

## THE JUST PRICE

**THE MINERS' DISTRESS  
AND THE COAL PROBLEM**

**AN OUTLINE FOR CHRISTIAN  
THOUGHT AND ACTION**

**Submitted to the Christian  
Social Council by its Research  
Committee**

**Prepared by  
V. A. DEMANT, B.Litt., B.Sc.**

---

**STUDENT CHRISTIAN MOVEMENT PRESS**

**1s. 6d. net**

# THE JUST PRICE

AN OUTLINE OF THE MEDIEVAL  
DOCTRINE & AN EXAMINATION OF  
ITS POSSIBLE EQUIVALENT TO-DAY

## ESSAYS

CONTRIBUTED TO THE RESEARCH WORK  
OF THE CHRISTIAN SOCIAL COUNCIL

EDITED BY

V. A. DEMANT, B.LITT., B.Sc.

STUDENT CHRISTIAN MOVEMENT PRESS

32 RUSSELL SQUARE, LONDON, W.C.1

*First published June 1930*

X : 760696

GO

8601

*Made and Printed in Great Britain  
by Turnbull & Spears, Edinburgh*

## PREFACE

**A**TTEMPTS to apply or maintain Christian standards in business and industrial organization are continually bringing Christian participants to a point at which they have to choose between a partial renunciation of their principles and the necessity of contracting out of the system altogether. "You cannot live a Christian life within the system," declared one speaker at a conference (1928) on the possibilities of *Christian Action in Modern Social Life*, with an adjective which would be out of place in a formal notice. That conference had been arranged under COPEC auspices, and a report of it appeared in the April (1929) number of *The Review of the Churches*. At the 1929 Conference, arranged by the Research Section of the Christian Social Council inheriting the work of COPEC, in connection with which the following essays are written, we took up the problem at the point where these possibilities appear to reach their limits.

To judge the whole economic structure of Industrialism in the light of Christian social principles (and to value their compatibility with economic solvency) would be grotesquely beyond the powers of a single conference or even

of a year's thought and work. But, as a beginning, we can consider one aspect of the economic structure which raises most of the issues. That is the aspect of Price. For example, the whole future of many industries turns on the question of whether a lowering of price is economically and socially possible. A further example of the incidence of Price to Christian standards is the question of the producer's standard of life and conditions of work. This is involved with the possibility of selling enough at a price these standards demand, and at the same time keeping the concern going. Price therefore raises the main conflict of interests—that between employers and employees and between producers as a whole and the consuming public generally.

Our method is not to attack the problem as a whole, but to consider the doctrine of Price as it was known in the Middle Ages where these clashes of interest either had not arisen or were resolved by a comparatively successful moulding of commercial custom by Christian ethics. We have to consider—and it is a matter which has received scant attention—whether the change from mediæval economy to the economic structure of industrialism was really so revolutionary as to make inevitable the abandonment of moral principles as the standards of economic relationships in the new industrial era. In fact, some economists, notably in Germany, are to-day bringing the mediæval economic practice within their purview, in their discussions of such modern

tendencies as trustification. This Conference started with the realization that it was probably the failure of the Church to apply her sociology to a world flooded with new economic and social factors that has led to the absence of any Christian philosophy in economic life for 300 years; and that, therefore, it is still a very open question whether the idea of the Just Price may not have a message for our age which would cause something of a social miracle.

It is towards an answer to this question, to be worked out by Christian thinkers and those practically involved in industrial and social affairs, that the following essays are published. Neither the Christian Social Council nor its Research Committee assume any responsibility for the views expressed in these essays, for each of which its author is alone responsible.

V. A. D.

# CONTENTS

|   | PAGE |
|---|------|
| INTRODUCTION . . . . .  | II   |
| By the Rev. REGINALD TRIBE, S.S.M.  |      |
| CHAP.   |      |
| I. THE JUST PRICE IN THE MEDIÆVAL ECONOMY . . . . .                                   | 23   |
| By Miss RUTH KENTON, J.P.   |      |
| II. THE MORAL AND SPIRITUAL FACTORS IN<br>THE MIDDLE AGES . . . . .                   | 46   |
| By the Rev. Canon A. L. LILLEY, M.A.  |      |
| III. THE THEORY LYING BEHIND THE HISTORICAL<br>CONCEPTION OF THE JUST PRICE . . . . . | 60   |
| By the Rev. Father LEWIS WATT, S.J., B.Sc.(Econ.).                                    |      |
| IV. THE SECULARIZATION OF ECONOMIC JUSTICE . . . . .                                  | 76   |
| By the Rev. Canon A. L. LILLEY, M.A.  |      |
| V. THE DETERMINATION OF PRICES TO-DAY . . . . .                                       | 92   |
| By HILDERIC COUBENS, B.A.   |      |
| VI. THE PROBLEM OF THE JUST PRICE IN THE<br>MODERN WORLD . . . . .                    | 111  |
| By the Rev. V. A. DEMANT, B.Litt., B.Sc.  |      |
| VII. THE MODERN EQUIVALENT OF THE JUST<br>PRICE . . . . .                             | 131  |
| By the Rev. MALCOLM SPENCER, M.A.   |      |
| INDEX . . . . .   | 150  |



## INTRODUCTION

By the Rev. REGINALD TRIBE, S.S.M.

ONE of the most conspicuous features in the social life of the Middle Ages was the Just Price. -Although other ages and other religions have given rise to attempts to secure morality in commercial life, the Just Price stands eminent, by virtue of its clear-cut conception, its wide application, and its actual dominance in common life.

The first chapter of this book, that by Miss Kenyon, will make it clear how far this institution—for we must call it an institution—did actually control mediæval life. Although there is a tendency for moralists to lay down an ideal more or less in advance of current practice, there can be no doubt that the fact as well as the ideal was there in the Middle Ages. We can judge from the records of archdeacons' visitations, of gild proceedings, and of the various magistrates' courts how effectively this ideal was carried into practice and enforced.

In a phrase, the Just Price was a magnificent achievement of Christian ethics.

In the complex and never-ceasing developments of industry, commerce and finance that characterize economic life to-day, not a few

people are feeling that the ethical element has been overlooked. There is an increasing movement to claim once more for religion a paramount influence in the management of our material life. But those who are urging this claim are the first to feel the difficulty of stating its operation, even in broadest outline, owing to the complexity of modern economic life. They are by no means certain or agreed in what manner the indisputable principles of Christian ethics—justice, faith and charity—are to be applied.

The mediæval practice of the Just Price affords a historical example on a wide scale of what the application of these principles meant—in the Middle Ages. There are some mediævalists who would find in the resuscitation of the guilds and their fixing of a just price for commodities and wages a remedy for modern commercial a-morality. This is a mere dream of the romanticist. But an examination of the moral and economic principles underlying the mediæval just price may well provide a useful guide for the re-moralization of industry in the twentieth century.

That is the task the Conference which inspired this book set itself to perform.

Following upon Miss Kenyon's chapter come two which examine the moral and the economic factors involved in the matter. And it will be useful to set out below the outline given for the Questionnaire to guide the discussion on these papers at the Conference.

1. *The Historical Facts concerning the Mediæval Practice of the Just Price.* Miss Ruth Kenyon.

- (i) Its Origin in Time ; its scope in Merchant Guilds and Craft Guilds ; its applicability to all commodities and to labour.
- (ii) The means of fixing it, by State, Municipality, Guild ; the means for its enforcement.
- (iii) Its disuse, whether by disregard, direct attack, failure of discipline, or by inapplicability to changing conditions.
- (iv) How far was the Just Price a fact, or how far was it only an ideal of the moralist ?

2. *The Moral and Spiritual Factors.* The Rev. Canon A. L. Lilley.

Justice is presumed ; but what does the mediæval term "Justice" mean ?

- (i) Is it to prevent exploitation—of the poor craftsman, or of the poor landowner ?
- (ii) Is it to provide a living wage ?
- (iii) Is there in it any recognition of the law of supply and demand as a "natural" factor needing to be regulated by "grace" ?
- (iv) Is it a community approach to the economic problem in contrast to merely sectional or producer's attitudes, marking a clear recognition that the individual as consumer is (or should be) the final concern of the economic system ?
- (v) What principles of permanent validity lie behind it, *e.g.*, does it arise out of the idea of Vocation and a functional theory of Society ?

3. *The Economic Theory.* The Rev. Father Lewis Watt, S.J.

- (i) Did the Just Price rest upon a conception of value as something objective, attached to the object valued, and independent of subjective valuation? What significance was attached to *communis aestimatio*?
- (ii) The Just Price implied equivalence between goods and services sold and the price paid for them. By what standard was this equivalence measured? Utility or Cost of Production?
- (iii) Did the early mediæval theologians hold a labour theory of value as Sir Wm. Ashley and Mr Tawney suggest? Did the later theologians (sixteenth and seventeenth centuries) abandon this in favour of a utility theory?
- (iv) How far were circumstances extrinsic to the goods or services taken into account in fixing the Just Price?

From these chapters it seems evident that the Just Price attained the importance it did because it was the point at which the bearing of Christian Morality upon economic concerns was most clearly to be seen, and, if accepted, most widely to influence action. In modern life there are many other such points of contact, but in the Middle Ages nearly every transaction or economic relationship came somehow or other within the scope of this dictum of Christian Moral Theology.

The mediæval economy was a very simple

affair. Transport was difficult; trade and manufacture were mainly local; most dealings were between individuals and not between groups; and there were few of the later complications due to pure finance.

The institution of the Just Price presupposed some such limited simple economy as this. This is apparent on theoretical grounds alone, but it is also borne out in the history of its gradual decline.

With the passing of the Middle Ages Just Price regulation gradually broke down. Chapter IV in this book gives some description of this process. It broke down because of the opening up of foreign trade, the growing use of money as capital, and because of the change in moral sanctions and religious discipline. The last named is a highly controversial and debatable matter, but the two first-named economic changes were enough to make the old forms of Just Price regulation inapplicable.<sup>1</sup>

Our particular task in this inquiry now becomes clearer. If the Just Price was the crucial point of the application of religion to business, what is the point or what are the various points crucial under modern conditions? Or—to put it tersely—what is the modern equivalent of the Just Price?

Undoubtedly there is a certain application for the idea of justice, which the mediæval Just

<sup>1</sup> See Tawney: *Religion and the Rise of Capitalism*. (Murray, 6s.)

Price embodied, in the modern attempt to condemn gross cases of the exploitation of the public by rings forcing up the prices of goods, or the exploitation of human labour, as in the sweated industries. Just as the Christian discipline of the Middle Ages legislated to prevent the oppression of individuals, so the Christian feeling of this modern time ought to protect groups from gross social injustice.

But it is not easy to imagine that the mere substitution of groups for individuals will solve the contemporary ethical problems of regulating Just Wages and Just Prices. Nevertheless, the principle is there. "A fair day's wage for a fair day's work"—an old phrase given a new life by the late Bishop of Zanzibar, in his last big public speech in England—is what we mean. It cuts clean across the notion of the determination of wages by group bargaining, that is, by economic power.

But the theoretical difficulties for the moralist are enormous, as the following section of the Questionnaire of the Conference will show :

*The Economic Possibility of the Just Price in the Modern World.* The Rev. V. A. Demant.

The economic possibility of the idea of the Just Price in the Modern World in view of the fact that the regulation of Price in the Mediæval way presupposed the Mediæval (Domestic) Economy, with its small economic unit, its short-range transport, the comparative absence of competition, and the plausibility of its "commodity" theory of money as opposed to the merely nominal

application of it which developed round the practice of "loan-credit."

- (i) What are the actual factors which now determine the general level of prices, and what is their relation to the alleged "law of supply and demand" now confused by the treatment of money as a commodity, so that the law applies to money as well as to goods?
- (ii) Owing to the Industrial System, many persons now share in the making of one thing. Even if the Just Price of a product could be determined, is it possible to estimate the proportion of the just cost at each stage?
- (iii) The actual price obtained is fixed by a multitude of circumstances, scarcity, natural and artificial, rings determining prices, relativity of price to value of money, especially in different countries, underpayment for agricultural produce. How does this affect the possibility of arriving at a just price for individual articles?
- (iv) Are we to reckon price as reward of production or maintenance of producer? If the former, note the difficulties under (ii) and (iii). If the latter, what standard of maintenance? and what size of family?

As the result of even the most elementary examination, there emerges this impression: that the application of the idea of Justice under modern conditions is to be found not exclusively at any one point. There is no one sweeping remedy which will translate Justice into action, or will right modern ills. The Minimum Wage, the National Dividend, the Single Tax, or the Capital Levy are no specifics. Again, there is

the whole question of the relation of Finance to Real Value, to complicate the issue as Chapter VI. will show.

I wish to end this preface on no pessimistic note.

(i) The Middle Ages produced a great achievement in Christian ethics. This should inspire us moderns to hope for a similar achievement in our own conditions.

(ii) We are trying, in this book on the Just Price, to find one approach to social amelioration. The outstanding feature in the mediæval theory is its insistence on Justice. Most modern sociology tends to think first of results—to think in terms, primarily, of human wellbeing and wealth, rather than in terms of the character of the process by which wealth is made. And in consequence most efforts at social reform have proceeded upon this utilitarian philosophy. But, by its insistence upon the prior importance of the principle as to the ethical factor of Justice in the conditions under which material goods are made and sold, the Middle Ages came nearer to the gospel precept to “seek first the Kingdom of God and His righteousness,” and to hope, in faith, that material wellbeing would follow in consequence.

Not sentiment, nor utility, but justice is the first consideration for a Christian Order of Society. But it must not be forgotten that this implies first a thorough understanding, and then a proper use, of economic science.



(iii) As pointed out by Canon Lilley, Justice is a "natural" right. Christianity did not abolish the natural virtues; it stabilized and interpreted them in their highest sense, and then added the supernatural virtues of faith, hope, and love to penetrate and operate within the natural order. Therefore, to speak of Love, without having first established Justice, is a mockery.

Chapters V. and VI. point very clearly the need of clear, laborious thinking, that knows its material and shirks no part of the intellectual task. We have to-day men who are well qualified in moral philosophy and theology; we have, on the other hand, men who are expert economists. The real trouble is that these two groups of thinkers are not in contact with one another. There is no greater need than that of a group of students and thinkers who will form a "middle term" between these others. Without it there can be no Christian Sociology.

(iv) Finally, there is the difficult question of the enforcement of Christian principles, when their working is formulated. There are many living within the geographical area of Christendom for whom the Christian sanctions have no force. Christendom itself is divided, and a uniform Christian discipline is scarcely capable of enforcement. Moreover, there is also the economic interdependence of Europe and a non-Christian world in Japan, India, and Africa.

But in spite of the difficulty of envisaging anything like the unitary discipline of the Mediæval Western Church in the limited world of Western Europe, it is possible to visualize some ways in which Christian feeling can operate in the modern world.

In industry and commerce a large amount of decisive action is now taken by men acting in groups—boards of directors and Trades Unions, for instance. The Christian who happens to be in such a group can achieve a great deal, if he is a determined man, to compel his group to act on the principles of Justice, though he may not invoke the sanctions of Christianity in doing so. If he fails he should be ready to proclaim what forces are preventing him—physically, economically, or socially—from practising what he knows to be just.

Or there may be men in positions of ownership or control, who can try within their own business experiments which are based upon the Christian principles. Principles need not necessarily be enunciated before they can become active; they may often be the unconscious guides to action.

A certain amount of the Christian direction of life has to be formulated and to be imposed upon the individual from without, but a great deal of such action comes from within and without formulation.

There is really no contradiction between a formal discipline imposing regulation on a

Christian basis from without, and an unconscious Christian spirit inspiring action from within. Christianity has both these modes of expression : regulation from without and spontaneous experiment from within.

Perhaps this was the secret of success and the great strength of the mediæval practice of the Just Price. On one side was the magisterial official Church, philosophizing, deducing principles, enforcing its discipline in this particular matter. On the other was the deep-seated feeling of men for Christian righteousness, expressing itself in the jealous devotion of the guilds to the prices they had fixed as representing what was just.

It was the mutual reaction of these forces, those working within, and those imposed from without, the academic and the practical, the clerical and the lay, which created this great mediæval monument of Christian Morality : The Just Price.

# THE JUST PRICE

## I

### THE JUST PRICE IN THE MEDIÆVAL ECONOMY

By Miss RUTH KENTON, J.P.

A YEAR OF TWO ago the ordinary person might have turned away from an essay under such a heading as this as being presumably of merely academic interest and of no importance to him at the present day. But times are altered when the captions of a newspaper report of the opening paper in the Economic Section of the British Association's 1928 meeting run thus: "The Just Price. Mediæval Theories in Modern Business. A German Economist on Cartels." In fact, Professor Moritz Bonn's paper, to which these headlines referred, was entitled "Mediæval Economic Theory in Modern Industrial Life," and dealt with German theories of price-fixing associations "closely affiliated to the mediæval conception of maintaining a certain social order and a certain individual income." It is true that Professor Bonn himself deprecated this development. If he must have monopoly, he said, he preferred a thoroughly business monopoly to an ethical monopoly. But there was "a lot of German literature full of

the ethical stuff which glorified the cartel." And Professor Gregory of Glasgow pointed out that ideas were not disposed of by merely labelling them mediæval. "It might be that the development of modern industry was leading us in a direction in which mediæval economic ideas were appropriate."

If economists are thus discussing the relevance of mediæval theory, it certainly becomes of interest to know what this theory was and how it was applied. More particularly, we who are concerned to claim the application of the Christian law to social practice will feel that, while the claim must be made, whether economists approve or not, it is a hopeful omen to find the economists looking in the direction of assumedly Christian ethics.

For the Just Price is an economic idea admitted to be peculiar to Christendom. It is sometimes pointed out that the mediæval ethic in general was not derived from properly Christian principles, but was in the main an adaptation of Greek and Roman tradition to the circumstances of the time. But here in the doctrine of the Just Price is one case at least where the tradition failed to pass Christian standards, was unhesitatingly rejected and the Christian principle elucidated. "The whole conception of a just price appears to be purely Christian," says Cunningham.<sup>1</sup>

<sup>1</sup> *Growth of English Industry and Commerce: Early and Middle Ages*, fifth ed., p. 252.

