

Plato on Money and Commercial Life

Adrian Walsh

Plato argued in various works that commercial life is psychologically corrupting. In his two works in which the ideal city is formulated — i.e. *The Republic* and *The Laws* — we find proposals for ensuring that the citizens are quarantined from such effects. I argue herein that although Plato's world is very distinct from our own and his attitudes involve an extreme form of anti-commercialism, his thoughts on how money might corrode still have much to teach us. He describes how societies with large discrepancies in wealth fracture into classes and this undermines any communal solidarity and he considers how immersion in the world of money can corrupt our sense of what is morally appropriate. These lessons are as compelling today as they were in ancient Greece.

The commercial world of Plato's time was radically different in many significant ways to our own. Plato (who was born in 427 BC in Athens and died in 344) lived in a pre-industrial slave-owning agrarian society. It was a world where the great deal of production was for individual consumption by the household; there was very little production of commodities for the market place. The ancient Greeks did not have banking in a form that we would recognise, nor did they have capital reinvesting itself. And yet, despite all of this, I want to suggest that there is much we might learn from Plato's analysis of the moral dangers of money and commercial life more generally. In particular, I claim that his analysis of the *psychological corruption* of money and the profit motive he outlines is as much a feature of modern life as it was in Plato's day.

Money was, of course, not a central theoretical preoccupation of Plato's. His primary concerns were with issues in metaphysics and political philosophy, nonetheless he did make substantial comments about the morality of commerce. Plato was particularly wary of commerce, and indeed possessions in general, and regarded both commercial exchange and personal ownership of goods as part of the province of desire, rather than spirit and reason, and so viewed them as essentially corrupting. In exploring these views I concentrate on two of his works, *The Republic* and *The Laws*.

We find strong views about the proper role of money and commodities in the good society in his central work, *The Republic*. In this sketch of the perfectly just society

he divides the citizens into three classes, the Guardians (or philosopher-kings), the auxiliaries (or Warriors) and the Artisans; he then suggests that the ruling class of philosopher-kings were to hold their possessions in common with one another, and to leave the provision of the everyday necessities of life to the Artisans. Plato argued that philosophers should rule because the steering of the ship of state, just as is the case with ships more generally, should be in the hands of those with the necessary expertise. The relevant expertise here was thought to be insight into that which was Good, True and Beautiful. In order to achieve such insight one could not allow oneself to be enmeshed in commerce or the concerns of property ownership, since such enmeshment distracted one from the proper ends of life and even worse threatens to corrupt one's sense of what is of real value in the world.

To be sure, in Book VIII of the *Republic* (Plato, 1953, [554–555] 420–421) Plato insists that generally any merchant will have a *reputation* for honesty and in a sense this is as it should be. The merchant will be regarded as more respectable than many other people. However, it would be wrong to assume that, in noting this air of respectability, Plato is praising the moral rectitude of the life of the merchant. To the contrary, he describes the merchant as a “shabby fellow who saves something out of everything and makes a purse for himself”, he is one who makes a “blind god director of his chorus” (Plato, 1953, 554b). If one were to applaud the life of the merchant then one would be guilty of failing to recognise that the character traits immersion in commerce instils in a person are those of mere appearance and therefore not true virtues at all. The merchant is not committed to virtue in and of itself, but only instrumentally. The merchant is virtuous only as a means to personal enrichment, and this can be demonstrated by considering what the typical merchant would do when he finds himself in circumstances where vicious behaviour will be rewarded. In order to understand the real nature of the commercial agent, Plato advises:

You should see him in some position which gives him complete liberty to act dishonestly, as in the guardianship of an orphan (Plato, 1953, [554c] 421).

If we look at the merchant in these circumstances then we will see that:

...in his ordinary dealings which give him a reputation for honesty he coerces his bad passions by an enforced virtue; not making them see that they are wrong, or taming them by reason, but by necessity and fear constraining them, because he trembles for his possessions... (Plato, 1953, [554d] 421).

Plato argues that the merchant who trades for profit, and the artisan who produces goods for commercial success, is in danger of a form of moral corruption:

...when he has made reason and spirit sit down on the ground obediently on either side of their sovereign, and made them his slaves, he compels the one to think only of how lesser sums may be turned into larger ones, and will not allow the other to worship and admire anything but riches and rich men, or to be ambitious of anything so much as the possession of wealth and the means of acquiring it (Plato, 1953, [553d] 420).

