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**St. Thomas Aquinas and the development of
natural law in economic thought**

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Abstract. Building on the system of reason provided for by the Greek philosopher and specifically Aristotle, St. Thomas Aquinas built a comprehensive system and theory of natural law which has lasted through the ages. The theory was further developed in the Middle Ages and in the Enlightenment Ages by many a prominent philosopher and economist and has been recognized in the Modern Age. The natural law-theory and system has been repeatedly applied to the spheres of economic thought and has produced many lasting contributions such as private property rights and individual rights. In recent times with the collapses of the financial system and rapid globalization, there has been a renewed interest in the application of natural law theory to economics to counter a certain anthropology and distortion of values created by a modern economic system of self-preservation deriving its insights from the philosophies of Thomas Hobbes and Niccolo Machiavelli.

Keywords. St. Thomas Aquinas, Natural Law and Economics, Scholasticism, Morality and Markets.

JEL. B00, B10, K00.

1. Introduction

First and foremost, the *Summa Theologia* is a work of theology and the philosophy of St. Thomas is unique in itself with St. Thomas Aquinas being the philosopher of creation (McDermott, 1989). Albeit unfinished the text was written over the course of seven years and it was soon to become the accepted text for the Catholic Church and even to this day and age known as a unified comprehensive theology in Christian history. It was not the first text that was written by St. Thomas Aquinas, and hence, other prominent works include the *Scriptum*, a commentary on the book of *Sentences*, *Summa Contra Gentiles* which is by many described as a summary of Catholic theology, the *Catena aurea* which is described as a line by line commentary on the four Gospels and finally the monumental work we all know as the *Summa Theologia* (Slotemaker, & Zahnd, 2015).

The *Summa* is intricately divided into three parts and a further subdivision of two in the second part. Hence, the first part consists of two sections: the first section examines the nature of God, the second section the procession of creatures from God (Slotemaker, & Zahnd, 2015). Furthermore, the treatise on God is divided into a “discussion of the divine

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nature according to the unity of the divine essence and according to the distinction of persons" (Slotemaker, & Zahnd, 2015). Throughout the *Summa* we see the infusion of the Aristotelian framework and this is a departure from the earlier works of Lombard in the *Sentences*.

Hence, in the first part of the *Summa*, God and creatures are examined and the second and third part examine the return of rational creatures to God as their end. As stated earlier the second part of the *Summa* is divided into two parts dealing with the movement to God by human acts 'in general' and hence, *prima secundae* and 'in particular' and hence, *secundae secundae*. In context here by 'general' Thomas means the nature of happiness, human acts, and their intrinsic and extrinsic principles. By 'particular' Thomas means the nature of theological and cardinal virtues (Slotemaker, & Zahnd, 2015). The third part of the *Summa* provides for an explanation of Jesus Christ who then being both God and human provides human beings a return to God as their end. Furthermore, the third part of the *Summa* concludes with a discussion of the sacraments in general (Slotemaker, & Zahnd, 2015).

The division of the second part into 'general' and 'particular' are quite similar to Aristotle's argument in *Rhetoric* and hence, aside from 'particular' laws that each people have set up for themselves, there is a 'common law' or 'higher law' that is according to nature (McDermott, 1989). When compared to the *Sentences* and the *Scriptum* the divergence is then understood not as Neoplatonic but as Aristotelianism (McDermott, 1989). Thomas adopts Aristotelian methodology and rejects Lombard's ordering of theology which initially followed from Augustine. Aristotelian methodology is evident in the writing of Thomas and hence, in the first part of the *Summa* known as the "Treatise on God", Aquinas presents five proofs that God exists. The Aristotelian doctrine of the *four causes*: form and matter, agent and goal underlie the formulation of these five proofs for God's existence (McDermott, 1989). Aristotle argues that human knowledge progresses from what is best known (eg: through the senses) to that which is less known (e.g: by means of complex reasoning) (McDermott, 1989).

Even though Thomas uses Aristotle's methodology throughout the *Summa*, there is a subtle and marked difference that allows Thomas to harmonize the Christian concept of creation and the Greek concept of the natural world. For both Aristotle and Thomas all realization of form needs an agent. For Aristotle the emphasis of reality is the end-point of some process of change. Thomas seeks to find God in everything and therefore thinks even of the state of actual being resulting from such a process as itself a realization that must be accompanied by some agency. For Aristotle natural things differ from artificial things in having an internal form, and artificial things depend on a form external to them but internal to the artificer that produces them. Whereas Thomas says that both kinds of things receive their form from external agents, but a natural thing receives the form by which it self exists and an artificial thing receives a form under which something else exists (McDermott, 1989).