“What Christian morality . . . aimed at,” says Ashley,<sup>1</sup> “was not merely the prevention of obvious injustice or deceit, but the fulfilment of the law of Christ, “Whatsoever ye would that men should do unto you; do ye also unto them.” In nothing was the contrast between this precept and the conduct sanctioned by the civil law more evident than in purchase and sale. . . . The Roman law had been that . . . ‘In purchase and sale it is naturally allowed to the contracting parties to try to overreach one another.’ . . . Against this the Church held out the opposite ideal, that of ‘a just price’ unaffected by the temporary caprice or need of either party.”

Other articles in this series will deal with the economic theory expressed in the doctrine, and the ethical philosophy which lay behind it. Here we may be content to say briefly that the attempt was to give to both producer and consumer their dues; to take into reasonable consideration the force of special desires and common needs; to bring an ethical judgment to bear, anticipating the market price and correcting it by weighting for economically weak but ethically strong factors. “Common estimation” of what a thing is worth approximately declares the just price. The duty of the administrator was to express and enforce this. Our

<sup>1</sup> *Economic History*, vol. i., pp. 132 f.

concern here is to indicate the methods of this administration.

The Just Price is assumed in a general way by the Fathers: according to Ashley, the phrase itself is first used by St Augustine. But it does not become prominent till the Schoolmen begin to work out the meaning of their principles as the Golden Middle Age draws to its climax in the twelfth and thirteenth centuries, as business was developing on the one hand and learning on the other. In the twelfth century in England the characteristic business organization was the Merchant Guild of this or that town, which usually remained important also in the thirteenth. Among the aims of the Merchant Guild was the maintenance of fair dealing, and in particular they had rules for selling at the assize or fixed price, and against forestalling. The price regulations, however, which the men of the Guild were sworn to observe, were not usually made by the Guild as such, but by the municipality—with which, of course, the Guild was very closely connected; and offences were tried in the municipal courts. This was in accordance with the theory of the subject. “In the civil state,” wrote Gerson,<sup>1</sup> “nobody is to be decreed wiser than the law-giving authority. Therefore it behoves the latter, whenever it is possible to do so, to fix the just price.” Thus at first, in the town economy, we find the matter

<sup>1</sup> *De Cont.*, i. 19; as quoted in O'Brien, *Medieval Economic Teaching*, p. 106.

in the hands of the town authorities ; and later, as a national economy develops, statute law begins to take its part. As early as 1202 a Royal Proclamation fixed an Assize of Bread ; and this—a sliding scale for the various kinds of loaf, according to the price of corn—was fixed by statute of Henry III., and again from time to time. At about the same period, an Assize of Ale was also statutorily fixed, and general regulations made against forestalling, engrossing and regrating. Administration, however, was referred to the municipalities. Ashley<sup>1</sup> gives an example of the enforcement of the Assize in 1321 in London :

“ A certain William le Bole, a partner with another baker, in an oven in Bread Street,—clearly the home of the London bakers, was charged with making light or ‘ cockett ’ bread of less than the proper weight. Two ‘ bladarii,’ or corn-dealers, gave evidence that on the last Wednesday, market day, the quarter of good wheat was sold for eight shillings ; ‘ to this twelve pence being added for the wages of the bakers and other necessaries in baking, the quarter is worth nine shillings.’ The halfpenny loaf of light bread should, therefore, they say, ‘ weigh 4s. 3½d.’ William le Bole foolishly declared that the bread was not of his baking, and that he was not a partner in the bakery in question. At that, the sheriff was bidden im-

<sup>1</sup> *Op. cit.*, pp. 189 f.



panel a jury of twelve men of the ward of Bread Street, and of other neighbouring wards; and these gave verdict that the accused was a partner, and that his bread was 3s. 10½d. under due weight. Whereupon for the double offence of breach of the Assize and denial of the co-partnership, William le Bole was condemned to be drawn through the city on the hurdle."

Not all prices were fixed. Those of raw materials, as for example that of corn, were as a rule left to be determined in the market. But it must be an open market, and the forestallers who bought up goods before they reached it, the regrator who bought even in the market to sell again at a higher price, and the engrosser who managed to draw to himself such a share of the goods on the market that he was in a position to dominate the price, were all severely dealt with. For example, at the Norwich Court Leet in 1375 one Roger de Berghen was presented for that he "to such an extent forestalled divers kinds of corn by himself and his servants, in the market, and in the streets, lanes and gates of the city, that the price of one coomb of wheat rose from 42d. to five shillings."<sup>1</sup> In London in 1364, John-at-Wood, baker, "cunningly and by secret words whispering in the ear" of Robert de Cawood who had two quarters of wheat for sale, withdrew him from the market and in the Church of the Friars Minor bought

<sup>1</sup> Eipson, *Economic History*, p. 271.

the wheat "at 15½d. the bushel, being 2½d. over the common selling price at that time in that market," for which he was sent to the pillory.<sup>1</sup>

Thus, statute and municipal law enforced the principle of the just price, and the Merchant Guild accepted it, having its standards of conduct, though doubtless it was primarily a trade protection society and moreover concerned to prevent under-cutting. But it is in the Craft Guilds and their ordinances that we get the clearest insight into the industrial principles and practice of the Middle Ages. They were essentially organizations of producers, and in production ethics has always had a better chance than in matters of buying and selling. They grew up somewhat later than the Merchant Guilds, and are specially characteristic of the thirteenth and fourteenth centuries with their developing town economy. The theory of the just price was quite welcome to them, because it meant in the first place that a man ought to be able to live by his trade, and in the second place that the men of other trades had no right to raise on him the prices of the things of which he stood in need. The craftsmen entirely agreed with St Thomas Aquinas that, as Ashley puts it, "if price was to be determined by the rule of doing to others as we would wish that others should do to us, then the maker should receive what would fairly recompense him for

<sup>1</sup> Ashley, *op. cit.*, p. 184.

his labour; not what would enable him to make gain, but what would permit him to live a decent life according to the standard of comfort which public opinion recognized as appropriate to his class." <sup>1</sup>

We saw that ideally, "on account of the varied and corrupt desires of man," the price should be fixed by the legislator; and that in the case of such fundamental necessities as bread and ale, this was actually done early and continuously. But it was obviously impossible for the legislator, whether King, Parliament or municipality, to fix prices in detail for all the multitude of commodities in common use. It did not therefore follow that the matter was left to the conscience of the individual. The general conception of life in the Middle Ages was not individualistic, but of a *communitas communitatum*. Quite naturally, therefore, the Gilds took the business in hand. Their general purpose can hardly be better summarized than in the words of Dr Cunningham <sup>2</sup>; it was "the regulation of work in such fashion that the public might be well served, and that the trade might therefore flourish . . . the effort was to secure satisfactory conditions for production—skilled workers and honest materials—and to ensure a price which should be 'reasonable' to receive, and therefore reasonable to pay, for such wares thus made." "To invest the Craft Gilds with a halo of economic chivalry," says

<sup>1</sup> Ashley, *op. cit.*, p. 138.

<sup>2</sup> Cunningham, *op. cit.*, p. 342.

Mr Tawney,<sup>1</sup> is "inappropriate. They were, first and foremost, monopolists, and the cases in which their vested interests came into collision with the consumer were not a few. . . . There are, however, monopolists and monopolists. An age in which combinations are not tempted to do lip-service to religion may do well to remember that the characteristic, after all, of the mediæval gild was that, if it sprang from economic needs, it claimed, at least, to subordinate them to social interests, as conceived by men for whom the social and the spiritual were inextricably intertwined. "Tout ce petit monde antique," writes the historian of French Gilds, 'était fortement imbu des idées chrétiennes sur le juste salaire et le juste prix; sans doute il y avait alors, comme aujourd'hui, des cupidités et des convoitises; mais une règle puissante s'imposait à tous et d'une manière générale exigeait pour chacun le pain quotidien promis par l'Évangile.'"

As an example of the Gild regulations in this matter may be quoted the Ordinances of the White Tawyers of London made in 1346. Beginning :

"In honour of God, of our Lady, and of all Saints, and for the nurture of tranquillity and peace among the good folks the Megucers, called Whittawyers, the folks of the same trade have by assent of Richard Lacer, Mayor, and

<sup>1</sup> *Religion and the Rise of Capitalism*, pp. 26 f.

of the Aldermen, ordained the points under-written"; and after providing for "a wax candle to burn before our Lady in the church of All Hallows near London Wall"; for a box for the sick and poor of the trade, for funeral benefits, material and spiritual, for mutual assistance and for officers and overseers, against "false and deceitful working of skins," for apprenticeship, and the like, there follows :

"Also that no one shall take for working in the said trade more than they were wont heretofore, on the pain aforesaid; that is to say, for the dyker (ten) of Scottes stagges, half a mark; the dyker of yrishe, half a mark; the dyker of Spanysse stagges, 10s.; for the hundred of gotesfelles, 20s.; the hundred of rolether, 16s.; for the hundred skins of hyndes-calves, 8s.; and for the hundred of kidde-felles, 8s."<sup>1</sup>

Similarly, the London shearmen ordained in 1452 that the master craftsman should take for his work: "for shearing of scarlet and all other engrained cloth, every yard twopence . . . and for all manner cloths folded and tacked in Genoese manner twopence . . . and for folds and tacks of twelve streits in Venetian manner, eightpence."<sup>2</sup> The London Founders got them-

<sup>1</sup> *English Economic History, Select Documents*, ed. Bland, Brown & Tawney. Bell & Son, Ltd., 1914, p. 136.

<sup>2</sup> Lipson, *op. cit.*, p. 301 f.

selves before the Star Chamber in 1507 because of "unreasonable enhancement of prices." They said that—

"divers persons used to make sale of divers wares appertaining to the said mistery or craft far better cheap than the charge thereof cost and stood them in for the making and stuff of the same, to the impoverishment of the same sellers and to the hurt and prejudice of all the whole fellowship. Wherefore it was commoned among them in what wise and price they might sell their wares so that they might have a convenient living thereby, and it was thought amongst them that a chaffing, called a middle, dish, could not well be sold under the price of fourteen pence, and a candle-stick, called a small lamp, under the price of eightpence, and a candle-stick, called a great lamp, under twelvepence, if they should live thereby." <sup>1</sup>

If the Craft Gilds, unlike the Merchant Gild, themselves fixed prices, they enforced them partly by their own discipline—"on the pain aforesaid," as in the Ordinance of the Whittawyers, viz. fixed fines for the first, second and third offences, and on the fourth expulsion from the Gild—but partly also in the municipal courts. "The overseers," said the Whittawyers again, "shall . . . loyally present to the Mayor

<sup>1</sup> Lipson, *op. cit.*, p. 302.

and Aldermen such defaults as they shall find.”<sup>1</sup> To some extent also resort was had to the Courts Spiritual, defaulting members being presented before them as having broken their oath of membership.<sup>2</sup> The Just Price, with the rest of Christian social ethics, was also enforced in the pulpit and the confessional.<sup>3</sup> Chaucer’s “Parson’s Tale” and the examination by Repentance in *Piers Plowman*, both based on the Seven Deadly Sins, show how thoroughly practical were the instructions given on the sin of Avarice. “That oother marchandise, that men haunten with frauds and trecherie and deceite, with lesynges and false othes, is cursed and dampnable,” says the Parson.<sup>4</sup>

“ Mayors and macers . means be between  
The king and the commons . to keep the laws,  
To punish on pillories . and pyning-stools  
Brewsters and bakers . butchers and cooks  
That richen through regratery,”

says Langland.<sup>5</sup>

It will have been noted that in some of the cases cited the actual price of wares was fixed, in some the amount which the worker should take for his work done on the material delivered to him. The Gilds also fixed the wages of the

<sup>1</sup> *Select Documents, loc. cit.*

<sup>2</sup> Tawney, *op. cit.*, p. 52; Lipson, *op. cit.*, p. 314.

<sup>3</sup> Tawney, pp. 48 ff.

<sup>4</sup> *Works of Chaucer*, Globe ed., p. 296.

<sup>5</sup> *Piers the Plowman*, ed. Skeat, pp. 49 ff., and 26.

journeymen, who, with the apprentices, were regarded as a component but subject part of the Gild. Thus, says Mr Lipson,<sup>1</sup> "the Bowers craft of York fixed artificers' wages both for piecework and by week. The 'taskman' who worked by the piece received sixteenpence for 'chipping' a hundred bows, while journeymen who were not competent for 'taskwork' received tweldepence a week and their food during one half of the year, and eightpence a week and food the other half. . . . At Bristol the Fullers, at Coventry the Cappers, fixed the wages of their workmen, and at Leicester the remuneration of weavers and women wool-wrappers was also laid down by the gild." In 1452 the Shearmen of London provided for journeymen strangers. The wardens and assistants were to "see the foreigner work, and conscientiously set his salary betwixt his master and him"; after which he should be bound to serve for four years.<sup>2</sup> In general, the journeyman or his apprentice had his appeal from his own master to the Wardens of the Craft. In the fifteenth and sixteenth centuries, however, as capitalist industry developed and a class of permanent wage-earners began to appear, the journeymen or yeomen were no longer satisfied with the "conscientious" judgment of the masters' officers, and claimed to organize gilds of their own, "with the object," said the Master Saddlers

<sup>1</sup> *Op. cit.*, p. 300.

<sup>2</sup> *Ibid.*, p. 301.



of London as early as 1396,<sup>1</sup> "of raising their wages greatly in excess." The Saddlers' Guild appealed to the Mayor and Aldermen, who ordered the suppression of the Yeomen's Fraternity, but said that "if any serving men should in future wish to make any complaint to the Mayor and Aldermen for the time being," they should have justice.<sup>2</sup>

The question of the relation of the Just Price to wages in the modern sense is thus developing. It was not one of great practical importance till after the Black Death in 1349 on the one hand, and on the other the not unrelated capitalist development already mentioned. Till roughly about 1350, the typical countryman had lived on his villein holding, the typical townsman became through his apprenticeship and journey-manship a master craftsman in his turn. The world was fairly stable, and the just price was that payment for wares delivered or work done which would tend to keep it stable. In the scarcity of labour resulting from the Black Death the question arose as to whether justice still demanded that conditions should remain "as they were wont to be." The governing classes, through the series of Statutes of Labourers beginning in 1349, answered "yes." John Ball and the Peasants' Revolt of 1381 answered "no." In fact we have arrived at the beginning of the break-up of the mediæval world, accelerated, though, of course, not caused, by the

<sup>1</sup> *Select Documents*, p. 139.

<sup>2</sup> *Ibid.*, p. 141.

Black Death. But the process was a long one : and the setting of a "fair" wage, by statute, by the gild or company, or by the justices, has a history lasting right up to Whitbread's abortive Minimum Wage Bill of 1795.

The Statute (or rather Ordinance) of Labourers, 1349, after recounting how "some, seeing the necessity of lords and the scarcity of servants, will not serve unless they receive excessive wages," lays it down that men and women—

"not living by trade, nor exercising a certain craft, nor having of his own whereby he shall be able to live, or land of his own in the tilling whereof he shall be able to occupy himself, and not serving another man, shall be bound to serve him who shall require him, if he be required to serve in a suitable service, regard being had to his rank, and shall receive only the wages, liveries, hire or salaries which used to be offered in the places where he should serve in the twentieth year of our reign. . . . Moreover saddlers, skimmers, tawyers, shoemakers, tailors, smiths, carpenters, masons, tilers, boatmen, carters, and other artificers and workmen whosoever shall not take for their labour and craft more than used to be paid in such twentieth year. . . . Moreover butchers, fishermen, hostlers, brewers, bakers, poulterers and all other sellers of victuals whatsoever shall be bound to sell such victuals for a reasonable price, regard being had to the price at which the said victuals are sold in the

neighbouring places: so that such sellers have a moderate profit and not excessive."<sup>1</sup>

These orders were sent out through the sheriffs. It is interesting to observe that at the same time similar ordinances were sent (but by way of request) to the bishops, who should not merely command parish priests to "beseech and persuade their parishioners to labour and to keep the ordinances aforesaid, as instant necessity demands," but also "constrain the wage-earning chaplains . . . who, as is said, refuse in like manner to serve without excessive salary, and compel them . . . to serve for the accustomed salary, as is expedient."<sup>2</sup> And among the numerous presentments of offences against the statutes made to justices in the ensuing years, we have such entries as "Further, they present that John Galion, vicar of Nazing, will not minister to any the sacrament of marriage, unless he have from each man 5s. or 6s., and in this manner by extortion the said John has taken from John Wakerild 4s. 10d., from William Gurteben 5s., from John Mabely 9s. . . . Further, they present that John Hindercle took for stipend from the rector of Parndon for the time of August this year 10s., against the Statute."<sup>3</sup>

It has sometimes been alleged that these

<sup>1</sup> As quoted in *Select Documents*, pp. 164 ff.

<sup>2</sup> *Select Documents*, p. 167.

<sup>3</sup> *Ibid.*, p. 168.

statutes were examples of purely oppressive class legislation. No doubt the legislators had then as now the human habit of seeing things from their own point of view. Still the statutes give evidence of having been drawn up with reasonable care for men's reasonable rights, and they regulate prices as well as wages. And from time to time we get instances of administration suggesting that the interests of journeymen were not forgotten. Lipson<sup>1</sup> quotes an instance from Chester, where a Company is accused of giving its journeymen "such wages they be not able to live on," and is ordered in future "to give from time to time such wages as shall be appointed by the Mayor." And more doubtfully an earlier case at Coventry, where the city authorities laid down that the serving men of the Weavers' Guild were to "have the third part of the payment for weaving—as they used to have." Unwin,<sup>2</sup> quoting the Chester incident, does not appear able to find other English cases, but says that "numerous parallels might be cited from French sources." Moreover, as the class of permanent wage-earners increases, there develops their right to defend their claims by organization in a yeoman's guild, or as a quasi-independent part of the Companies which in the sixteenth and seventeenth centuries superseded the craft guild.