The School of Athens — fresco by Raffaello Sanzio

Although the Guardians need to be detached from the temptations of both property ownership and the market more generally, the good society requires that there be people who do engage in commerce. Clearly Plato does not think that people will *necessarily* fall prey to the vices of the marketplace or else he could not, in good faith, allow commerce to continue and have some members of society endanger their moral characters for the good of the whole. Plato suggests that even if the virtues of the merchant are not real virtues, with sufficient strength of character the merchant and the commercial artisan can avoid moral corruption so long as they adhere closely to the following principle for the acquisition and deployment of money and riches:

And again in the acquisition of wealth is there not a principle of order and harmony which he will observe? He will not allow himself to be dazzled by the foolish applause of the world, and heap up riches to his own infinite harm. ... He will look at the city which is within him, and take heed that no disorder occur in it, such as might arise either from affluence or from want; and upon this principle he will regulate his property and gain or spend according to his means (Plato, 1953, [591d-e] 466–67).

In Plato's view, merchants might not always succeed in avoiding vice — as his vituperative comments about the vices of merchants clearly suggest — but this is the lesser of two evils for it is surely better to have bad merchants than bad rulers. Builders who pretend to be better workmen than they are, or to be providing a superior product than the one they do in fact supply, might endanger our financial well-being and place us in physical danger but they do not threaten the stability of the State as a whole. However, for Guardians, who watch over our laws and the well-being of the city as a whole, to pretend to be other than they are, endanger the society itself, since good rulers are required for general stability and happiness.

This, then, is the general position in the *Republic*. Plato's antagonism here might be thought of as the reaction of an aristocratic lover of the contemplative life to the everyday distractions that the grubby world of money, trade and possessions provide. However, the same cannot be said of the *Laws* which was written late in Plato's life and which represents a vicious attack upon commercial life in general. Plato begins his discussion of money and commerce with a vicious discussion of the lack of hospitality of inn-keepers:

A man goes off to some remote point on a road running through the middle of nowhere and sets up his establishment to sell provisions; he receives the weary traveller with welcome lodgings — peace and quiet for the victim of violent storms, cool refreshment for the sufferer from stifling heat — but then instead of greeting them as friends and offering them in addition to his hospitality gifts as tokens of good-will, he treats them like so many enemy prisoners that have fallen into his hands, and holds them up for ransom for a monstrously steep and iniquitous sum (Plato, 1970, [918–919] 457–58).

In reading this passage one has to wonder whether Plato had suffered some unfortunate dealings at such public houses. In his subsequent discussion Plato provides a series of laws covering how the State might deal with various forms of fraud and infamy in the market place.

The Laws was Plato's attempt to provide a plausible account of an ideal state that he called "Magnesia". Magnesia was to be a city-state consisting of only 5,040 households and to be located about 11 miles from the coast. It was to lack silver and gold, to be moderately fertile, with more hills than plains, and little in the way of good building timber. A most striking feature of this work — especially for anyone who has read the *Republic* with its focus on abstract metaphysical puzzles — is the mind-numbing amount of detail that Plato provides. Among many other things, Plato provides laws for a variety of civic misdemeanours including the seduction of another's bees, failure

to marry, innovation in songs and dance, adultery during the ages of child-bearing and adultery after such an age, as well as the more usual offences such as homicide and theft, and much, much more.

Despite his antipathy towards inn-keepers, Plato does not favour the absolute prohibition of commerce, although such a course of action would not have been beyond his imagination for Sparta (a society which he admired in many respects) had outlawed it. Indeed Lycurgus (c. 800 BC), a leader whom many scholars regard as a mythical rather than a genuine historical figure, is said to have made trade difficult by substituting large iron bars for conventional coinage. The English writer Coleridge suggested that Lycurgus was anti-commercial whereas Solon was simply uncommercial (1972:223).

Plato, in contrast to Lycurgus, believes commerce plays a useful role in society and so finds himself on the horns of a dilemma. For whilst he recognises the necessity of trade, he is certain that it brings with it moral corruption and, accordingly, wishes to prohibit his citizens, the Magnesians, from engaging in commerce.

In order to resolve the dilemma he introduces three measures. Trade is to be undertaken only by aliens: none of the 5040 “shall be retailers or wholesalers” (Plato, 1970 [919] 458) and if any of them do besmirch themselves through such engagements there are to be appropriate punishments. Next the retail class should be kept as small as possible. Finally, public trade is to be heavily regulated. The regulations deal in particular with fraud and sharp practice. Plato provides the reader with a long account of the duties of the market-wardens over the practices of the market-place. These duties are not merely procedural but also concern the regulation of prices. One of the duties of rulers in *The Laws* is to determine “what ratio of expenditure to receipts will give the retailer a decent profit” (Plato, 1970, [919] 459) which is a concern that rises again in the Medieval period in what has come to be known as the Just Price Tradition. In Magnesia the just rate of profit is to be recorded in writing, put on display and imposed on traders by the market-wardens, city-wardens and country-wardens. Plato believes that these measures will benefit the population and “do minimum harm to those members of society who engage in it” (Plato, 1970, [919] 459).