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Further evidence of Thomas and his reasoning to find God in everything arises from the interpretation of the state of realization. For Aristotle this state of realization is termed as *energia* or actuality, and hence the word stresses a state that was only previously possible and is now present. Thomas terms the state of realization as *actus*, the word further stresses that the presence of the state is not only the being of something but the action of some other thing, the doing of an agent and hence, God. This line of reasoning leads to the argument that; since all being is doing and if the doing itself constitutes to an environmentally favored realization or achievement of an otherwise merely possible agency, then as realization it too needs a doer: the first agent's doing must itself be the doing of a second agent. This argument continues on but not towards *ad infinitum* as in that case there would be no realization in the first place. The argument continues and hence, *so on* until we come to a doing that does not have to achieve favor from an environment but already and eternally is doing. Hence, every other being, every other doing must be this being's doing (agent) and hence, this being is that '*all men call God*'. Therefore, through this argument Thomas moves to articulate his five reasons for the existence of God (McDermott, 1989).

2. Discussion

2.1. The life and times of St. Thomas Aquinas and scholasticism

Even though St. Thomas Aquinas was first and foremost a theologian during the Middle Ages, *Summa Theologica* provides many narratives on the state of the existing medieval economy. St. Thomas Aquinas and his use of 'reason' gave rise to many an important insight into the economic concepts such as; natural law, private property, just price and usury (Murray, 2006). Hence, Thomas who built on the system of Aristotle, the concept of natural law, Christian theology, and even early Muslim philosophers was able to provide for a synthesis of philosophy, theology and sciences of man in a much recognized philosophical position called Thomism (Rothbard, 2006).

A towering intellectual figure during the Middle Ages and to present, St. Thomas Aquinas was a scholar steeped into a theological education from a very early age. Born in an aristocratic Italian family in the kingdom of Naples, he studied with the Benedictines, at the University of Naples, joined the Dominican Order, moving to study at Cologne and Paris and under his most revered teacher Albert the Great. Thomas took his doctorates at the University of Paris and started to teach at Paris and other Universities in Europe. The prominent theories of just price are said to have started with the studies of Thomas Aquinas who was already steeped into a rich canonist, Romanist and theological tradition. Following in the tradition of the scholastics who were in themselves sophisticated thinkers and social economist, favoring capitalism, common market price and just price with the exception of usury, we indeed find authoritative statements regarding these topics in the *Summa*. (Rothbard, 2006).

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St. Thomas Aquinas is further known for his defense of merchant activities and hence, defending the profits of the merchants in buying goods where they are abundant and cheap and then transporting and selling them in place where they are scarce. Furthermore, in contrast to Aristotle, St. Thomas Aquinas's position on the merchants was highly favorable. Therefore, mercantilist profit he declared was a stipend for the merchant and a reward for the risk of transportation. In accordance with the prevailing medieval thought, the merchants trade was not regarded as sin. Thomas went as far as to say that the merchants performed an important service in transporting goods from where they are abundant to where they are scarce. Thomas also elaborated on the mutual advantage of buying and selling (Rothbard, 2006).

One of the main themes in economic thought during the time of the Middle Ages was the prohibition of usury. Thomas was not the one for usury and even though the prevailing thought during that time was to soften the restrictions on usury Thomas was one to tighten these restrictions. Although even though he tightened the usury restrictions at the same time he strengthened the tradition of investments in a partnership (*societas*). Thomas was also keen on private to communal property and resource ownership. Private property is described as a necessary feature of man's earthly stage and the best guarantee to a peaceful and orderly society, providing for the care and efficient use of property (Rothbard, 2006).

Thomas was also keen on the developing Roman law and in particular the law theory of acquisition where he anticipated John Locke and thus grounded the right of original acquisition of property on two basic factors: labor and occupation. Furthermore, establishing the initial right of each person over his own self, 'proprietary right over himself' which in itself is based on the capacity of man a rational being. The 'labor theory' of value proposed by Thomas is unique in itself defining labor as the expenditure of human energy and not working for wage and labor being a dictate of positive natural and divine law. And hence Thomas's view on labor are in contrast to those of Aristotle (Rothbard, 2006).