<sup>1</sup> *Op. cit.*, p. 350.

<sup>2</sup> *Industrial Organization in the XVI. and XVII. Centuries*, p. 66 and note.

The atmosphere, however, is changing. After the sixteenth century only relics remained of the old idea of a Just Price, the payment of which, and the acceptance of no more than which, was required as a duty before God. Relics and important relics indeed there were, though the idea of national policy becomes more prominent than the thought of religious duty, until both are submerged by the comfortable doctrine:

Thus God and Nature formed the general frame,  
And bade self-love and social be the same.<sup>1</sup>

Right up till the middle of the eighteenth century the assessment of wages remained fairly common, and the aim of securing a reasonable maintenance for the workmen was not absent from it.<sup>2</sup> Also the Assize of Bread and Beer was enforced, from time to time by Quarter Sessions, and regularly by the municipalities.<sup>3</sup> And forestallers and regrators remained obnoxious to statute and common law, at least so far as regarded their dealings with the fundamental necessities of life.<sup>4</sup> It is worth while to quote the utterance of a Lord Chief Justice (Kenyon) in 1800 on the occasion of the last prosecution

<sup>1</sup> Pope, quoted by Tawney, *op. cit.*, p. 192.

<sup>2</sup> See Cunningham, *op. cit.*, Part II., pp. 896 and refs.; Hewins, *English Trade and Finance*, pp. 119 ff.; *Select Documents*, pp. 546 and note.

<sup>3</sup> Palgrave, *Dict. Pol. Ec.*, article "Assize of Bread and Beer."

<sup>4</sup> *Ibid.*, article "Forestallers and Regrators."

for this offence, to show how the old tradition persisted. He was not alone. "I remember the time," said Sidney Smith, "where ten judges out of twelve laid down this doctrine in their charges." And the doctrine was certainly popular, witness an amusing song of the day, entitled "The Forestallers in the Dumps," and having for chorus:

O sing O the roast beef of old England  
Good Lord Kenyon and English roast beef!

The Chief Justice says: "Though in a state of society some must have greater luxuries and comforts than others, yet all should have the necessaries of life: and if the poor man cannot exist, in vain may the rich look for happiness or prosperity. The legislature is never so well employed as when they look to the interests of those who are at a distance from them in the ranks of society. It is their duty to do so; religion calls for it. . . . I wish Dr Adam Smith had lived to hear the evidence of to-day, and then he would have seen whether such an offence exists, and whether it is to be dreaded."<sup>1</sup>

But the regulation of price in general, and the idea of the Just Price as apart from the idea of ensuring that "all should have the necessaries of life," gradually fades out of view. On the one hand, as commercial life developed on an

<sup>1</sup> *Life of Lord Kenyon*, by G. T. Kenyon, pp. 369 ff.

increasingly large scale, the obvious personal relationships of buyer and seller changed into negotiations, often long distance negotiations, of business men more or less on an economic equality. "Moving as they did," says Mr Tawney,<sup>1</sup> writing of the later sixteenth and early seventeenth centuries, in a world of "profitable investment on the part of not too scrupulous business men, who looked after themselves and expected others to do the same, they had scanty sympathy with doctrines which reflected the spirit of mutual aid not unnatural in the small circle of neighbours who formed the ordinary village or borough in rural England. . . . From at any rate the middle of the [sixteenth] century, the fixing of prices by municipal authorities and by the Government was regarded with scepticism by the more advanced economic theorists." "Merchants' doings," the man of business in Wilson's *Discourse upon Usury* had observed, "must not thus be overthwarted by preachers and others, that cannot skill of their dealing."<sup>2</sup> On the other hand, theologians, preoccupied with doctrinal and ecclesiastical questions, failed to face up to the complication of the new situation. They did not intend to let the province of conduct in economic life slip out of their grasp. Whether Catholic or Protestant, they discussed it, wrote of it, preached on it voluminously. So late as Baxter's

<sup>1</sup> *Op. cit.*, p. 178 f.

<sup>2</sup> Quoted, *ibid.*, p. 235.

*Christian Directory* we get the old traditions repeated :

“Have a special regard to the Laws of the country where you live : both as to your Trade itself, and as to the price of what you sell or buy. For the Law is made for the publick benefit, which is to be preferred before any private man’s. And when the Law doth directly or indirectly [presumably through Gilds, Companies, etc.] set rates upon labours or commodities, ordinarily they must be observed ; or else you will commit two sins at once, Injury and Disobedience. Also have special respect to the common estimate and to the Market Price.”<sup>1</sup>

But all this is simply repetition<sup>1</sup> of the old doctrine, and applicable in the old conditions of the local market and the personal relationship. When questions are raised as to dealings “among Merchants and rich men, an act of Merchandize,” Baxter owns that he finds the case difficult : “Divines that live in great Cities and among Merchandize, are usually fitter judges in this case, than those that live more obscurely (without experience) in the Country.”<sup>2</sup> The tradition fails him. This is Mr Tawney’s

<sup>1</sup> *Chapters from Baxter’s Christian Directory*, selected by J. Tawney, p. 79. See also pp. 104, 106.

<sup>2</sup> *Ibid.*, pp. 118, 131.



special subject, and his summing up must be quoted here<sup>1</sup>:

“To argue, in the manner of Macchiavelli, that there is one rule for business and another for private life, is to open the door to an orgy of unscrupulousness before which the mind recoils. To argue that there is no difference at all, is to lay down a principle which few men who have faced the difficulty in practice will be prepared to endorse as of invariable application. . . . With the expansion of finance and international trade in the sixteenth century, it was this question which faced the Church. Granted that I should love my neighbour as myself, the questions which, under modern conditions of large-scale organization, remain for solution are, Who precisely is my neighbour? and, How exactly am I to make my love for him effective in practice? To these questions the conventional religious teaching supplied no answer, for it had not even realized that they could be put. . . . Religion had not yet learned to console itself for the practical difficulty of applying its moral principles, by clasping the comfortable formula that for the transactions of economic life no moral principles exist. But, for the problems involved in the association of men for economic purposes on the grand scale which was to be increasingly the rule in future, the social doctrines advanced from the pulpit offered, in their

<sup>1</sup> *Religion and the Rise of Capitalism*, pp. 184 f.

traditional form, little guidance. Their practical ineffectiveness prepared the way for their theoretical abandonment. They were abandoned because on the whole they deserved to be abandoned. The social teaching of the Church had ceased to count, because the Church itself had ceased to think."

## II

### THE MORAL AND SPIRITUAL FACTORS IN THE MIDDLE AGES

By the Rev. Canon A. L. LILLEY, M.A.

THE rules by which the minutest details of human conduct are regulated derive ultimately from some universally accepted principle. When the mediæval "Prince" determined the marketable price of labour or of commodities, or provided for their determination, he was only performing a duty which devolved upon him in virtue of his office. And both his power and the method of its exercise had their universally recognized and sufficient sanction in a conception of justice which was familiar and undisputed throughout the Christian world. My present task is to define the exact nature of that conception and its particular application in regulating prices.

For the mediæval theologian justice was one of the four cardinal virtues. The theological virtues of faith, hope and charity were possible to man only by reason of that unmerited Divine assistance which was called grace. But all other virtues of which man as a creature of reason was

capable were grouped round the four hinge-virtues of the Græco-Roman moralists—temperance, prudence, fortitude and justice. These cardinal virtues were, as it were, the planetary system of the moral heavens. Round each planet a number of satellites revolved. Thus “religio,” or the worship due to God, is one of the nine satellite virtues which St Thomas assigns to the planetary system of justice and treats of in the section of the *Summa Theologica* devoted to justice.

Before considering what justice is in itself it is necessary first to determine what is its end or object. What does it propose to do or effect? Is it the pursuit of a dim and distant ideal, or is it on the contrary the reasonable, and therefore hopeful, effort to be true to the natural constitution of things? Is it aspiration after something unknown or conformity with something clearly known? For mediæval Christianity there neither was nor could be any hesitation about the answer. The object of justice was the preservation of certain natural rights which were inherent in the constitution of things. The sum of these rights was called *jus*, and this *jus* was, as I have said, implanted in nature. It was indeed capable of division into strictly natural right and the rights embodied in actual human codes, the *jus naturale* and the *jus positivum*. But the only ultimate sanction of the latter was its demonstrable correspondence with or derivation from the former. A positive

right which could not clearly establish its legitimate descent from natural right was not right at all, but manifest wrong. So all positive human law, *i.e.*, the embodiment of right in a written code duly promulgated by the proper authority, was not law but its violation, and therefore was not binding upon conscience, if it could be shown to be in conflict with natural right. Even positive Divine law was for the most part but a clearer affirmation of natural right. This was so without any qualification for the *Lex Mosis* or law of the Old Testament. The Decalogue was the Divine codification, as it were, of natural right. If the law of the New Testament or *Lex Christi* did in some measure supplement the decrees of natural right, it at any rate never contradicted them. It had come, not to destroy, but to fulfil.

One further distinction has to be made in order to complete this conception of natural right. The knowledge or simple apprehension (*absoluté apprehendere*, as St Thomas describes it) of natural right is not confined to men, but is shared with them by animals. Within the ambit of natural right, for instance, are included the relations of the sexes on which depends the continuance of the species, and the support of offspring by their parents. But these natural rights and duties are naturally apprehended as well by animals as by men. On the other hand, there are consequences of natural right which only reason can infer. And as reason is the

peculiar appanage of man, he alone can draw and act upon these inferences. All such inferences therefore as man in his capacity of rational being has always and everywhere deduced from the principles of natural right, form that portion of the *jus naturale* which is peculiar to man and is known as the *jus gentium*.

Now it will be seen that in accordance with what we may henceforth call briefly the Law of Nature, the *Lex Naturae*, every man has his *jus* or share in the natural right. And it is the object of justice to ensure to every man this his peculiar *jus*. Justice therefore is defined as "the continuous and determined will to allot to every man his special right." *Justitia est perpetua et constans voluntas jus suum unicuique tribuendi*. But the determination of what is the peculiar right of each is by no means an easy matter. By the Law of Nature, for instance, it would seem that it is each man's right to be free, to be master of his own destiny. But from the first men existed in and as a society, and the natural freedom of the individual was therefore conditioned and even, in its now limited degree, guaranteed by this social character of all human existence. Even slavery or serfdom had to be accepted by the mediæval theologian as a normal element in the constitution of society, and the strictly impossible task of reconciling its existence with the claims of natural law was forced upon him. The relation of slave to master had its analogue in the relation of son to father.

The personality of son and slave was virtually merged in the personality of father and lord, so that "father's right" and "lord's right" had to be kept altogether separate from the ordinary right of the free citizen.

Again natural law provided no sanction for the existence of private property. The treasures of the earth were open to all alike. Yet the fact that a particular tract of land has been cultivated and made fruitful by one man rather than by others gives him a right in it which no other can claim. Again the original human society was a society of equals, designed indeed to guarantee the equal rights of each of its members, so that its determinations were the determinations of a community of equals. But by some process of delegation, conscious or half-conscious, the general right of consulting for the common good had become vested in the "Prince" as representing the community.

Thus the administration of justice, the attribution to each member of the community of his own peculiar right, and further the determination in each particular set of circumstances of what that right was, were the special function of the Prince. In his person the community decreed its own justice and directed its administration. The subject members of the community co-operated in that administration, each in his degree. The community therefore was a structure specially designed for the securing of justice, or the observance and preservation of

the right of each, throughout its whole extent. As St Thomas puts it, "Justice resides in the Prince as its chief source and architect, in subjects as those who give effect to it in a secondary degree." *Justitia legalis est in principe principaliter et quasi architectonice; in subditis autem secundario et quasi administrative.*

It will be seen therefore that it was the purpose and accepted task of the mediæval theologian to connect the actual structure of feudal society with the known requirements of the Law of Nature, and to inspire it with the conviction that its sole function was to establish and maintain the equality of justice between its members. From either point of view the task was by no means an easy one. The feudal constitution of society with its static hierarchy of orders might well seem to be an almost cynical denial of the conception of freedom which the Law of Nature authorized and enjoined. And equally difficult was it to secure that such a system should with any consistency of resolve function as an instrument of justice. Yet the theologian at any rate never relaxed or intermitted his effort to make its duty clear and to brace it to the performance of that duty. And it must be admitted that he had always a certain moderate success. If princes and subjects alike too frequently in practice neglected or violated the decrees of an eternal and immutable justice, they at least never doubted the existence of those decrees in the Law of Nature, and their



reflection, however blurred, in the positive human laws which they either promulgated or obeyed.

But justice was not merely the procurement of a certain external order of equality or due proportion in the social relations of citizens. That indeed was its primary and essential character. It was directed to the common good, and only through the achievement of the common good was it regarded as contributing to the good of the individual members of the society. It was soon recognized that justice as an external operation or effect might sometimes be the result of unjust or morally dubious actions. Yet justice was also a human virtue, one of the four hinge-virtues. It was, as we have seen, an expression of the will constantly set upon the attainment of the just order. And the just order could not be procured, except accidentally, and if procured could not be maintained, otherwise than in and through a society of just men. Even if justice was to be measured by certain external operations and effects in the body of society, it could never be the result of a merely mechanical adjustment, however shrewdly and carefully devised. To succeed in its purpose of ordering men towards their common good it must be also the moving spirit of the society.

Such then are the main outlines of the conception of justice commended by the mediæval theologians to a world in which their authority was unchallenged. With that conception and the fact of its universal validity throughout

Christendom in our minds, we may perhaps obtain some working clue to its application to particular economic problems. Of these the simplest and yet that which included all others, was the interchange of commodities, or in other words, buying and selling. One man possesses a thing which another needs. He himself needs in the same degree some other thing which the other possesses. The interchange of these things is obviously an interchange of equal advantages or commodities. But the advance from the primitive stage of society in which needs can be satisfied by this barter of reciprocal advantages made necessary the introduction of money as a common symbol and expression of value. It was henceforward the common denomination to which the values of all *things* could be reduced. The value of each thing was the measure of utility or advantage which it conferred upon its possessor, and that value was now estimated in terms of money. The transfer of any utility from one person to another was therefore *just* when an equal utility or the power of obtaining an equal utility was given in return. And this equality of exchange was rendered possible by the just price of each utility or commodity reckoned in terms of money. Any and every fraudulent attempt to alter this just price in one's own favour either by selling above it or buying below it was a violation of the law of justice or equality, and therefore a sin.

Yet were there no cases in which the equality

of value registered in the just price might be violated without sin, without doing despite to the law of justice? Suppose one man had a very special need of a certain commodity and was willing to give more than its just price in order to gain possession of it, was it lawful for him to offer and for the other to receive more? The answer is important as revealing both the solidity and the deftness of construction of the moral palisade with which this whole area of buying and selling was surrounded, more especially as the case supposed must have been one of everyday occurrence. If then the present possessor of the much desired commodity would suffer an appreciable loss by parting with it, he would in that case be at liberty to sell and the other to buy at so much more than the just price as would be a true measure of the loss of the one and the gain of the other by the transaction. Equality which is the measure of justice would be preserved by the equivalence of loss and gain. If, on the other hand, the seller had no special need of the article equivalent to that of the postulant buyer, he was bound by the law of justice to sell at the ordinary price, though the concession was made to the known weakness of human nature that he might receive a thankoffering from the grateful purchaser. In such strange wise did the *douceur* receive consecration even at the hands of the Christian moralist.

But the just price was not estimated by

quantity only, though in so far as it was regulated by the prince or public authority quantity was naturally the chief consideration in its adjustment. Quality, however, was at least as important in the interests of justice, though much more elusive of public control. Here therefore the character of justice as a personal virtue called for clearer demonstration. It was morally incumbent on the seller to make clearly known to the intending purchaser every defect in the commodity offered for sale of which he was himself aware. And if at the time of sale he was ignorant of such defects and they were afterwards brought to his notice, he was bound to make full restitution of the amount of his accidentally unjust gain. He might indeed be silent as to defects open to the observation of all, as for instance if he were offering for sale a one-eyed horse; for here obviously there was no violation of the conditions of equality on which the justice of a bargain depended. It may be noticed in passing how conventional were the examples selected by the mediæval theologian. They were for the most part picked up at random from the pages of Cicero's *De Officiis* or some other ancient authority. But his habit of literary dependence did not by any means argue vagueness in his perception of contemporary evils.

Hitherto we have been dealing with a relationship of buyer and seller which to us is so unfamiliar that it needs an effort of imagination

to recall it. The interchange of utilities is direct, and it is this direct interchange which is principally, almost exclusively, present to the minds of the earlier Schoolmen. Yet the middleman, the merchant, the negotiator, is already in the field, is indeed on the eve of a rather intensive occupation of it. And, however grudgingly, however much against the grain, a justification of him had to be sought and found. The *negotiator*—our modern “tradesman” is his exact verbal equivalent—not only sells for more than he buys, but is a tradesman only in virtue of this dangerous habit. I was on the point of adding to the epithet dangerous that of vicious. But St Thomas pointedly bids me refrain. Trade, commerce, does not of its own nature imply anything vicious or contrary to virtue. But it is directed to an end which is neither necessary nor honourable—the end of gain. And gain, though not necessarily vicious, is not self-directed to an honourable or necessary end. And the desire and pursuit of gain (the *cupiditas lucri*) is specially dangerous because it knows no limit. It is by its nature an infinite desire, this covetousness, this *pleonexia* or will of having more and ever more *ad infinitum*. And trade is therefore morally dangerous because it is motivated by this evil desire of gain. Yet it has to be admitted that this motive may be utilised for necessary and even honourable ends. It may serve, especially in times of scarcity or famine,

to provide things necessary for the life of the nation. It will thus be necessary for the trader to sell for more than he buys in order to recoup himself and his family during the time of his service. This enhanced price of his wares may still be called *lucrum*, but it is in reality a reward for service and therefore just if it does not exceed the value of the services rendered. But it was just the impossibility of determining this value accurately and the continual temptation to exceed it that caused the suspicion, deepening occasionally into contempt or hatred, which attached to commerce throughout the Middle Ages.

