderní kultuře a jiné eseje* [Money in Modern Culture]. 2nd ed. Edited by Otakar Vochoč. Prague: Sociologické nakladatelství, 2006.
- Smith, Adam.** “Essays on Philosophical Subjects.” In *The Glasgow of the Works and Correspondence of Adam Smith, III*, edited by D. D. Raphael and A. S. Skinner. Oxford: Oxford University Press, 1980.
- Smith, Adam.** *An Inquiry into the Nature and Causes of the Wealth of Nations*. Library of Economics and Liberty, 1904. <http://www.econlib.org/library/Smith/smWN13.html>.
- Smith, Adam.** *An Inquiry into the Nature and Causes of the Wealth of Nations*. Oxford: The Clarendon Press, 1869.

- Smith, Adam.** *The Theory of Moral Sentiments*. London: H. G. Bonn, 1853.
- Smith, Adam.** *The Theory of Moral Sentiments*. In *The Glasgow Edition of the Works and Correspondence of Adam Smith, I*, edited by D. D. Raphael and A. L. Macfie. Indianapolis: Liberty Funds, 1982.
- Stigler, George Joseph.** *Frank Hyneman Knight*. Chicago, IL: Center for the Study of the Economy and the State, University of Chicago, 1985.
- Suppe, Frederick.** *The Structure of Scientific Theories*. Urbana: University of Illinois Press, 1977.
- The International Standard Bible Encyclopedia.** 1939. <http://www.internationalstandardbible.com/> (accessed 2010).
- Vivenza, Gloria.** *Adam Smith and the Classics: The Classical Heritage in Adams Smith's Thought*, Oxford: Oxford University Press, 2001.
- Whitehead, Alfred North.** *Adventures of Ideas*. Cambridge University Press, 1933.
- Whitehead, Alfred North.** *Science and the Modern World*. Cambridge: Cambridge University Press, 1926.
- Willis, Jim.** *God's Politics: Why the Right Gets It Wrong and the Left Doesn't Get It*. San Francisco: HarperSanFrancisco, 2005.
- W.K.C.:** *A History of Greek Philosophy*, vols. I-III. Cambridge, The University Press, 1962, 1965, 1969.
- Wolf, Julius**, ed. "Das Adam Smith-Problem." *Zeitschrift für Socialwissenschaft* 1, Berlin: 1898.
- Xenophon.** *The Education of Cyrus*. Edited by H. G. Dakyns. London: Dent, 1914.
- Xenophon.** *Hiero*. Edited by H. G. Dakyns. Whitefish, MT: Kessinger, 2004.
- Xenophon.** *Xenophon: Memorabilia, Oeconomicus, Symposium, Apology*. Edited by E. C. Marchant and O. J. Todd. Cambridge, MA, and London: Harvard University Press, 1977.
- Xenophon.** *Ways and Means*. Translated by E. C. Marchant, in *Scripta Minora*, Xenophon in seven volumes, Vol. 7, reprinted and supplemented Loeb Classical Library Vol. 183. Cambridge, MA: Harvard University Press, 1986.
- Yates, Frances A.** *The Rosicrucian Enlightenment*. London, New York: Routledge & Kegan Paul, 2003.