For Aristotle, the concepts of *oikos* (the domestic community), *polis* (the political community) together with natural chrematistics (acquisitive art) constitute to living well in accordance with justice as the 'complete virtue'. On the other hand, Christian *ethos* regards all human acts, internal and external of Aristotle's complete system (*polis*, *oikos* and chrematistics) to be oriented towards an ultimate purpose (*beutitodo*). Hence, in St Thomas's view eternal law is essential to harmonizing the necessity of irrational being, and hence, loving God's actions which is termed as 'divine law', natural law, and the contingency of 'human things' provides the economy with sufficient guidance (Cendejas, 2017).

It follows that according to St. Thomas Aquinas natural law provides the framework for the underpinning of the framework for economics and constitutes as one of his main contribution. Following the Aristotelian

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framework, St. Thomas Aquinas established in the Christian world the philosophy of natural, a philosophy which in accordance with human reason is able to arrive at the most basic of truths of the universe. Hence, human reason is able to grasp the reality of the universe and of natural law of discoverable entities. Human reason could understand and know the nature of world and it could therefore know the proper ethics for mankind, allowing ethics to be discerned through reason (Rothbard, 2006).

2.2. The development of natural law through the ages

There is a necessary connection between law and morality. The principles of the natural law are binding by nature: no beings could share our distinctly rational human nature yet fail to be bound by these principles. All human beings possess a basic knowledge of the principles of the natural law, which are universal, objective, and eternal (Aquinas, ST IaIIae 94, 4).

2.2. Aquinas and natural law

As we have seen St. Thomas Aquinas built his positions on it by the Aristotelian and Greek use of reason, logic and sense experience. Even though there are subtle differences in their respective positions, with Aquinas finding God in everything, it is this systematic use of reasoning that evolved into a system of natural law. Aquinas in his "Treatise of Law", expounded in the First Part of the Part Two of the *Summa Theologia* argues that to be moral one must follow "natural law". From the natural law St. Thomas Aquinas does not mean the laws of nature such as gravity and such, but the moral law that follows from the nature of human beings. Hence, it follows that natural law is the subset of eternal law – the law by which God governs the entire universe. According to St. Thomas Aquinas God directs all creatures by instilling in them natural inclinations, although humans are subject to eternal law in a special way and hence, unlike other material creatures, humans have reason and free will, which enables them to decide on how to fulfill their natural tendencies (Abel, 2012).

Hence, St. Thomas Aquinas presents six articles on Classical Natural Law, which form the basis of his system;

- **Question 91. On different kinds of law**

- *First Article. Is There an Eternal Law?* – ...Law is a dictate of practical reason (*practical reason* as used to direct practical activity. Practical reason is contrasted with *theoretical reason*; reason directed toward knowing the truth for its own sake). Hence, supposing that God's providence rules world...his reason evidently governs the entire community of the universe, so the plan of governance of the world existing in God as the rules of the universe has the nature of law. And since God's reason conceives eternally, and not temporally, we need to say that such law is eternal... (Abel, 2012).

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- *Second Article. Is There Natural Law Within Us? – ...* Law is a rule or measure and can belong to things in two ways: in one way to those who rule and measure; in a second way to those ruled and measured. As eternal law rules and measures and everything is subject to God's providence... and so everything shares in some way in the eternal law. Hence, the rational beings' participation in eternal law is termed as natural law... (Abel, 2012).
- **Question 94. On the natural law**
 - *Second Article. Does the Natural Law Include Several Precepts or Only One? ...* The first principle in practical reasons is one based on the nature of good, namely, that good is what all things seek. Therefore, the first precept of the natural law is that we should do and seek and shun evil. And all the other precepts of the natural law are based on that precept...(Abel, 2012)
 - *Fourth Article. Is the Natural Law the Same for All Human Beings? – ...*Therefore, we should say that the natural law regarding 'general' first principles is the same for all persons both as to their rectitude and as to knowledge of them. The natural law regarding particulars, which are conclusions from the general principles is for the most part the same for all persons both as to its rectitude and as to knowledge of it. Nonetheless it can be wanting in a few cases, as to the rectitude the natural law can be wanting because of particular obstacles and as to knowledge of natural law, the law can be wanting because emotions or evil habituations or evil natural dispositions has perverted reason... (Abel, 2012).
 - *Fifth Article. Can the Natural Law Vary?– ...* The mutability of natural law is understood in two ways. Hence, one way to understand is by the things being added to it. In this way the change is acceptable as both divine law and human laws add many a beneficial thing to human life. The second way to understand the mutability of natural law is through subtraction and that things previously subject to law cease to be so and hence natural law becomes immutable to its first principles... (Abel, 2012).
 - *Sixth Article. Can the Natural Law be Excised from the Heart of Human Beings? –...* Hence, there belong to natural law, primarily very general precepts, that everyone knows; and more particular, secondary precepts, which are proximate conclusion from first principles. The general principles cannot be excised from the hearts of human beings, but the natural law is wiped out regarding particular actions insofar as desire or emotions prevent reason from applying general principles to particular actions... (Abel, 2012).