Finally there was the steady recognition by the mediæval theologian of the most obvious verdict of fact, viz. : that the value of commodities must change according to the circumstances of various times and places. But at least it did seem within the competence of the general wisdom of a particular locality to determine at any particular time what was the just price of ordinary necessities in that locality. And therefore the prince was encouraged to consult with local *concilia prudentium*, with those who had the fullest local knowledge, in fixing prices for each area. Or he might simply leave the task to the area itself, to the mayor and corporation of a town, for instance, with the usual right of appeal to himself in case of grievance.

Such are the general outlines of the applica-

tion of the theological conception of justice to the particular case of the price of commodities and service. Probably none of the questions asked by the modern political economists ever occurred to the mind of the mediæval theologian in anything like the form which they assume for us to-day. For the theologian indeed the *jus oeconomicum* and the *jus politicum* belonged to distinct spheres and were of distinct kinds. The former was confined to the family, the latter extended to relations within the general community. Like the *jus paternum* and the *jus dominativum*, the *jus oeconomicum* was regarded as an application of justice within the limits of a wider personality. The son was in some sense a portion of the father's personality, the slave or serf of the lord's, the wife of the husband's. The Law of Nature was supposed to guarantee the general application of justice in these fields. But in the political sphere, the sphere reserved to positive human law, the one purpose was to preserve the equality of justice against all interference from the unfair use of accidental advantage, which is I suppose what is meant by the modern term "exploitation." Equally of course it was its purpose to secure for each individual a "living wage," again if by that modern expression is meant the bare necessities of life calculated according to the station to which the individual belonged. Again, in all the determinations of political justice the common interest was the paramount consideration and

common estimation the invariable test of its relation to individual needs. It will, I think, be seen from what has been said above that the factor of demand and supply was recognized and the changes in price which its existence required provided for, while the very conception of justice—pagan or Christian—was the radical condemnation of *pleonexia* or covetousness. "Vocation" certainly had its part in fixing the just price in a society which consisted primarily of classes and only secondarily of individuals marooned in those classes. But in such a society the marooning was of Divine decree, and therefore "Divine vocation" corresponded exactly with the accidents of birth into a particular industrial class.



### III

#### THE THEORY LYING BEHIND THE HISTORICAL CONCEPTION OF THE JUST PRICE

By the Rev. Father LEWIS WATT, S.J., B.Sc.(Econ.).

IT is a commonplace with the canonists and theologians who treated of the just price that buying and selling were introduced for the mutual benefit of the two parties to the transaction, and that therefore neither should incur a greater sacrifice by it than the other ; in other words, that each should give the equivalent of what he receives.<sup>1</sup> From this they were led to discuss, often all too briefly for our curiosity, the meaning of value and the standard of justice in exchanges. To some modern students of their works it has appeared that they made value depend on cost of production. Sir William Ashley, for instance, in his classical investigation of mediæval economic theories says : " It has been well said that what mediæval moralists aimed at was that price should be determined by the permanent cost of production,"<sup>2</sup> and

<sup>1</sup> See, for example, the *Summa Theologica* of St Thomas Aquinas, 2 a. 2 ae. qu. 77, art. 1, quoting Aristotle's *Politics*.

<sup>2</sup> *An Introduction to English Economic History and Theory*, Part I., p. 138.

“Labour became the centre of their doctrine.”<sup>1</sup> Mr R. H. Tawney writes: “The dominant conception of Aquinas—that prices though they will vary with the varying conditions of different markets, should correspond with the labour and costs of the producer, as the proper basis of the *communis aestimatio*, conformity with which was the safeguard against extortion—was qualified by subsequent writers,”<sup>2</sup> and states that “the true descendant of the doctrines of Aquinas is the labour theory of value. The last of the Schoolmen was Karl Marx.”<sup>3</sup>

It may seem temerarious to question the opinions of such distinguished historians, but certainly their statements are rather surprising. The most fundamental criticism of the Marxist theory of value is that it deliberately rules out utility as a determinant of value.<sup>4</sup> The Schoolmen, on the contrary, constantly refer to utility as one of the elements to be considered in determining the just price. It is true that St Thomas permits a merchant to sell an article at a price higher than that which he paid for it if he has in some way improved it, on the ground

<sup>1</sup> *Op. cit.*, Part II., p. 393.

<sup>2</sup> *Religion and the Rise of Capitalism*, p. 40.

<sup>3</sup> *Op. cit.*, p. 36; see also Alfred Tarde, *L'Idée du Juste Prix*, p. 30 (Paris: Alcan: 1907).

<sup>4</sup> See the discussion in *Capital*, bk. 1, ch. i. sec. 1, where Marx says, “When commodities are exchanged their exchange-value manifests itself as something totally independent of their use-value”; and Böhm-Bawerk’s criticism in ch. 4 of his *Karl Marx and the Close of his System*.

that the increase of price is a compensation for his labour,<sup>1</sup> but he does not say that the just price is determined by cost of production alone. In the passage referred to, he is explaining some words of St John Chrysostom, and in this connection assigns *one* reason for selling at a profit. In another passage he allows a seller to make a charge to cover his risks in bringing the goods to market;<sup>2</sup> but he specifically refers to changes in the just price independent of any action by the seller, *e.g.* lapse of time,<sup>3</sup> and quotes the dictum of St Augustine, familiar to all writers on this topic, that the price of things sold is not based upon the intrinsic natural perfection which they possess, but upon their utility.<sup>4</sup> Furthermore, in his commentary upon Aristotle's *Ethics* he expresses no dissent from his author's opinion that the measure of value is human need, but repeats it with apparent approval.<sup>5</sup>

St Thomas's master, Albertus Magnus (1193-1280), follows exactly the same line. For justice in exchanges, the objects exchanged

<sup>1</sup> Summa Theologica, 2 a. 2 ae. qu. 77, art 4 ad 1um.

<sup>2</sup> *Loc. cit.*, ad 2um.

<sup>3</sup> *Ibid.* and art. 2 ad 2um.

<sup>4</sup> *Loc. cit.*, art. 2 ad 3um.

<sup>5</sup> "Omnia possunt commensurari per aliquid unum; hoc autem unum, quod omnia mensurat, secundum rei veritatem est indigentia, quae continet omnia commutabilia, in quantum omnia referuntur ad humanam indigentiam. . . . Rebus pretia imponuntur secundum quod homines indigent eis ad suum usum." (In 5 *Ethic.* lec. ix.)

must be considered from the point of view of their value in satisfying need. This capacity to satisfy needs is the element common to all objects which are exchanged, and furnishes us with a standard by which to measure their value.<sup>1</sup> If one of the parties to an exchange of goods receives something of less value than what he gives, he is treated unjustly, since his labour has produced more "utility" than that with which he is provided as the result of the exchange. To represent this as a "labour theory of value" is accurate only on condition that labour itself is taken to be measured (not by time, as Marx would say, but) by the utilities it produces; and to do so is to destroy all distinction between the labour theory of value and the utility theory.

These passages of St Thomas and Albertus Magnus have not been cited as giving a complete account of the scholastic doctrine of the just price. In so far as they are commentaries on Aristotle, they are simply the efforts of teachers to make clear the theories of the author who is being explained, though it is significant that neither commentator gives any sign of

<sup>1</sup> "Universaliter loquendo communicatio fit ex omnino alteris artificibus et non aequalibus secundum opera. Tales autem aliquo uno oportet aequari; eo quod commutatio non fit nisi secundum aequalitatem proportionis. Proportionari autem non possunt (nisi) qui in uno conveniunt. . . . Hoc autem unum quidem secundum veritatem in omnibus acceptum est, quod dicimus opus sive indigentiam. Hoc autem quidam vocant usum vel utilitatem." (In 5 *Ethic.* tr. 2, cc. 9, 10.)

disagreement with the view that value depends upon utility. As to the texts from the *Summa* of St Thomas, they are too fragmentary for us to consider them as a complete exposition of the determinants of a just price. All one can safely say is that he allows for utility and for certain outgoings on the part of the seller, as well as for any special sacrifice made by the latter in parting with an article to which he is specially attached.<sup>1</sup> On the other hand, as has been said above, it is difficult to see how these passages can be reconciled with the statement that in the Middle Ages value was held to be determined by costs of production, or that St Thomas was an embryo Karl Marx.

But there were other authors of note besides St Thomas in the Middle Ages. Duns Scotus (probably born between 1265 and 1270; died 1308) has some references to the just price in his commentary on Peter Lombard's *Sententiae*.<sup>2</sup> He tells us that "the owners of things observe justice in exchanges if without fraud they preserve equality of value in the things exchanged, according to right reason judging of the nature of the thing exchanged *in relation to human use*. . . . Frequently a thing which is of a more noble nature in itself is less useful to mankind, and *therefore less costly (pretiosa)*." Here utility is clearly made the basis of value, but it is not

<sup>1</sup> *Summa*; 2 a. 2 ae. qu. 77, art. 1.

<sup>2</sup> In 4 dist. xv. qu. 2 nos. 13, 14 and 22.

the only factor in the determination of prices. "Everyone can justly sell his industry and care; great industry is required on the part of him who transports things from one country to another, for he must consider what things are abundant there, and what are scarce. Therefore, over and above the sustenance necessary for himself and his family he may charge a price corresponding to his industry and to the risks he has run." So the just price, according to Scotus, allows both for utility and for the labour and risks of the seller, as well as for his maintenance and that of his family. With reference to this last point, St Thomas does not expressly say that a merchant, in fixing his price, can take into account the maintenance of himself and his family, but it is noteworthy that he refers to this as one of the motives which justify a merchant trading for profit.<sup>1</sup> Had he written a treatise on the Just Price, it is not unlikely that he would have included this element among those which determine it.

Henry of Langenstein (1325-1397), who was vice-chancellor of the University of Paris, also holds that value is determined by human needs, and by the scarcity or abundance of the merchandise in question. If a seller has to fix a price for what he has to sell, he is to consider how much money he requires to continue in his state of life and maintain himself decently in it, and according to this, having reasonably

<sup>1</sup> Summa; 2 a. 2 ae. qu. 77, art. 4.

estimated his expenses and labour, and making some allowance for a surplus for almsgiving, let him determine the price. Langenstein appears to be giving a practical rule for merchants selling something for which there is no *communis aestimatio*, not a general rule for the fixing of prices.<sup>1</sup> Buridan, who was rector of the University of Paris in 1327, in his commentaries on Aristotle's *Ethics* and *Politics*, after explaining that value depends on utility to satisfy needs, is careful to add that it is not the need of this or that man which is the measure of value, but the needs of the group of those who are able to exchange with one another.<sup>2</sup> This is, of course, an important point, for if the varying needs of individuals are to be taken as the measure of value, it is impossible to fix a just *market* price. Though not expressly stated by Albertus Magnus, it is implied throughout his treatment of the question that when he is speaking of utility he means *social* utility, not the utility peculiar to each individual buyer. St Thomas's statement that a vendor may not increase his price because the purchaser receives some special utility from the thing sold,<sup>3</sup> proves that, when he speaks of utility as determining value, he too means social utility. This social utility is the founda-

<sup>1</sup> See V. Brants, *Esquisse des Théories Economiques des XIII<sup>e</sup> et XIV<sup>e</sup> Siècles*. (Louvain: Peeters, 1895), pp. 71, 108, 119

<sup>2</sup> *Loc. ult. cit.*, p. 71, note.

<sup>3</sup> *Summa*; 2 a. 2 ae. qu. 77, art. 1.

tion of the *communis aestimatio* on which later writers lay such stress.

The authors hitherto considered seem to hold identical views as to value and the just price. Value is the capacity of an article to satisfy human needs; the just price must take account of that value, must be sufficient to recompense the merchant for his labour and risks, and must be fixed high enough to enable him to maintain himself and his family in his "state." On one point only do later theologians, down to the seventeenth century, appear to differ from their mediæval predecessors, or, rather, from one of them, Scotus. The latter allows a merchant to charge a price which will cover not merely normal trading costs and risks, but also any special costs or losses which he may have incurred owing to misfortune. The current of theological opinion set against this, and while including normal outgoings in the just price, excluded from it exceptional and individual losses.

In the fifteenth century St Antoninus of Florence (1389-1459), who was in close touch with the commercial life of his city, is more remarkable for the practical solutions of the problems which confronted the merchants of his day than for his discussion of the theory lying behind the conception of the just price. However, he does not entirely omit a discussion of the matter. Value, he says, is to be considered in relation to human needs, and in



estimating it three points are to be taken into account: the physical properties of the object in relation to our needs; the scarcity of the object; and its attractiveness to men (*com- placibilitas*). It is unjust to sell things for more than they are worth, or to buy them for less. He admits, as St Thomas and Scotus had said, that it is not possible for men to estimate the value of an object with mathematical exactness, and that therefore there is a certain latitude in the just price, the precise limits of which are not easily determined. But he holds that the just price is fixed by the *communis aestimatio*,<sup>1</sup> and he identifies the just price with the current (or market) price.<sup>2</sup> He permits merchants to insist on a price which will cover their labour, industry and expenses, and admits that it is an advantage to have the just price fixed by authority, so that the conscience of merchants may be clear of seeking immoderate gain. St Bernardine of Sienna (1380-1444) includes in the just price the same three elements of utility, scarcity, and costs.

<sup>1</sup> " Si pretium . . . excedat medium justı pretıı, puta, valet res decem florenos, *prout communiter aestimatur*, et tamen venditor petit quindecim," etc. " Cum dicitur: Res tantum valet quantum vendi potest, intelligitur de jure, non de facto *secundum aestimationem communem.*" *Summa Theologica*, pars 2 a, tit. 1, cap 16.

<sup>2</sup> *Op. cit.* cap. 17; where he gives an example of an unjust merchant selling wool at 100 florins, though the "pretium currens" is 90. The relevant passage from St Bernardine is quoted by Brants, *op. cit.*, p. 73, note.

At the end of the fifteenth century the great commentator on St Thomas, Cardinal Cajetan (1469-1534), tells us that in fixing the just price account must be taken of the seller's expenses, for he is not bound to serve us gratuitously. He gives as a general rule for solving many questions that "the just price is that which can now be obtained from purchasers, supposing common knowledge and the absence of all fraud and compulsion."<sup>1</sup> That is, the just price is the market price, so long as there is neither deception nor monopoly.

In the first half of the following century, Dominic Soto (1494-1560), who was a famous professor at the University of Salamanca, and imperial theologian of Charles V at the Council of Trent, treats of the matter in hand much more fully than any of the writers discussed above. He maintains that the merchant's trade is necessary to the public welfare, but emphasizes the fact that it, more than any other trade or profession, generates "*nescio quo suo genio*" an insatiable thirst for profits, preoccupying the mind and leading to lies and deception, and that it is therefore dangerous to those who carry it on. His teaching on value and the just price he divides into four "conclusions." The first is the familiar statement that prices are not to be based upon the intrinsic perfection of things, but upon their utility. Economically, corn is more valuable than a mouse, though the

<sup>1</sup> Com. in D. T., 2 a. 2 ae. qu. 77, art. 1 and art. 4.

latter is higher in the scale of perfection. Aristotle, then, was right in holding that human needs are the cause and measure of exchanges of goods; though needs must be understood in a wide sense, to include desires for other things besides those strictly necessary. The second conclusion is that to determine the just price various points must be taken into consideration; the utility of the thing in question (Soto, viewing the object from the standpoint of the needs it satisfies, uses the word *necessitas*, not *utilitas*), how far it is scarce or abundant, the labour, care and industry of the merchant, the risks he has taken, whether the goods have been improved by him or the reverse, the number of buyers and sellers, etc. The third conclusion is that, unless the civil authorities have fixed the just price, it admits of a certain latitude, and is decided by the estimation of buyers and sellers; this is called the "natural" just price, being based upon the nature of the goods in relation to needs. Its maximum is the *pretium justum rigidum*, its minimum the *pretium justum pius*; between these extremes is the *pretium justum moderatum*, all being decided by human prudence taking into account the elements aforesaid. He thinks it better both for the consciences of buyers and sellers and for the common good that the civil authorities should determine prices; but if they do not, this determination must not be left to the vendors, but to the judgment of just and prudent men. Against

Scotus, he denies that a merchant may justly include in his prices all his costs, no matter how he has incurred them; if he has been unfortunate or unskilful, he must himself bear the loss, as he takes the profits which accrue to him if he has been specially skilful or fortunate. Merchants must be content with the current market prices ("*communi foro currens*"). His fourth conclusion is that the prices of goods rise when there is an increase in the number of buyers, and fall with a decrease. If this movement of prices is interfered with by agreements between sellers or buyers, or by other forms of monopoly, justice is violated, for coercion is used against the other party to the exchange. He allows buyers to agree among themselves not to pay more than a certain price if sellers have formed a ring to raise prices, since this is legitimate self-defence against unjust coercion. The old legal maxim which so often worried the theologians in their defence of the theory of just prices, "*Res tantum valet quanti vendi potest,*" is interpreted by Soto as implying that no coercion (by monopoly), fraud or deception is used. The vendor may charge, over and above the current price, for any special sacrifice which he makes by parting with the thing sold, as St Thomas says; but, adds Soto, he must make it clear to the buyer that he is charging this extra sum; and, of course, he is not to charge for any *special* benefit derived by the buyer from the purchase, a point on which there

was general agreement since the time of St Thomas.<sup>1</sup> Soto's teaching can be summed up in a sentence from the fourth question (Art. 1) of his treatise: "The just price of anything ought to be reckoned according to the judgment of prudent men, and the market (*commune forum*)."