Curiously, the ban on commerce for the citizens extends to their own holdings, since he advocates that their lots are to be inalienable. The citizens are not to buy and sell their holdings amongst themselves. Plato’s reasoning here is quite complex. It is not just the fact that buying and selling involves a failure to respect the upper limits of total property which worries him, rather his concern is distributive. Plato argues that if buying and selling is permitted then eventually some will come to have large holdings while others will become property less. In this respect his thinking on the topic foreshadows the ideas of the North American philosopher Robert Nozick (1940–2000) who notes in his work *Anarchy State and Utopia* the role that free trade will play in upsetting equality in holdings (Nozick, 1975:162–163). Nozick argues for the impossibility of maintaining an equal distribution of holdings — indeed of any patterned distribution — once bartering and sale begins. However, he draws a

radically different conclusion from Plato, since for Nozick this provides grounds for repudiating attempts to maintain any particular patterning of goods in society, rather than for rejecting trade. Plato however is in favour of the maintenance of a pattern of equality and for this reason refuses to endorse trade in the holdings of the citizens.

His concerns with trade are not simply distributive. As we have seen, he also repudiates commerce for the citizens because of the moral corruption that he believes commerce brings in its train. Few of us, he thinks, are able to steel ourselves to moderation when it comes to the pursuit of money. Plato's interlocutor in the *Laws*, the Athenian, remarks that it is a rare person who is sober enough to prefer modest competence to wealth. Instead most "brush aside opportunities of modest gain in favour of insatiable profiteering" and this is why the various retail trades are unpopular (Plato, 1970, [918] 457). The inn-keeper is a prime example of this. What befalls the innkeeper is a corruption of natural forms of hospitality thanks to the allure of wealth and the opportunities provided by a captive market. The modern correlates of this should be clear. One only need think of alcohol prices at airports and sports stadia to see the point. Plato goes so far as to make such "money-grubbing" a crime.

Plato is also concerned that the inequalities of wealth that commercial societies generate can be socially divisive and hence disastrous for the good ordering of the body politic (Plato, 1970, [745] 215). This concern is most explicitly spelled out in the *Republic* where Plato condemns the oligarchic state. For there government rests "on a valuation of property in which the rich have power and the poor man is deprived of it" and this is undesirable because of the inevitable division that follows (Plato, 1953, [550c] 416). For such a state is not one, but two states, the one poor and the other of rich men, "living on the same spot and always conspiring against one another" (Plato, 1953, [551d] 417–418).

Plato never had an opportunity to put these ideas into practice. Although he was involved on a couple of occasions as an advisor to the tyrant Dionysius of Syracuse (c. 432–367 BC) there is no evidence that his advice on the restriction of commerce (or indeed upon anything else in the political realm) was ever acted upon. Indeed on the occasion of his second attempt to advise Dionysius, Plato barely managed to escape with his life.

It would seem then that Plato was not particularly successful in translating his political visions into reality. Nonetheless the question remains, what might Plato be able to teach us?

Plato's proposals, as outlined in *The Republic* and *The Laws*, are clearly anti-commercial. Although he is not as extreme as those who would eliminate it all together, nonetheless, commerce is to be cordoned off into a sphere where it will not corrupt the rulers, and in *The Laws* the citizens in general. What, then, is it that I am suggesting might be of relevance in Plato's writings on money? While it is almost certainly a good idea to have rulers with no commercial interests in matters over which they

make decisions, the idea of rulers and citizens of a society not engaging in commerce seems rather extreme. Surely it cannot be his concrete policy proposals that are of interest?

What is still of deep relevance are Plato's views on the distributive effects of money and its consequences for our moral psychology. Plato noticed how societies with large discrepancies in wealth fracture into classes which undermine any sense of community and solidarity. (He is, of course, not alone in such observations.) Plato also noticed the way that money distracts us from appropriate ends and corrupts our sense of what is of real value. Since we live in a more monetarised society than the ancient Greeks, these effects are likely to be all the more pronounced.

But perhaps the most important feature of his thinking on money for us is the mode in which he presents the harms of money. In the *Laws* he writes:

There are not many of us who remain sober when we have the opportunity to grow wealthy, or prefer measure to abundance. The great multitude of men are of a completely contrary temper — what they desire they desire out of all measure — when they have the option of making a reasonable one they prefer to make an exorbitant one (Plato, 1970, [918d–918e] 457).

It is not that we cannot resist the temptations of money or that immersion in a world of money necessarily corrupts the commercial agent. Plato's point is that it has a strong tendency to do so and there are few of us able to resist those temptations. To employ a rather un-Platonic term, money provides us with a "moral hazard". In this his thinking is different to many critics of the commercial world who regard such corruption as a *necessary consequence* of any engagement with filthy lucre. For Plato corruption is not *entailed* by commercial activity, it is just a likely outcome.

So whilst we might not wish to isolate citizens from engagement with the commercial world — as was Plato's want — we should still be concerned with protecting them from its dangers and such protection requires amongst other things awareness of the ways in which money can harm. In the contemplation of such a task, Plato's work still speaks to us today.

ADRIAN WALSH

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