2.3. Natural law and the enlightenment era

The development of natural law did not stop with St. Thomas Aquinas. The system has continued to develop through the Middle Ages into the Enlightenment Era and into Modern Day Times. Perhaps one of the most

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influential scholars during the Middle Ages to take up the topic of natural law was Gregory of Rimini (d.1358). A champion of essentialism, reason and natural law, he argued against the arguments of nominalism presented by the Oxford philosopher, William of Ockham. Nominalism had gained a favorable position during these times casting a shadow of doubt over natural law and reason through the argument that only God's will discernible by faith and revelation could lead truth laws and ethics. Hence, the position of nominalism was one of the key reasons for the development of skepticism and positivism (Rothbard, 2006).

Arguing against the position of nominalism, Gregory of Rimini carved out a position of an all-out rationalist position of natural law, a position that was taken up again almost three centuries later by Hugo Grotius. Therefore, the position held that, even if God did not exist, the system of natural law would be given to us by the dictates of right reason, and the violation of which would still be a sin. The scholastics were the pioneers of the natural law and natural rights theory and hence, their influence was felt heavily in the writings of the Enlightenment philosophers such as John Locke and Hugo Grotius. Even Locke's theory of natural rights was deeply embedded in the scholastic natural law tradition and John Locke transformed the earlier notions of natural law into clear individualistic concepts of the natural rights of every individual human being (Rothbard, 2006).

The natural law of the enlightenment era evolved into a system where the individual rights of person and property were embedded in a set of natural laws. These laws were worked out by the creator and were clearly discoverable in the light of human reason. Furthermore, Hugo Grotius expanded on the Thomist system focusing on the Plato from Euthyphro: did God love the good because it was in fact good, or is something good because God loves it? Hence, the former being the answer of those believing in objective truth and objective ethics and that something is good or bad in accordance with the objective laws of nature and reality. The latter has been the answer of those who believe in no objective rights or ethics to exist and that only the purely arbitrary will of God as expressed by revelation can make things good or bad. For Grotius the answer was the definitive statement of the objectivist, rationalist position and hence, natural laws are discoverable by human reason. Furthermore, Grotius added to his system, Newton's vision of the world as set of harmonious, precisely if not mechanically interacting natural laws (Rothbard, 2006).

Even the French utility theorist during the 18th century based their economic systems on a natural law framework. The Abbe Ferdinando Galiani a contemporary of Turgot made clear in *Della Moneta* that his analysis was embedded in the conceptual framework of natural law. For Galiani natural laws have a universal validity in economic affairs and any action defying the order of nature will be certain to fail. The academic economist in Scotland based their teachings on the groundwork of natural law, following the pre and post medieval Spanish scholastic method, and

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economic or political economy as it was known at that time was a course that was a subset of a course in moral philosophy. Professor Gershom Carmichael of the Scottish enlightenment brought the studies of natural and international law teachings of Grotius and Samuel, Baron von Pufendorf to Britain and this tradition was continued by his well-known follower Adam Smith (Rothbard, 2006).

Natural Law has developed tremendously in modern day times. There many notable legal philosophers who have worked within the tradition of St. Thomas Aquinas, ethics and meta-ethics, as well as legal philosopher who have expounded on the position of positive law. Some prominent names that one should be familiar with when exploring the position of natural law are; Martin Luther King Jr, Jacques Maritain, John Finnis, Lon Fuller and Ronald Dworkin to name a few. The prominent exchange between Lon Fuller and H.L.A Hart (Hart located the boundaries between legal positivism and natural law theory... and that if law was separate from its moral merit) (Bix, 2012).

Most of the advances in natural law in modern day times have arisen due to legal positivism. Furthermore, the approach to natural law is different than in the Enlightenment Age and the Classical Age of Natural Law. The classical theorist was more inclined towards being moral or political theorist. Hence, the main question that they asked were; how does one act morally? What is one's moral obligations as a citizen within a state or as a state official? And what are the limits of legitimate (that is, moral) governmental action? In contrast modern theorist who work within the tradition of natural law are now social and legal theorist and their primary dispute is then with approaches to explaining or understanding society and law (Bix, 2012).