About the middle of the sixteenth century the famous jurist Covarruvias (1512-1577) says, "The just price of anything depends on the common estimation; therefore a thing is worth what it can commonly be sold for, without fraud or injury, to a man who knows its qualities (*conditio*)."<sup>2</sup> And in the second half of the century Molina (1535-1600) writes that the just price is determined by the judgment of prudent men, considering (*inter alia*) the quantity, quality and utility of goods, and the expenses and risks of the merchant. If there is a price already in existence, fixed by the *communis aestimatio*, he agrees with Soto against Scotus that a merchant cannot increase it in order to cover special losses incurred by him.<sup>3</sup> Writing a little later, Leonard Lessius (1554-1623), who was frequently consulted by the Antwerp merchants, says that in fixing prices the civil authorities should consider the circumstances which affect the *communis aestimatio*, viz., the utility and abundance (or rarity) of the

<sup>1</sup> Soto, *de Justitia et Jure*, lib. 6, qu. 3, art. 1.

<sup>2</sup> Covarruvias, *Variae resolutiones*, lib. 2, cap. 3.

<sup>3</sup> *De Contractibus*, tr. 2, disp. 348.

goods, the labour, expenses and risks of the sellers, the number of buyers, the supply of money. He adds that the price is fixed (in the absence of legal regulation) by the *communis aestimatio* of intelligent people. Since account has been taken, in fixing the price, of normal costs, etc., on the part of the seller, he cannot charge for special outgoings, whether due to his own lack of skill, to misfortune, or to any other cause. If, however, there is no current price, then the vendor can charge for any extraordinary expenses (e.g., paying an armed guard to convoy the goods through dangerous regions), but not for losses due to imprudence or misfortune.<sup>1</sup>

In the seventeenth century, it is enough to quote Cardinal de Lugo (1583-1660). His position is the same, substantially, as that of his predecessors. He mentions that it was a generally admitted opinion that prices should be high enough to afford a livelihood to the merchant. While accepting the view that the just price admits of a certain latitude, he maintains that this is due to man's ignorance of the precise value of an object, and not to the diversity of individual estimations which concur to form the *aestimatio communis*. He believes that Molina held a contrary opinion, but the text of Molina is not, as a matter of fact, absolutely clear on this point.<sup>2</sup>

<sup>1</sup> *De Justitia*, lib. 2, cap. 21, dub. 2.

<sup>2</sup> *Ibid.*, disp. 26.

There seems to be good ground, then, for saying that the scholastic teaching as to the just price and value forms a consistent whole, and that there is no deviation in the later writers from the theories of the earlier ones. The just price is fixed by the *communis aestimatio*, i.e., by the judgment of those in a position to know both the supply and the demand side of the market, taking into account the utility, quality and supply of the goods, the value of money, and the normal costs of production and marketing. It was assumed that this was expressed in the current market price, in the absence of monopoly and fraud; and it was considered right that this price should be sufficient to provide the seller with a livelihood. If the later writers are introducing a theory of prices different from that of St Thomas, they are totally unconscious of the fact. And it is hoped that the earlier pages of this essay have shown that they are not doing so, but that they are developing systematically what he stated fragmentarily.

The insistence of all the writers quoted on the fact that there is a just price is a salutary reminder that the writ of morality runs even in commercial relations. Their distrust of monopolies will awaken many a sympathetic echo to-day. Their approval of the market prices, based on normal costs of production, utility, supply and demand, is in harmony with modern economic teaching. The only practical diffi-

THEORY BEHIND CONCEPTION OF JUST PRICE 75

culty in applying their principles in these days seems to be that of arriving at a *communis æstimatio* under modern conditions of production and distribution. That this is not insuperable seems clear from the experience of the Food Council, and from the suggestion made by the Committee on Trusts (1919) that a tribunal should be set up to investigate complaints of excessive charges, etc., by combines and other associations.



## IV

### THE SECULARIZATION OF ECONOMIC JUSTICE

By the Rev. Canon A. L. LILLET, M.A.

COMTE fixed the time-frontier between the Middle Ages and the modern period at the close of the thirteenth century. Baron Friedrich von Hügel was also accustomed to distinguish between the Golden Middle Age and that period of mediæval decay which he identified with the fourteenth and the first half of the fifteenth centuries. The practically concurrent judgment of the two thinkers is all the more significant in that it was determined for each of them by very different historical interests. It is important for our subject to see, as they saw each from his different angle of vision, that the end of the thirteenth century was the end also of an inclusive world-view and world-organization which represented a specifically Christian civilization. Not only the two but the four centuries which followed were spent in an ever more confused and enfeebled attempt to stem the advance of the purely secular civilization which we call the modern world.

Our immediate interest is in one aspect of that

civilization only—its economic aspect. But it is impossible to isolate a single element, however important, in a process of change. The economic transformation of the West might conceivably have been accomplished within the ambit of the old Christian civilization if that civilization had not already been threatened by dissolution from within. It was, in fact, that inward decay which progressively paralysed Christian action upon the world of industry. Before going further, therefore, it is necessary to consider two at least of the evidences of disruption in the mediæval Christian commonwealth, the one intellectual, the other political.

It must, first of all, be remembered what that *Respublica Christiana*, which lasted from Gregory VII to Boniface VIII, essentially was. Externally it was the Western Empire restored by Charlemagne as a Christian theocracy. However obstinate and on occasion bitter the contention of Pope and Emperor might be as to the detailed application of their respective rights of authority, there was throughout the period with which we are dealing no serious challenge of the general nature of that authority. The spiritual authority vested in the Pope as the Vicar of Christ had a necessary and universally accepted primacy over the temporal authority vested in the Emperor. From the former authority the latter was derived. Christendom was the reign or Kingdom of Christ, and its unity was guaranteed by a secular arm which

enforced the decrees of a spiritual Head. And this outward unity of effective rule corresponded to an inward unity of effective certainty of belief. Just as all secular claims and activities were fully subordinated to a single spiritual authority and principle of direction, so the universal requirements and play of reason were subjected to the supreme authority of faith. And so, just as throughout the Middle Ages proper the secular power was regarded not as being suppressed or unduly limited by its subordination to the spiritual, but rather as being thereby consecrated to its true end, so reason was regarded not as being reprovved by faith but as having its perfect fulfilment therein. And whatever difficulties might and did from time to time emerge in the sphere of government, there were none to speak of throughout this whole period in the sphere of thought. The Christian faith had through the intellectual labours of the great Schoolmen expanded into a thought-system which embraced the whole of human life and knowledge.

Now the beginning of the fourteenth century heralded the simultaneous approach of forces which were to dissolve the inward principle of this unity and of others which were to shatter its outward form. The later developments of scholastic philosophy were marked by a growing scepticism as to the power of reason to explain or defend the Christian faith, which was thus driven back upon itself and gradually forced to

trust more and more to its own resources for its authority over the lives of men. The close alliance of faith and reason was breaking up by almost imperceptible stages. Religion was retreating within its own impregnable lines of a spiritual mysticism expressing itself intellectually through what would now be called fideism. In other words, faith which had hitherto been the centre of a rational system embracing all life and knowledge was to be henceforth a system by itself apart, asserting its independence of the now secularized reason. However gradual the process, it had already set in with the philosophic questioning of the reality of universal concepts.

In the sphere of government the very first years of the fourteenth century were the herald of a more immediately formidable change. The quarrels of Pope and Emperor had been household affairs. They were the internal dissensions of a universally recognized polity. But the quarrel between Boniface VIII and Philip the Fair announced the coming of a power which was to assert itself against both Pope and Emperor, which was destined to shatter the unity which both represented. The emergence of the national state on the grand scale, of that national consciousness which the Hundred Years' War between France and England and the struggle of Christian Spain with the Moors did so much to elicit and consolidate, had already antiquated the controversy as to the respective rights of Pope and Emperor even before it had entered on

its acutest stage in the writings of Marsiglio of Padua and of Augustinus Triumphus. The Christian Republic was already replaced, or was in rapid process of being replaced, by a group of independent national states whose least concern was with the claims of either Emperor or Pope. The authority of the former within their own dominions they openly repudiated. With the latter they entered into agreements which drew a sharp line of division between spiritual and temporal control.

These changes, which it took two centuries to effect were, however, facilitated by others of a more general and spontaneous kind. First the Crusades and afterwards the voyages of Portuguese seamen opened up new worlds and extended indefinitely the possibilities and opportunities of commerce. Thus what the Middle Ages had barely tolerated as an occupation for Christian men had now become the basis of the power of one of the greatest states in Christendom, the Republic of Venice. Within narrower limits the other Italian Republics and the Free Cities of the Empire were building up independent states on the same foundation, and were thus unconsciously teaching the great national states the secrets of national wealth and expansion which were to find ampler expression in the "mercantilist" policies of seventeenth-century statesmen like Colbert. The discovery of the New World on the eve of the sixteenth century inaugurated the era of

colonization and the reign of a new monarch—gold. And when Europe began to tire of the surfeit of plunder there were still the raw materials of the newly-discovered lands calling for the development of manufactures on a scale hitherto unknown.

It is almost impossible to conceive of the difference which two centuries had wrought in the social life of Christendom. At the beginning of the period, warfare, agriculture, the small utility handicrafts, were still the only secular callings fully and freely recognized in a Christian community. Commerce was indeed already a confident and bustling intruder, so serviceable that it could not be summarily ejected from the Christian polity, yet unable to establish unequivocally its *droit de cité*. And, again, the recognized social functions formed a hierarchy of service of which the warrior class was esteemed most highly, then the agriculturist, and finally the craftsman. Every man, too, was born and lived his life out in his particular class, his only opportunity of escape being the service of the Church. At the end of the period the static hierarchy of life had almost entirely broken down, while commerce had lost its stigma and was rapidly becoming one of the most honourable forms of social service in which, too, all the most adventurous spirits found their opportunity. The contrast will become clearer if we think of the fifteenth-century town or city with its royal charter constituting it a self-governing

corporation, its large citizen-rights, its industry organized in powerful trade-gilds, and the growing commerce which distributed its products and ministered to its new demands, and then remember the group of hovels clustered around abbey or baronial castle out of which in the space of little more than two centuries it had in most cases grown.

Now all this process of change was as much a secularization of social life as were the parallel movements which I have described a secularization of philosophy or a secularization of government. And by secularization I mean in this connection nothing more, but certainly nothing less, than independence of directly religious control. Yet here a distinction is required. It is not necessary to infer from the use of the word secularization an abdication by the Church of its duty of guiding the consciences of her children in the matter of secular activities, or a reluctance on the part of her children to accept her guidance. The position, rather, is that, whereas in a simpler state of industrial life the Church had been able to assess directly the conditions which governed the application of justice in secular life and to legislate directly about those conditions, she found that, with the growing complexity of the life of secular business, the conditions which determined the application of strict justice became more elusive and obscure. She could indeed, and did consistently, proclaim the traditional principles of Christian

ethics in these matters, as, for instance, the condemnation of usury or the definition of the elements which constituted the real value of commodities. But these principles had no longer their old immediacy of application. The yard-measure of the traditional Christian ethic was fast becoming an abstraction for this concrete world where industry depended from day to day upon the possibility of borrowing and where market-price too frequently failed to coincide with even the most liberal interpretation of the just price. In short, industry and commerce, in extending the range and complexity of their operations, had unconsciously developed an autonomy of their own. All that the spiritual authority could do was to accept that autonomy and to humanize or Christianize it in the widest measure of its power. And that at least it was able to do, since in dealing with the world of secular business it was still dealing with men who wanted, if possible, to be Christian even in their business. The casuists, therefore, who tried to take account of the intricacy of business and to modify the rigour of ancient prohibitions or provisions about money-lending or commodity-values, were only fulfilling their imperative duties as guides and directors of the Christian conscience. It is impossible to refuse admiration to the uncompromising reassertion of the Christian doctrine of usury in its strictest sense by a Bossuet in the very age of Colbert. But it is also



possible to see that in that age it was a counsel of despair, and that the casuistry which Bossuet condemns was taking the more useful course in the interests of religion.

The movement, then, which has culminated in the world-wide commerce and industry of to-day, with their dependence on international capital and their mechanical exploitation of their human instruments, grew up spontaneously, and at a very early stage of its development had already eluded any strict application of Christian law. It is sometimes alleged that modern industrialism is a creation or, at the very least, a by-product of the sixteenth-century Reform. There is a certain amount of truth in the allegation, and we must presently try to take the measure of that truth. But it is well to remember that it was exactly in those countries that escaped the contagion of the Reform, Italy and Spain, that commerce had its earliest extensive development, and in the case of Spain, at any rate, its most morally questionable one. Already the new movement had grown out of hand. The Christian ethical tradition was already powerless before it. On the other hand, that tradition still exercised a very real power, and that of the most beneficial kind, throughout the development of the handicrafts from the work of the individual craftsman into important industrial corporations. The trade-gilds represented indeed only a stage in industrial development. They suc-

cumbed, it may be admitted, to some of the characteristic vices of close corporations and thereby lost much of their original usefulness and value. But they had a distinctly religious inspiration and character. It was their supreme virtue that they witnessed to the belief in the secular calling as a true service of God. That belief is often regarded as Luther's peculiar contribution to Christian ethics. It was, in fact, but one part of the mediæval heritage which his essentially conservative nature took over unaltered. If it occupied such a conspicuous place in his teaching, it was only because of his rooted dislike of monasticism. He aimed at elevating the ordinary secular callings of men to the position of a Christian service, equally rich in its moral opportunities and equally acceptable to God with that service of the cloister which Christendom had recognized hitherto as alone fully "religious."

At this point alone did Lutheranism affect the character of Christian industry. Luther himself, and most of the German reformers who followed him, never contemplated an expansion of industry beyond the limits of agriculture and the handicrafts. They had all the mediæval hatred of usury and of the luxury to which it ministered. Their ideal was the almost primitive simplicity of the life of the industrious Saxon peasant or burgher to which alone they were accustomed. Far from its being a fact that Lutheranism had any part

in the later industrializing of Europe, Lutheran Germany was, and remained for three centuries, the most industrially backward of European states.

But it was otherwise with Calvinism. It was at Calvin's door that Bossuet laid the blame of having first removed the ancient Christian embargo upon usury. Technically the indictment was justified. Calvin, when consulted by a Christian merchant, had the courage or the temerity to discuss, on its merits and apart from its condemnation in the Jewish Scriptures, the lawfulness for a Christian of receiving interest for money lent, and to decide in favour of its lawfulness under certain conditions. It was a bold step for a theologian in the sixteenth century to appeal to common-sense as a guide in morals against the oracular *dicta* of Scripture and Aristotle. The *non-fenerabis*, "thou shalt not take money upon usury," applicable and necessary in the conditions of primitive Jewish Society, Calvin rejected as neither necessary nor applicable in his own day. As to the Aristotelian maxim that "money does not breed money," he flouted it as absurdly untrue in the light of patent facts. He distinguished therefore between exacting or receiving interest in the case of loans to the poor (such a practice he condemned outright) and adhering to the strict letter of the Scriptural prohibition in the case of a loan to a rich merchant who needed fresh capital for the development of his business.

In such a case he thought that justice required that the lender should share in the gains of the borrower, provided that his share did not exceed the legal or customary maximum and that he could satisfy his conscience that his gain was not procured to the injury of his neighbour. Calvin also envisaged even such loans as purely occasional, and condemned professional money-lending as an occupation unworthy of a Christian. In short, his restrictions were just those imposed already in Calvin's own day or shortly afterwards by most of the Catholic casuists. The only difference was that they interpreted these restrictions as determining the real import of the Christian prohibition, while he more frankly acknowledged that in making them he was setting the prohibition aside as antiquated.

But the difference had a cardinal significance for future developments. The Calvinist alone among Christians was henceforth free in conscience to look upon money and its use in commerce in a new way. And it must be admitted that he used his opportunity to the full. In all the Calvinist countries—Holland, England and its American colonies, Geneva and Protestant France—commerce and industry were developed on a scale of magnitude and intensity surpassing anything that either Venice or Spain at the height of their power had known. And their development had a peculiar character of its own. It was not the chance achievement of a group of lucky adventurers,

but the result of a highly organized business life built up on a foundation of moral discipline and self-denial. The service of God which Luther had found in the honest and sustained labour of agriculturist or craftsman, the Calvinist found equally possible in the career of industry and commerce. In this career he found the opportunity for that asceticism which was necessary to the Christian life, for the arduous and continuous work which of itself reprov'd and helped to overcome the grosser temptations of the flesh, for cultivating the virtues of moderation and simplicity in the midst of abundance, for escaping from the world of enjoyment into the world of useful service. All the characteristic Puritan virtues, both in their inward dignity and in their outward unloveliness, were enlisted in and developed by this absorption in a calling which had for centuries lain under the general ban of Christendom. And it was this Puritan asceticism which more than anything else determined the growth of capitalism. Ease and luxury were the temptations which had to be resisted. It had become, therefore, a duty to save, to employ the ever-growing margin of profit, not on personal enjoyment, but on the extension of business operations which might extend also the area of legitimate human welfare.

Religion, then, in its Calvinist form, does seem to have had a great deal to do with the rise of modern capital and its world-wide

operations. Through its ideal of the Christian life as an asceticism within the world's activities and by very means of these activities, and through the particular opportunity which it found for actualizing that ideal, it was all unconsciously creating what we, not without reason, have come to regard as the Frankenstein monster of world-capitalism almost, it seems, beyond human power to tame to human service. Yet such pessimism is surely excessive. No instrument of purely human devising need permanently remain too unwieldy for human handling. And human handling means handling for the sake of men. It was the idea of the world as a machine, popularized by the materialism of the eighteenth-century enlightenment and the scientific discoveries of the nineteenth, that gave capitalism its inhuman character, and allowed it to take freely its inhuman way. The corrective of that aberration, itself the product of an idea, must be found in an idea more true to the facts. The world with which we have to do is not a machine. It is a world of men and, so far as it is a world of things, of things fashioned by men to subserve the highest purposes of men. It is in a new and determined recognition of those ultimate human values which religion, and most fully Christianity, has always proclaimed that alone there is hope of recovery from the economic nightmare. For their sake alone does the organization of human industry

on a basis of world-finance exist, and only in the measure of its ministry to them has it any right to exist.

There is no short-cut to the solution of the problem of human justice in a sphere so complicated and confusing as that of modern industry. But it is at least an indispensable precondition of any satisfactory solution that we should never forget that industry exists for men, as it exists by men. Even something less than absolute justice will satisfy men if and so long as they are treated as men. It was the privilege of the earlier forms of industry that their scale never dwarfed the definitely human relations of those who were engaged in them. The immediacy of personal relations no longer exists, nor can it be generally revived. The dealings of men are henceforward, for the most part, in and through groups. But those groups are composed of men, and it is for the voice of men, even though it represent only an average of opinion, that we must listen in the representations of conflicting groups. The voice of a mob is not a very human voice, but the voice of a group may be. And it will be the more human, the more it recognizes and respects humanity in the other group. It is perhaps the greatest service which democratic forms of government have wrought for those peoples among whom they have grown up naturally, that they have taught them the lesson of group dealing and group discussion on a level which,

THE SECULARIZATION OF ECONOMIC JUSTICE 91

if lower than the immediately personal, can still be authentically human. With that experience in mind it is not possible to despair of success in the task of humanizing—even a movement so complex and unmanageable as that of modern industry. Even if the task be, as we say, superhuman, it is the more a challenge to us to rise to the necessary degree of superhumanity.



## V

### THE DETERMINATION OF PRICES TO-DAY

By HILDERIC COURENS, B.A.

WHEN we look back at the Middle Ages we are tempted to fancy that in such a comparatively simple society even our most exalted morality could have been realized without undue difficulty, if man's technical control over his physical environment had been a little greater. The temptation increases if we imagine an idealized Gild System functioning in a society sufficiently simple to be within every one's mental grasp, and built upon conceptions and institutions sufficiently static for every one to be able to get a firm idea of his duty towards his neighbours. But to-day social relations are so complex and far-reaching that we may be tempted to go to the other extreme and deny that the principles of Christian morality can be incorporated in social behaviour, or at any rate in that large part of it which can be described as commercial and economic. It is well for those who reject this pessimistic conclusion to gain some notion of the extent and nature of the factors which

lead others to entertain it. Yet we must first recall that in most countries which possess our modern habits and apparatus of commerce and industry there are and have been many examples, some of them eminent, both of individuals and of firms, whose practice in business has earned them recognition as definitely Christian employers and traders. These concerns, indeed, have made such a mark by their dealings with their staffs or by the quality and price of their products that they are in fair measure responsible for the current advocacy of that "scientific humanism" in the conduct of industry, which in so many quarters is now being urged as the first maxim of successful business enterprise.

Most people would agree that a firm, large or small, ought to treat its workpeople decently, pay them adequately, sell goods of sound quality, and charge fair prices. They also complain that decent treatment, good wages, sound goods, and fair prices are far from the rule. The social idealism of recent generations in and out of the Church has borne this amount of fruit.

But *how* should the Christian in business actualize his ideals, modest though they be? He would say that it is easy enough to mention concerns which are famous for their philanthropy and public spirit. But the characteristic of nearly all of them is that they are excessively prosperous. Their incomes are usually above

their expenditures. And he might say that when they are faced, as they sometimes are, with unfortunate set-backs, they are forced to behave like their less opulent competitors; *i.e.*, they lay off men, cut wages, or disturb the market for others by price-cutting. Nay, some of them, he might say, exercise their virtues by reason of a quasi-monopoly which does not exist in most industries. Their prosperity may be due to several causes, not all of them inherent in the Christian conduct of business enterprise. It may rest on patents for things which are in general demand (Did not Tolstoy contend that such things as patents and copyrights were un-Christian and immoral?), on dealing in substances of dubious value to humanity however much humanity succumbs to their allurements, upon superior opportunities for getting power and supplies or an access to markets, or upon the growth of a market through conditions in which these firms had no share. Then prosperity feeds on prosperity, since such concerns can buy the best technical and administrative staffs, can indulge in scientific investigations of problems which meet them, and can install machinery of the most efficient (and generally most expensive) sorts. Still against these contentions can be set the worth of good and enlightened administration, which must proceed in large part from the spirit which animates the controllers. In a number of instances the deliberate treatment of the

staffs as colleagues and collaborators rather than as hired servants has greatly enhanced efficiency and so produced that very prosperity which enables the admirable policy to be maintained and extended.

The man who wishes to apply Christianity in business as far as in him lies, does not, however, as a rule, control a prosperous business or even a business at all. He is generally only an employee, though he may be an influential one, in a joint-stock enterprise which may comprise a score of shareholders or many thousands. So that he is limited and hedged around in what he may attempt and achieve. Or he may be in a partnership, which similarly restricts his powers. But those who have a fair measure of control in business of all sizes are numerous enough to be able to effect a transformation in the economic world, provided they clearly envisage what is to be done and gain a clear understanding of how it is to be done. The difficulties and special problems of these controllers naturally vary with the profession they follow. But these problems fall readily into several main classes: they concern the Staff, the Consumer, the General Public, and lest we gloze over a principal motive of enterprise, the Enterpriser himself and his family.

A little reflection, however, suggests that these main classes are, as it were, only the weft woven on the warp of a universal rule

of business, which is at once an *amoral* institution and a perpetual problem. This is, that all money paid away in the course of trade must be recovered from outside people: *Costs must be equalled by Prices*. Even if a business is so unsuccessful that it never gets beyond promotion and registration, yet the cost of this has to be paid by outsiders, not by the business itself. These are the subscribers to it in their capacity of citizens; and if they don't pay, then the creditors of the business lose by the amount of the bad debts. The importance of this rule for the business world, and, consequently, for the cultural world which is its superstructure, can hardly be exaggerated. It determines the existence of a firm. If, after a career of many years, it should end in bankruptcy, its outstanding costs are still to be met out of the assets of its creditors. If it is subsidized, the costs are partly met by the tax-payers. The way the staff shall be treated, how customers shall be dealt with, how public policy shall be promoted, what shall be the standards of living followed by its directors, depend on this. All sorts of procedures which appear intolerable to humane feeling—cutting wages, discharging workers, maintaining bad conditions of labour, producing goods injurious to those who have to use them—are justified by reference to this rule. The formula of ultimate appeal, against which idealism often protests in vain, is, *It does not pay* to act otherwise.

The social problem of price to-day is thus wider than that of justice between two parties to an economic transaction. It is the problem of reconciling the just interests of the public as purchasers and those of producers who are now often in conflicting interest—entrepreneurs, shareholders, employees and distributors. The question of a just price has become almost the question of a possible price. Decisions have to be made as to whether a given price which would be just to the producer is low enough for purchasers to demand things on a sufficient scale to make production pay. It is the relation between prices through which the public spend their income and that part of costs through which to-day they get their incomes. This is clearly seen in our present-day troubles about what is called the “vicious circle” of wages and prices, and about the nominal and real value of the wage. Let us see how far this outstanding problem can be met within the hypothesis that *Costs must be equalled by Prices.*

The commonest solution proposed by those who rightly revolt against the economic and social injustices we can see around us, is that Prices should be strictly determined by Costs. They argue that the trouble arises from firms, large and small, endeavouring to get back in prices *more* than they have expended in costs. That firms do this is obvious, but their endeavours surpass their success; for when the

whole of the enterprises of Britain which are seeking Profits are taken into one account, from the smallest retailer in the slums to the Imperial Chemical Combine or the Railways, it appears that on the average they make less than 3 per cent. on their capital, and much less than that on their turnover. When, moreover, we reflect that the greater part of this is spent on personal consumption, thereby helping to meet the costs of firms, the question of Profits assumes a minor importance. What is more, a very large number of English concerns operate under the Industrial and Provident Societies Acts, which strictly limit the percentage of profits they can earn. Then, again, the Co-operative Movement ostensibly and actually works on the principle of restricting Prices to Costs, and secures this by returning its margins to its customers, as the joint-stock company returns its margins to its shareholders. If the abolition of profits had sufficient virtue in it to mend our social dilapidations, the eighty years in which the Co-operative Societies have been running freely should have been enough to make them at least the predominant form of business organization. But, in fact, he would be a bold man who would claim that they are either more efficient, more popular, or more enterprising than their profiteering rivals. Then, again, in so far as the holding of shares is spreading among the population, profits are being returned to more and more

people, not as dividends in proportion to purchases, which is the device of Co-operative Societies, but as dividends on capital claims. The growth of investment companies renders possible a wider, yet "safer" participation in business development to those who have neither ample resources to invest nor the expert knowledge wherewith to do it. We may even recall that in some quarters it is held that what damages the economic life of the community is not the profits which are disbursed to shareholders, but those which are allocated to reserve funds, in accordance with the approved maxims of business prudence.

But though we reject the notion that profits are the root of our evils, we admit, nevertheless, that in the organizations working on a basis of profits we find unwarranted waste and inefficiency, and not rarely even open scandal. It is only right that efforts should be made to reduce these.

An alternative explanation of our troubles is given by those who lay stress upon the imperfection of our organizations, implying that better organization and increased efficiency would reduce the costs themselves which are now too high for the market. But this too we must reject as inadequate. The complexities under which business labours can best be understood after experience in responsible administration. As this cannot be had by most people, a perusal of books such as Mr Stanley Unwin's on



the Publishing Trade,<sup>1</sup> and Professor Henry Clay's *The Problem of Industrial Relations*, may be recommended.

Mere cost cannot therefore be the index of a correct and just price. For the cost of an article will vary with the total number made and disposed of, and the rate at which this is done. A thousand may cost £1 apiece, but ten thousand only fifteen shillings apiece. If a thousand articles cost £1 apiece to make and take a year to get sold, while a thousand of another article cost the same but sell in six months, the total cost of the latter is the lower, for, with the former, capital is "locked up" longer, and warehousing rent and labour are greater. Nobody knows how many tubes of a certain brand of toothpaste will sell in a given period, but price must be fixed before sale, whereas the total cost will be arrived at after sale. Many goods, such as packet cereals, must be sold over long periods at a settled price, while during those periods the cost of every item in their manufacture, from the power which runs the factory to the ink which is on the label, may change for the better or the worse. The cost of turning out a given amount of goods from a factory varies from week to week—with the weather, the health of the workers, and the like. If ten factories were on the same job, the cost in each would be different from that in the others. Costing, in

<sup>1</sup> *The Truth about Publishing.*

short, can only be one guide to price, though a valuable one. Another is customary prices.

In determining the price which shall be put on any particular article there are many factors which must or ought to be taken into account. Especially is this so for the vast variety of goods which are to be sold from shops to the general public. (Some idea of this multitude can be got from looking over, say, the general catalogue of a large department stores, a catalogue of a wholesale ironmonger, the Reference Catalogue of English Books, and a good list of brands of cigarettes and packet tobaccos.) Apart from goods which are to be sold at a customary price (*e.g.*, 7s. 6d. for the first edition of an ordinary novel), the price fixed is very often determined subconsciously. It is felt that such a sum is the "right" price. The responsible person could probably give no more reasoned explanation than this, why a packet of soap-flakes would be 10½d. rather than 10d. or 11d. It is generally impossible to settle a price entirely or even largely by the "intrinsic value" (whatever that may be) of an article. For the available evidence goes to show that neither domestic buyers nor trade experts can correctly grade and value a given set of samples of cotton sheets, sewing-machines, bread, and so on according to their physical worth.

Yet another factor in price determination is competition from allied products, or even from goods which may be used as partial substitutes,

*e.g.*, cinemas and theatres. No business can expect that all its "lines" will be successful. Some at least only just pay their way, others will fail, for the choice of customers is largely uncontrolled. Losses arising from failures must be insured against by the margins of profit on the successful "lines." Sometimes by-products of a firm's staple output must be sold at a loss in order to avoid the greater loss occasioned by cost of storing them. Clearances must be made from time to time, so as to accommodate the incoming tide of products; *e.g.*, in the late autumn tennis balls are often sold off at well below manufacturers' cost prices in order to make room for the balls being made ready for the next summer. Such is the peculiarity of the market that certain goods which have failed to sell at a low and "fair" price have been a great success at a higher one.

The organization of distribution further contributes to the price of articles. Most goods reach the public through the shops. These commodities for ultimate consumption are the critical ones, because other goods are properly made simply to aid *their* production, and also because the buyers of machinery, chemicals, etc., are presumed to be more expert than the general public and can more easily protect their interests. The vast array of retail traders have their own customs of price-fixing. Or very often the manufacturers fix the selling price and then allow a standard discount off

that to those who sell them. These retailers are then not supposed to vary the price, or only in special circumstances. This trade discount must be fixed high enough to make it worth while for the trader with an indifferent trade to handle the goods in question. What would be a satisfactory discount on jams or stationery to an efficient firm of moderate size might well be most unprofitable both to very small firms doing a slow but useful business and to very large concerns whose establishment charges were very high. Each trade has, in fact, arrived at a fairly settled rate of discount for each class of goods it handles. The factors determining this rate are such things as speed of turnover, ease of handling, and risk of deterioration. To which we might add a preference for round-figure rates, such as 25 per cent., 33 $\frac{1}{3}$ , or "2d. in the shilling." A jeweller will add to his cost (invoice) prices very much more than the seller of butter or matches, because he is not dealing in staple, quickly-selling goods. The difficulties chiefly arise when the shop sets out to sell goods for which there is no standard margin, or goods such as fruit and vegetables, which vary greatly in supply from day to day, and are perishable, or suffer from great variations in the demand. At present the two tendencies seem to be to extend the fixing of retail prices by the manufacturer and to increase the retailers' discounts. The present tendency for manufacturers to

develop selling agencies of their own in order to avoid distribution costs suggests that the root of the economic problem resides, not in supply but in demand; that the problem is to get things sold, and that there is a constant inclination for supply to be in excess of demand. If this is so, any reorganization which by saving costs reduces somebody's income, however redundant he may be, simply leaves the relation between prices and incomes where it was, and the main difficulty is no nearer being met.

This crucial aspect of Price in the economic situation is overlooked largely because that aspect of Price which affects so immediately the incomes of producers receives a disproportionate attention. This arises from the ingrained habit of looking at industry primarily as a source of money incomes, despite the insistence of economists on the end of industry being the provision of goods and services for consumers. The longest-established instance of this is the controversy between Free Traders and Protectionists. The troubles it debates are almost typical of all those which are commonly put down to a difference in the level of wages producing different levels of costs, and therefore different levels of profitable prices, and therefore the depression of one part of an industrial territory by the competition of another. Let us assume, as an example, that the wages and all other costs

of batches of cutlery made in Sheffield are so much higher than the wages and other costs of similar cutlery made at Solingen, that German knives and scissors are being bought in England to the detriment of Sheffield firms and staffs. Then are we justified in taking steps to remove the handicap? The gist of the Free Trade argument is that the consumers' interest in a low price should be decisive, and that, though sectional interests may suffer, the mechanism of international trade is such that inequalities will balance each other and the general outcome will be the general good; just as it is usually considered the best general policy not to try to protect one section of industry against competition from rivals inside one community. Protectionists, on the other hand, argue that the defence of sectional interests will best promote the general interest. The tendency in England now appears to be to consider each case "on its merits" as far as legislative interference goes, while some considerable efforts have been made by trade combinations of various sorts to restrict competition both internally and internationally. But there is no doubt that the ethics, like the economics, of raising prices or even stabilizing prices against the consumer, by means of tariffs, subsidies, or financial agreements, is a complicated issue. The maintenance of a certain level of producers' incomes by such means reduces the purchasing power of all non-producing con-

sumers, and therefore in the long run does not improve trade prospects.

The alternative device is to try to raise the wages, reduce the hours of work, and improve the conditions of work in countries where the standards are markedly lower than in others. We may instance the encroachment of Japanese goods in the Indian market where Lancashire used to enjoy an almost unchallenged predominance. On the assumption that such export is either necessary or highly desirable, industries faced with such a problem usually demand a reduction of wages or a lengthening of hours, or both. Are they aiming at something lower than a Just Price—just, that is to say, to their staffs? And if they refrain, have they any alternative but to close down their least effective units? It is to be remarked that the greatest stress of business losses and unemployment in recent years have fallen on the personnel of those industries which are exposed to foreign competition in their markets at home and abroad.

This competition arising from lower standards of living has been a constant feature of internal trade. The skilled workers tend to be displaced by semi-skilled, plus machinery and subdivided processes, men to be replaced by women, and adults by adolescents. Public policy has for many years past restrained this process by legislation, such as factory acts, juvenile employment acts, shop hours acts, and the like. But

though the most glaring and pernicious applications of this sort of cost and price cutting can be checked, the tendency remains. Here, again, the calculation of the best course to pursue is no simple one, either for the legislator or for the employer. This indicates a central defect in the relation of costs and prices as a whole, raising the question whether all "cost" as now used in the determination of price is a true economic cost, a question which the following chapter discusses.

Of all problems specially connected with particular trades, that presented by British agriculture is the most formidable. Agriculture abroad also tends to get into serious difficulties. This is due to the fact that the conditions of agriculture cannot be parallel to those of manufacture, even when the most sanguine expectations of those who desire a world-wide co-operation of agriculturalists have been realized. The total output fluctuates according to the seasons, both from one year to another and from one part of one year to another. The farmer cannot lay down a production programme from which he departs at his discretion, as can the managers of a manufacturing firm. If demand fails, he cannot shut off his production, nor increase it greatly if demand suddenly expands, except in some small branches of agriculture which tend to be in the hands of specialists. His crops will approach maturity at the same time as do those



of the other farmers, so that he is often obliged to market them at the time of maximum supply, though consumers' demands are by no means at a maximum. If this is true of non-perishable things like wheat or wool, it is ten times truer of perishable fruits and vegetables and almost of milk, though the chance of making butter or cheese or selling surplus milk to factories of various sorts eases the problem.