The development of natural law has then branched out to two different types of natural – natural law as moral/political theory and natural law as legal/social theory, both of them connected at a basic level giving a teleological purpose. The voluntarist forms of traditional natural law as divine commands creating moral standard in some form of Thomistic natural law, an ideal towards which humans by their nature strive. Hence, according to Ronald Dworkin, the sense to which conventional legal rules are approximation of what law really is or what law must try to be according to Lon Fuller (Bix, 2012).

3. Conclusion

3.1. Natural law and economics

Since, natural law is based on reason being the preferred method of Greek philosophers, one may surmise that since the ancient times economics has been embedded in natural law. In the works of St. Thomas Aquinas, we see many an authoritative statement regarding the workings of the economy, such as, private property, usury law and partnerships and hence according to the St. Thomas Aquinas, eternal law, divine law and

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natural law provides the economy with sufficient guidance. The development of economics through the Enlightenment Age has also been grounded in a natural law framework with strong proponents such as Adam Smith. Even though Pareto championed a positive methodology he has provided us with as Ludwig puts it a deathless anecdote for the defense of natural economic law. And as we enter more modern times, we see a sharp contrast between utilitarian ethics with the ethics of natural law, eloquently contrasted by John Wild ([Rothbard, 2006](#)).

On approaching the topic of natural law and modern economic theory, at the beginning one faces a dilemma. Modern economics seems very much to identify itself with physical sciences and hence, a fusion of such a science seems to be impossible with moral philosophy and religion. Although upon closer inspection such a dialogue on a moral framework of economics maybe possible as both the disciplines share common ground. Hence, the following two premises are proposed regarding the common ground, [1] Both areas of study accept the existence of an enduring and universal human nature that can be studied systematically and [2] both areas of study accept the existence of human agency and human freedom ([Moreno-Riano, 2005](#)).

Even though natural law and economics share a common ground their respective anthropologies are in complete contrast to each other. Thus, according to natural law, human beings are moral creatures who possess knowledge of the various goods of human nature. The natural law vision is a community that desires the moral, intellectual and material flourishing of individuals as well as other. On the other hand, the anthropology of modern economic theory, although agreeing on the human agency, nature and freedom, considers the dimension of self as primary with any other conditions being tertiary at best. For a natural law theorist, the modern economic theory characterizes human nature composed of agency and freedom for the sake of self-preservation. This anthropology has become mainstream with the writers such as Niccolo Machiavelli and Thomas Hobbes who famously denied the existence of a *summumbonum* and if such a *summumbonum* existed it was directed towards a limitless appetite for everything ([Moreno-Riano, 2005](#)). Hence, natural law thinking has the potential to provide a powerful corrective to the distortion of values in economics. Although a problem in methodology does occur as natural-law philosophy is normative, where economics as a discipline avoids normative judgements and the creation of norm, instead relying on the analysis of relationships based on empirical data. Economists shy away from making judgements of regarding morality and rely on the assumption that individuals will define their own goods and preferences. Therefore, the task of the economist is to calculate the consequences of people acting to attain certain goods and preferences ([Gregg, & James, 2012](#)).

Both disciplines have their set of problems in methodology, natural law philosophy encounters the problem due to a lack of validity, which can be corrected through the data provided from other social sciences such as

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psychology. Furthermore, for natural law theorist the market does not behave like they 'hold' it should while for economist the markets do not behave like they 'think' it should. Furthermore, natural law theorist hold concepts of justice are 'eternally' valid, while economist observe that utility maybe a short-term concept. The concepts of short-term happiness and the long-term state are distinguished in Latin as *felix* and *beatus* respectively. One of the most basic and contribution of natural law to economics is the realization of human freedom. A strong debate in the past thirty years had produced empirical fact that economic and political freedom produces gains in well-being. At the same time religious practice is desirable and has been demonstrated empirically to produce gains in both income and wealth. But the empirical augmentation maybe destructive and distorted when we view, freedom and religious practice as instrumental. Thus, it may be true that freedom, love and religion are a powerful tool to combat poverty, they do that because of their intrinsic value and as an expression to what it truly means to be human. Therefore, the natural law tradition provides a powerful insistence of a hierarchy of value in which the intrinsic value is recognized rather than, freedom, love and religion being regarded as instrumental tools (Gregg, & James, 2012).

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