To this fundamental fact there is added the competition in all sorts of farm products which come from parts of the British Empire or from foreign countries. In several chief crops the farmer has to face a world market, which is not even centred in England. As these overseas suppliers are dependent on selling *their* output as a condition of their livelihood, they must be prepared to sell at a price which will get them English trade, regardless of what the English farmer tries to obtain. The upshot is that a "just price" for any single agricultural product or series of them is now almost impossible to determine.

The natural and justifiable ingenuity of the business world leaves us still facing the fact of poverty and the mystery of its persistence. If we were to define the Just Price as one which operates to the satisfaction both of producers and consumers, we can only conclude that our prices now are not just. They certainly fail to get rid of the available goods at the optimum

rate for growers and manufacturers. We cannot ascribe this effect in general to a satiety of consumers' desires, though we may admit that occasionally some goods are produced in such quantities that no one wants them all at any price. Many people are still far from obtaining their elementary requirements of food, clothes, fuel, shelter and privacy. We see crowds promenading streets full of the things they want. In most cases, by any standard of judgment, they would be the better for having them. They stare into shop windows plastered with seductive announcements and labelled with stickers declaring "sales" and bargains and other devices for increasing turnover by lowering prices. Some few firms have all the business they can handle; the majority have not.

It looks as though the possibility of judging whether any particular price is "just," in the mediæval sense of expressing economic equity between buyer and seller, depends as a primary condition upon our finding some central conception of a workable level of price applicable to the millions of separate prices as a whole, which will resolve the paradox of abundant productivity straining for a market.

This primary need for a general conception of price in relation to costs, relieving the dilemma of charging an unjust price or closing down business, suggests perhaps the inefficacy of any individual or group reform. Yet it must

be said that though variations in price are largely beyond the control of either producers or distributors or consumers, yet within even the strained ratio of prices and purchasing power there are many cases of exorbitant prices and sweated labour. Much can be done to remedy them by enlightened group action on the part of business people and the public; if necessary, by the action of the State in regulating prices as was done during the War years. The more the business community and the public endeavour to maintain "justice" in prices, within the limits the present cost-price system allows, the nearer we shall get to clarifying the factors in modern industrialism which makes the application of "justice" in buying and selling so difficult; and if the failures of such concerted effort are frankly and publicly admitted there will be more generally indicated the kinds of social changes which are necessary.

## VI

### THE PROBLEM OF THE JUST PRICE IN THE MODERN WORLD

By the Rev. V. A. DEMANT, B.Litt., B.Sc.

THE Christian religion on its practical side is a body of principles and the Christian ethic is a body of precepts derived from those principles as immutable. Social and ethical precepts derived from the same Christian principles may be widely different—nay, may have to be different in order to reflect those principles—under varying social and cultural conditions. We are here faced with the problem of applying Christian standards to economic conduct in a society whose economic basis is entirely different from that of the Middle Ages when the characteristic Catholic Sociology was developed. The economic basis of social structure was then predominantly agricultural, and the economic enemy was material scarcity; to-day this basis is primarily industrial, and the major economic problems arise from overwhelming productivity, from Society's inability to make this *embarras de richesse* subserve the needs of individuals.

We have then almost a reversal of the economic problem in its physical aspect, and we have to see whether the Christian philosophy as embodied in the structure of mediæval economic teaching can be used in the formulation of a similar body of teaching for the social problems which, though not all humanly dissimilar, have a different economic background. This may well mean going back behind the economic precepts themselves, to the principles upon which they rested, and which concerned the relations of man's economic life and equipment to his human and spiritual destiny.

From the principles and practice of the Just Price in the Middle Ages, as outlined in previous papers, we can adduce a few definite facts about the mediæval attitude towards economic activities and contrast it with the modern. (1) The whole theory and legislation concerning the Just Price shows that the Middle Ages were interested primarily in the human economic realities of production and consumption, and the commodities in which their relations were determined. Price was the social device for relating on a basis of justice the labour of producers with the satisfaction of consumers, or measuring the relative satisfactions between two users in buying and selling. As nearly every consumer was a producer of some kind, price was the measure in a unit of account between sacrifices and satis-

factions. The needs of men and the expenditure of human energy in satisfying them were the two economic entities; the institutions of exchange were secondary and mediatory. That is one reason for the stubborn reluctance to recognize the legitimacy of commerce as a social service.

(2) The second assumption concerns the mediæval meaning of value. The conception of value as something objective<sup>1</sup> did not rule out either a measure of the labour which produced an article or the utility which it possessed, but included them both, as Father Watt has shown. This objectivity seems rather to have been emphasized as a corrective of the business temptation to measure value, not in terms of either labour or utility, but in terms of scarcity. Among other reasons the Just Price was designed to prevent a false value being attached to things which could be artificially cornered by a merchant monopoly.<sup>2</sup> This means that exchange value, which is the sole interest of trade, was not allowed to become the primary element in price determination. Though it was recognized as a factor in arriving at a just price, exchange value was regarded as a special case of use value—"the capacity of an object for being exchanged for other articles being

<sup>1</sup> O'Brien, G., *An Essay on Mediæval Economic Teaching*. (Longmans), p. 127 ff.

<sup>2</sup> Bede Jarrett, *Social Theories of the Middle Ages*. (Benn), p. 160.

the aptitude it possesses for satisfying desires or needs.”<sup>1</sup> The needs of trade had not yet become so divorced from the needs of men as to produce the degree of economic sophistication which can regard a smaller stock of valuables as constituting greater wealth than a larger one because their scarcity gives them a greater exchange or trade value. At least the Middle Ages knew how to protect themselves against the reversal of means and ends.

(3) The primary concern of the Schoolmen for the human significance of economic activities and institutions is further seen in their attitude to money. The teaching on the Just Price and the prohibition of Usury both imply that money has only a “mediatory” significance, that it is not itself wealth. If we were to attempt a description of the unconscious attitude to money held by the teachers of the Middle Ages before the growth of commerce and finance disturbed it, we should say that for them money was an “effective symbol” for the measure and exchange of real wealth. This is not contradicted by the fact that the form in which this symbol was expressed was a commodity of some kind, such as gold or silver. They were quite able to appreciate the fact that “money and the metal of which it is composed are not the same,” and they would appreciate, in a way many moderns are

<sup>1</sup> Garriguet, *Manuel de Sociologie et d'Economie Sociale*, p. 267.

apparently not able to do, that "only when this separation of money from its substance is complete is the evolution of money at last at its ultimate goal."<sup>1</sup> When S. Thomas insisted that the just price of a money loan was the original sum lent without any interest, it was because the money was lent to be spent, and because a sum of money does not wear out; what is repaid is exactly what was borrowed, though the material expression of the sum in metal does wear out in circulation, and just repayment does not demand a return of the identical coins. There is then a clear recognition that for the theologians money is not a commodity though it may have a commodity form. In the practical world, however, this distinction, overheard rather than heard in the schools, was obscured in the minds of the business community for whom such theoretical discrimination was unnecessary. This, however, does not appear to have changed the configuration of the economic problem, until the economists, clerical and lay, approaching the question from the business rather than the theological end, found it necessary to begin a theory of money and inadvertently dropped into discussing it as a commodity. If Nicholas Oresme (1373) started his world thinking of money as one of the realities of economics, having laws of its own, this tendency had grown so strong at the end of the fifteenth

<sup>1</sup> Helferrich, *Money*, vol. 1, p. 33.



century that Thomas da Vio could then state explicitly that money is to be considered a "vendible commodity."<sup>1</sup> These writers are truly acclaimed as heralding the end of the Middle Ages, and their works were commendable efforts to protect the community against such abuses as debasement to which a commodity money is liable. But it nevertheless has to be considered whether the growth of a theory of money which was an empirical corrective of practical economic difficulties rather than a deduction from ethico-economic principles, did not obscure a vital distinction between money and its material embodiment, and thus, because it followed practice rather than directing it, have a dislocating effect when vast new forces came into the economic field in the eighteenth and nineteenth centuries. We shall see how this has an important bearing on the problem of social justice as it is affected by the theory and custom of prices.

(4) But first, there is to be remembered, for this purpose, a fourth principle underlying the economic teaching of the Scholastics, to which Mr Tawney has called attention. It is that for the mediæval Christian thinker the law of Nature did not operate directly upon economic activities and provide a self-correcting mechanism which always in the long run restored a sort of economic equilibrium, a notion dear to the

<sup>1</sup> Endemann, *Studien in der Romanisch—canonistischen Wirtschafts- und Rechtslehre*, vol. ii., p. 212.

eighteenth and nineteenth centuries. The law of Nature had to be interpreted by man as moral authority and embodied in ethical and commercial custom. The twentieth century has been disillusioned with regard to the notion of an economic law which acts as an ultimate redresser of social disharmonies. But in spite of combines, safeguarding and many other controls, faith in the natural adjustments of economic factors still widely survives in the realm of finance, the assumption being that the mechanism of money and prices automatically reflect the real economic possibilities of the community.

The problem this inquiry sets before itself is to investigate whether these principles can be applied as standards of ethical judgment in the industrial and commercial structure of to-day. Our success will largely depend upon seeing how far the difficulties in the economic field which raise religious and moral issues differ from those of the Middle Ages. To this task we therefore address ourselves, with the four principles in mind which I have considered relevant.

The Just Price was an institution for the maintenance of equity based upon the exchange of equivalent values between individuals. This equivalence of values concerned both the comparison of one commodity with another, and also of commodities with productive services; and in spite of the theoretical difficulties of

comparing the values of disparate goods or services, the Just Price did roughly express the *communis aestimatio* of justice between buyer and seller, whether of goods or services. The problem of the Just Price was one of expressing in terms of money ethical judgment on the economic transaction of individuals, and it looks as if the Church lost her theoretical grip of the situation when money came to be not merely a means of exchange and a measure of value, but a potent economic factor with "laws" of its own, which no longer reflected but also affected the real economic situation. When this happened the individual or group had not only to be concerned with whether his contribution was measured justly by his income, and his right to wealth measured by prices, but with the *purchasing power of money* which confused the relation of these two over the whole economic area. Now, the theory of the Just Price seems to have assumed that nearly everybody's income was derived as the reward of production whether of goods or service. The relative values of these services and their remuneration is a problem that will confront any society, but from the time when money entered the field as a factor this ethico-social problem became increasingly dependent upon another, namely, the relation between the total of these "costs" of productions which provides the community with its income, and the general level of prices through which this income is

spent in exchange for real wealth. This question would probably have appeared unreal to the mediæval moralist because he lived at a time when production costs issued almost immediately in incomes which were almost as immediately spent on the products. An increase of costs, though it would mean an increase of prices, would also mean an increase of incomes. So the problem of justice did not arise in the relation of these general factors, but about the actions of individuals within the relation.

To-day, however, it is these general factors which constitute the economic problem which in turn makes it so difficult to bring the specially moral factors into relief. From all sides we find a consensus of opinion that somehow the purchasing power of the community (or the world) is inadequate to allow it to buy all it could produce, though there are many explanations of why this should be so.<sup>1</sup> It has been called the problem of the "limited market." Ethically considered it raises the question of justice between the efforts of citizens as producers and their reward in goods as consumers, as a whole. Assuming that Society still has the ethical task of apportioning

<sup>1</sup> Besides the mass of political and business opinion on this point, see :—

Foster and Catchings, *Profits* (New York, Houghton Mifflin Co.); The works of J. A. Hobson; P. W. Martin, *The Flaw in the Price System* (P. S. King). *The Limited Market* (Allen and Unwin); C. H. Douglas, *Credit Power and Democracy* (Cecil Palmer).

to the individual through relative incomes a share of the community's purchasing power in proportion to his services, there exists for the modern world the ulterior problem of solving why the total purchasing power of a community does not appear sufficient to provide its production with a market. That this is the actual difficulty can easily be discerned from the slowing up of production, unemployment, bankruptcies, the cry for more efficient salesmanship, and the desperate efforts to find increasing markets abroad.

Has the doctrine of the Just Price any contribution to make to the solution of this puzzle? The purchasing power of an individual depends upon two factors, his income and the general level of prices, and as we are approaching the question from the end of prices, let us see what are the factors determining them. The relation between demand and supply was recognized in the Middle Ages as a valid determinant of prices, but this is now complicated by the fact that money has also entered the sphere in which supply and demand determine its value. So that prices not only register a relation of the supply and demand of goods, but the ratio of the total volume of available money to the total volume of commodities offered for sale in exchange for it. Variations in the purchasing power of money gave rise to difficulties in the Middle Ages, when money was a commodity and subject to the law of supply and demand;

but these could be checked by legislation. Now the predominant medium of exchange is no longer a commodity but an abstract "money of account" which figures merely as "Credit" in ledgers. There is every reason to approve of this abstract form of money, as the needs of production and trade have far outgrown the possibility of a precious metal currency. But this costless mechanism of credit is still administered as though it were a commodity. Besides the fact that it is bought and sold, that rent (interest) is charged for the use of it, that its value varies inversely with its supply—there is a still more fateful way in which it inherits the commodity character of its predecessors in the money field. It is treated as property. Its creation is called a *loan*. It is repayable on demand as a right. It is assumed nevertheless that on repayment it has performed its social function of initiating production and distributing the product; but this assertion can only go unquestioned on the theory of a self-adjusting mechanism which the mediævals taught us to beware of.

Moreover, these creations of credit are misnamed "loans," for the word assumes that they are temporary expedients to carry an unfortunate producer over a difficult time and that someone else is depriving himself in order to help, whereas this process has become a normal and integral part of modern productive activity. It is generally acknowledged that

Bank loans are creations of money and that their repayment destroys it<sup>1</sup>; these processes are now so large a part of the money movements that they determine the general level of prices—as also of incomes through production. If a commodity money of earlier times gave rise to many practical and legislative problems, it did provide a certain safeguard, for its total volume was always in the community however distributed, whereas under the dispensation of “loan credit” the purchasing power of citizens depends upon the relation of two continually changing processes—the rate at which money is issued to the community as producers in the form of “costs” of production and at which it is taken back from the community as consumers for cancellation, in the form of “prices.” Though these processes do not exhaust all the money transaction which enable production and consumption to proceed, they form a sufficiently large part of them to introduce a problem which affects the possibility of a “Just” level of Prices and which transcends any of which the Mediæval Church had to take account. Now the level of prices represents the rate at which money is withdrawn from citizens as consumers, and in so far as this money is largely credit—its withdrawal

<sup>1</sup> R. M'Kenna, *Post War Banking Policy* (Heinemann).  
Hawtrey, *Currency and Credit* (Longmans).  
Hartley Withers, *The Meaning of Money*.  
Barker, *Cash and Credit* (Camb. University Press, 3s.).

means its cancellation. From the actualities of the economic situation it seems as though this rate of withdrawal, in relation to the rate at which it is issued through "costs" as incomes, is such that effective demand is not equal to the "cost" of production. Such an anomaly could not seriously arise in the days before industrial expansion and large-scale bank credit, because then all costs figured almost immediately as spendable incomes and production was financed out of savings. Roughly, costs would = incomes = prices. A business man, hearing of this conference, explained: "I can tell you what the Just Price is: 15 per cent. over the cost of production." But it is not so easy as that. Reflection on the economic deadlock suggests that there is an element in costs as now understood which is not available as spendable income, and therefore that prices based upon this cost—whatever the ratio—cannot be met by the income distributed. There is a *prima facie* case for connecting the growing difficulty of selling the output of our modern enormous production with the growing financing of production on "loan" credit. To the present writer the implication is clear that these undistributed "costs," which nevertheless enter into prices, are not true "economic" cost at all, but a purely fictitious "financial" cost, resting upon a property-scarcity-conception of money which is inherited from an earlier age when money was moved out from and back



to a store of money. All costs were true costs then because they represented wealth consumed during production. A growing proportion of present "costs" are not true costs because they are the money equivalent of capital appreciation which has added to the communal wealth more than it has used up in consumption.

However that may be, the crux of the problem of a just level of prices seems to lie in some different method of computing economic cost. This can be seen by examining the strangely divergent views as to the particular change in the price-level by which different interests hope to bridge the gap between prices and earnings. A large number of experts demand that credit should be more freely issued for production. They know that this will raise prices and that it will enable them to meet higher costs. This is, in general, the producers' point of view. They hope that a rising price-level will stimulate production, and hope that this itself will cause earnings to catch up prices. The deflationists are equally emphatic that a low price-level is necessary because the reverse diminishes the purchasing power of earnings. Inflation raises prices as fast as it raises some earnings, in practice often faster; deflation diminishes prices in theory to the same degree as earnings, but in practice prices do not generally fall as much as earnings. Both parties, however, believe that a future position of economic equilibrium providing

sufficient purchasing power will somehow come if a fillip can be given to trade by manipulating one of the factors in purchasing power, one by keeping earnings higher, the other by keeping prices lower. The first hope that earnings will rise quicker than prices, the second that prices will drop quicker than earnings. A rising price-level is favoured by producers, sellers and debtors, and regarded as inflicting injustice by consumers, buyers and creditors. A falling price-level is favoured by consumers, buyers and creditors, and regarded as inflicting injustice by producers, sellers and debtors. Many are therefore concerned with stabilization, so that social confidence will not be undermined by fluctuations in price. All these suggestions ignore the problem, here raised, of a maladjustment between prices and incomes, which might well remain with a stabilized price-level. It should be noted that this see-saw of economic thought is repeated in the Protection and Free Trade controversy. Advocates of both fiscal policies recognize the inadequacy of purchasing power. Protectionists are concerned with the earnings of the population, and demand protection for employment; Free Traders fasten on the price element in purchasing power and claim that low prices are decisive. Protection and inflation have the same faith that earnings matter most; Free Trade and Deflation that prices are crucial. Both attitudes assume the riddle of inadequate purchasing power, but fail

to a store of money. All costs were true costs then because they represented wealth consumed during production. A growing proportion of present "costs" are not true costs because they are the money equivalent of capital appreciation which has added to the communal wealth more than it has used up in consumption.

However that may be, the crux of the problem of a just level of prices seems to lie in some different method of computing economic cost. This can be seen by examining the strangely divergent views as to the particular change in the price-level by which different interests hope to bridge the gap between prices and earnings. A large number of experts demand that credit should be more freely issued for production. They know that this will raise prices and that it will enable them to meet higher costs. This is, in general, the producers' point of view. They hope that a rising price-level will stimulate production, and hope that this itself will cause earnings to catch up prices. The deflationists are equally emphatic that a low price-level is necessary because the reverse diminishes the purchasing power of earnings. Inflation raises prices as fast as it raises some earnings, in practice often faster; deflation diminishes prices in theory to the same degree as earnings, but in practice prices do not generally fall as much as earnings. Both parties, however, believe that a future position of economic equilibrium providing

sufficient purchasing power will somehow come if a fillip can be given to trade by manipulating one of the factors in purchasing power, one by keeping earnings higher, the other by keeping prices lower. The first hope that earnings will rise quicker than prices, the second that prices will drop quicker than earnings. A rising price-level is favoured by producers, sellers and debtors, and regarded as inflicting injustice by consumers, buyers and creditors. A falling price-level is favoured by consumers, buyers and creditors, and regarded as inflicting injustice by producers, sellers and debtors. Many are therefore concerned with stabilization, so that social confidence will not be undermined by fluctuations in price. All these suggestions ignore the problem, here raised, of a maladjustment between prices and incomes, which might well remain with a stabilized price-level. It should be noted that this see-saw of economic thought is repeated in the Protection and Free Trade controversy. Advocates of both fiscal policies recognize the inadequacy of purchasing power. Protectionists are concerned with the earnings of the population, and demand protection for employment; Free Traders fasten on the price element in purchasing power and claim that low prices are decisive. Protection and inflation have the same faith that earnings matter most; Free Trade and Deflation that prices are crucial. Both attitudes assume the riddle of inadequate purchasing power, but fail

to keep in mind that purchasing power is a ratio of earnings and prices and cannot in the long run be altered by changes which affect both factors in the same degree, though it happens that the modifications of this principle in practice actually are generally inimical to the consumer. It should further be observed that both Protectionists and Free Traders try to evade the dilemma by different methods of securing a "favourable" balance of trade, in order to dispose abroad of the surplus production which is unsaleable at home. The need for such an export surplus is evidence of some defect in the amount of purchasing power in the hands of the nationals of the country concerned. It has nothing to do with foreign trade as such, for a price system which enabled a community to buy its own total output would allow it to buy any foreign products for which it exchanged a proportion of that output. If a proportion of home production is unsaleable at home owing to a lack of purchasing power, the community can no more buy the equivalent of that proportion which comes from abroad. The "favourable balance" theory has grown up to mask a defective price system.

Further, any policy of redistributing available purchasing power, such as wage-cutting, "economy" or derating, obviously fails to meet the case. The injustice of our present price system is suggested by the fact that no

changes in these directions can be made or reversed without calling forth an honest and well-founded complaint of injustice from one section of the community or another. Rationalization is designed to distribute less money in costs, and attempts either to reduce prices by increased efficiency with a steady or increasing output, or to restrict output at steady or rising prices: both processes at the expense of dispensing with income-earning employees.

Many who realize that these attempts are merely the contracting of a vicious circle, are led to explain the fact that prices are beyond the reach of spendable incomes by pointing to the increasing amount of money being put into or accumulating for production; this, it is alleged, short-circuits money by putting back into the productive side of industry what should be used for consumption. So we have the economic dilemma ascribed to interest, over-saving or foreign investment. The present writer admits that these elements complicate the problem by producing an overbalance of capital equipment which cannot be drawn upon, but he does not regard them as fundamental. The interest on loans are spendable income; it is the "loan" conception itself of money which gives rise to the problem by producing a situation in which such debts can only be liquidated by incurring further and generally larger debts. This increases the demand for "loans," and the piling up of

interest creates grave social injustice ; but this is an effect, not a cause. Pressure to extend capital equipment has been exercised so as to distribute money through investment and further production while existing production still looks for a market. The concentration of money in larger and fewer investing blocks is the inevitable consequence of trying to work a defective price system with its chronic inadequacy of purchasing power.

The root of our trouble about prices is much more fundamental than any of these theories envisages. It is in the fact that our social, economic and financial theories have never squarely faced the fact of the machine. It has been said that "if we were to seek for a fundamental conception of a just level of money-prices for consumable products, we might assert it to be the level at which citizens as consumers would have adequate purchasing power to procure a share of those products substantially proportionate to the measure of their respective services rendered."<sup>1</sup> To measure respective services and their "just price" is an ever-present social problem, but the major problem to-day is that, whilst the machine and applied science have multiplied enormously the wealth-producing capacity of those services, the price system as a whole fails to register this increase as a whole. (An American investigator has

<sup>1</sup> Father P. Coffey, "The Just Price in Relation to Systems of Financing Industry," *Irish Theol. Quarterly*, October 1922.

made it clear that the increase in *real* wages has been only about half the increase in productivity, and there are reasons for believing that this discrepancy is here under-estimated, especially if the productivity<sup>1</sup> which issues in the export of capital goods on credit is taken into account.) There may be, and are, injustices in the distribution of wealth and property, but we are not able to isolate and deal squarely with them, because much of the unjust lack of titles to wealth on the part of the majority, which is charged against the more fortunate, actually rests upon an artificial scarcity of purchasing power as a whole. This artificial scarcity rests upon the property conception of credit which cancels the "wages" of the machine before it is worn out and while they still figure in the prices of its output. It looks as though the anomaly has come about through attempting to finance the creations of vast capital equipment on the principles of a pre-industrial economy.

This paper, therefore, involves a plea that the whole of modern monetary theory be revised in the light of changes that came about through the industrial expansion of the last two centuries and the consequent device of loan credit; that this revision be demanded by all Christians with a social conscience, on the grounds that the individual problems of justice in economic

<sup>1</sup> Soule, G., "Proceedings of the American Economic Association, 1923," *The New Republic*, September 14th, 1927.



relationships cannot be seen in their true light so long as a community's purchasing power does not reflect its economic achievements of labour, skill and association, much less its vast possibilities in this respect.

We have seen that in approaching the question of economic justice we are thrown back on the factor of price, and that we are brought to face an element in price which obscures the relation between real factors of production and consumption, between human efforts and their reward, namely, the nature and administration of money. Though the symbolic nature of money is admitted in theory by many modern economists, this is not expressed in financial policy which deals with it as one of the realities of economics. Can the Church do something to insist that money shall be administered as "an economic tool," as S. Thomas Aquinas declared it was ?

## VII

### THE MODERN EQUIVALENT OF THE JUST PRICE

By the Rev. MALCOLM SPENCER, M.A.

#### I. THE RETURN OF ECONOMIC JUSTICE AND ITS APPLICATION

THIS book, as the introductory chapter states, is the outcome of a conference arranged by the Research Committee of the Christian Social Council, with the four historical studies of the "Just Price" which form Chapters II to V as its basis. In the minds of those who took part in this conference, the result has been "the return" of the ideal, as a concept of practical value. We have in England been familiarized with the idea of "the Return of Christendom" by a book of that title issued a few years ago. The book was a scientific study by political realists: it was no mere piece of antiquarian sentimentality. In the mediæval attempt to organize a Christian Society—in spite of all the imperfections of mediæval aim and achievement—its writers found firm principles worthy of fresh application, and already beginning to win their way back to public attention. They descried the Return of Chris-

tendom. We in these conferences have shared their opinion. It was not a foregone conclusion that we should do so. We had assembled as many-sided a company as we could get together to consider the historical material afresh from the standpoint of modern facts and needs. We have, in consequence, discerned beneath the accidents of the mediæval doctrine some basic ideals which are not only full of meaning for to-day, but are actually re-emerging, simultaneously, in high places in business circles, in the common estimation of the public, and among economists and theologians. What is it in the ideal of justice held by the Church of the Middle Ages that we find still relevant to the world of to-day and still important?

According to the mediæval ideal it is right that every man should be assured of a reasonable livelihood. This is not a doctrine of economic equality, nor anything that can be expressed in rigid terms. The just reward for any man is contingent on many different factors and may even be impossible to compute exactly, but none the less it exists. Each man according to his work in life should be able to count upon a certain economic justice being done to him by his fellows.

This central concept admitted of very considerable variations corresponding with the varying rank accorded to different social groups in the mediæval community. The "right" of the different grades of mediæval Society to

their respective degrees of importance was one of the fundamental assumptions which mediæval thinkers made, without knowing that they were doing anything else than accepting the decrees of Nature. But even in their assumptions there was an implicit principle, and one that is important still. They accorded superior rights to those only who were fulfilling superior functions in Society. They knew nothing of our modern idea that the wealthy have rights apart from their contributions to the community; indeed it would have been abhorrent to them. They would certainly have endorsed the functional view of social rights that has been recently worked out very carefully by Mr Tawney in his *Acquisitive Society*. Property, according to that view, has rights that are strictly proportionate to the usefulness of the function it is fulfilling in the community.

It is to be noted that the mediæval Christian teaching was not extremist or partisan. Its standards of economic justice were reasonable standards which might be expected to appeal to the common sense and human conscience of every man apart from any special Christian motive or Christian inspiration. The Church of the Middle Ages did not attempt to impose upon the world heroic standards of virtue which only divine grace could enable them to hold to. The idea of justice embodied in the Just Price was not an attempt to secure to every man everything that a world of ideal Christians

would provide him with. It was an attempt to secure him, whatever his station in life, a minimum livelihood not to be snatched from him by the greed of other men. It is important to remember that the Church attempted quite as much to safeguard the landowner against exploitation due to scarcity of labour as it did to guard the labourer against exploitation due to the advantages of superior wealth. It attempted to control just so much of the wealth of the world as was necessary to maintain the framework of Society and lay a firm foundation of social harmony and peace. It left a margin to be disposed of according to the goodwill of the individual, and so allowed the superstructure of Society, built on the firm foundation of justice, to be planned according to the architectural style of the period.

The Church of those days endorsed this ideal and tried to maintain it for at least these two reasons. First, that it provided a reasonable standard of conduct which it might expect its adherents to maintain and defend against the temptations of self-interest to depart from it. Second, that it maintained a moral relationship between different sections of the community which provided a strong basis on which the superstructure of Christian virtue could be built. We have to-day, by contrast, the ironical position that many a Christian man, anxious to deal generously with his employees, and ready to sacrifice his own interests to that end, does,

nevertheless, through stress of competition, fail to establish conditions in his industry which can be regarded by his employees as reaching even a reasonable standard of mere justice. Hence we get the gibe that it is easy to be a philanthropist when you are rich, but that Christian principles cannot be applied in the rough and tumble of industry and trade. The Christian demand for justice should be by no means costless to the individual, but it should not be absurdly impossible.

Before going on to study in detail the modern equivalent of the mediæval doctrine, we remark how the ideals which were then operative are again influencing the minds of men very powerfully to-day. The common sense of the world has revolted against the idea of undue profit by monopolists and middlemen, and coined the contemptuous word "profiteer" to stigmatize those who commit this offence against social decency. The idea of a living wage has been reasserted on all hands as the first obligation upon industry, and if this ideal appears incompatible with economic solvency, we should, as the mediævals would have done, regard it as the beginning and not the end of the problem. So if a "minimum wage" is found to be impracticable, "justice" suggests that either the particular concern should be wound up as incompetent, or that a flaw in the economic process as a whole is indicated for which a social remedy must be found. These

conclusions are not an abandonment of the ideal. They correspond to the mediæval recognition that the manufacturer and the merchant must also make their living. Industry and commerce must remain solvent, just as certainly as those who are employed must live. The Middle Ages would have given no encouragement to the idea that the business of the community must be stamped into impracticable measures in the name of an inflexible ideal. They might even have recognized a modern expression of their own ideal in those German economists who find in the modern cartel an instrument for the fixing of prices. They would not, however, have been satisfied to see any craftsman's standard of living depreciated in an industry which was still able to yield substantial financial profits to third parties.

In Church circles this ideal has received recent endorsement in a variety of ways. Most of the Christian Denominations in England have, in one way or another, endorsed the principle of the Living Wage as the first charge on industry. The Copec conference of the English Churches, held at Birmingham in 1924, like its international successor at Stockholm in 1925, declared itself concerned for a Christian Order of Industry. Some time ago a Papal Encyclical declared that the working classes of Europe had for generations suffered an injustice in the distribution of the products of industry. A movement among English employers, calling

itself the National Movement for a Christian Order of Industry and Commerce, concerns itself with the maintenance of fair dealing and security of work and wages. One and another of the Christian denominations, and a few local Christian Councils, are seeking to bring employer and employed together to consider what is right in industry. Whilst the League of the Kingdom of God and the Anglo-Catholic School of Sociology search more specifically for the modern equivalents of the great traditional formulations of Christian Economics.

We have here a great confluence of tributary streams which may presently form one considerable river of thought. Some of these movements have more theory, some more practical experience than others. The situation seems to call for a closer co-operation between them all than there has ever yet been. To-day especially the application of Christian principles to industry should be made by laymen, clerics and moralists in co-operation. In old times (according to the popular view of the matter, at any rate), it was the clerics who derived these applications from Christian first principles, and laid them down for the laymen to follow. This may not be the true view, for it is arguable that the clerics were only putting into systematic form a statement of what the laymen were endeavouring to do under the inspiration of their own religious thought, and particularly their literal deference to Christian Tradition.



Whether this be so or not, the co-operation of to-day must be an even co-operation between all the different groups, as it was, for example, in the Copec Commission on Industry, where leaders of industry on both sides as well as technicians and Government representatives worked side by side with clerics, historians and professors of the social sciences. The group that has worked out this article was composed of a mixture which might be put at seven to three rather than five to five of clerics and laymen. To redress the balance we shall seek to have it discussed in groups where these proportions are approximately reversed.

## II. THE MODERN PROBLEM OF JUSTICE

The Church of the Middle Ages regarded "price" as the crux of the problem of obtaining justice in industry and commerce. Within the question of "price" lay the question of "profit," but price was their first objective. They sought to arrange a price that would be fair to producer and consumer alike, having in view both the quantity, and the scarcity, and the labour of manufacturing each article. For the more important articles prices were fixed by statute; the less important were left to regulation by the magistrates or by the professional sense of the Gild concerned. As regards profit they were particularly concerned to prevent what might be called the fortuitous

profits of industrial and commercial production being scooped by individuals not entitled to that benefit. That there was sound wisdom in this attempt, however defective its application may have been, no general observer to-day would doubt in the light of subsequent industrial and commercial history.

To-day we still find the question of price and remuneration fundamental for the discovery of economic justice, but in neither case is the problem the same as it was then. Thus in the case of price, whereas they were concerned to maintain a reasonable standard of price for individual articles, the issue for us to-day is to maintain such a price-level as will allow the lowest income to represent a reasonable livelihood by a decent human standard. Whereas their question was mainly one between the individual producer and the individual consumer, the question to-day is mainly between the different economic groups which compete for prosperity—the Industrialists, Agriculturalists, Traders, and Financiers, and especially the traders and the financiers.

To the mediæval Christian a price was "just" if it would be given willingly and generally, by men not in special straits for the article in question, supposing full knowledge of its merits, its cost of production and its rarity, and supposing there was no monopoly to cause an artificial scarcity value. When fixed by the civil authorities it was fixed at a

figure (*pretium justum rigidum*) which would allow of the generous charging less (*pretium piium*). The average man would strike a mean between the two (*pretium moderatum*). It was thought necessary to fix it because "the thirst for profits is insatiable" once it is indulged, there being no measure of its proper limits; and hence the merchant needed to be protected from temptation by ordinances which forbade his taking advantage of the ignorance or need of his customer—in ways that we moderns would describe as "exploitation."

To-day we make large concessions to the now customary right of merchants to a profit beyond the strict needs of their station when the market favours them. Therein we have forsaken the mediæval idea of justice, and in so doing may have vitiated all else that we do. The only justification for such profits would be the need to maintain the capital reserve at a proper strength for the development of the industry, but such reserves would in justice be the property of all concerned in the industry and held in trust by them for the community at large. Yet we do increasingly seek to govern the prices of commodities by the regulation of monopolies, and by occasional critical inquiries into the prices charged by producers or middlemen in ways that imply a concept of justice somewhere in the background. We also try to regulate wages in relation to the price-level

of the day. This certainly represents an elementary idea of justice, though the practice has been used to maintain a maximum rather than a minimum wage and has not prevented systematic reduction of wages since 1921. In the trades where competition would otherwise force down prices too low to admit of a living wage for the employees, this is done by means of Trade Boards with power to enforce their decisions. So, with all failures of ideal and achievement in industry, it remains true that the idea of justice in wages is becoming more established in the mind of the modern community.

But to-day what matters more than the price of particular commodities and complicates the question of justice in wages, is the purchasing power of the money with which we have to buy them. In Mr Demant's paper we have seen how the problem of the Middle Ages was essentially the adjustment of values between various commodities or services in which money played the purely mediatory part of a means of exchange, whilst our problem is complicated by the fact that money enters into modern transactions as itself a commodity with its own value fluctuating according to its scarcity, and so distorting the relation of supply and effective demand over the whole field of commodities.

It is clear therefore that money enters into the modern problem in a way that makes the control of monetary policy the prime arbiter

of the purchasing power of the community; and that monetary policy is at present directed in a way which does not seek justice for the producers or consumers so much as business for money-owners. We are thus left with the conclusion that what matters to-day far more than the price of particular articles is the general price-level in relation to the incomes of the majority. The big interests in British business are wakening to the same point, as the Mond conversations prove. Speculative economic thought has for some time been busied with these points. And we as spectators seem to see in this quarter the central interest of the game.

Before passing to the problem so raised we remark on one important feature in which the modern situation is entirely different from that of the Middle Ages. Their problem was "scarcity." Ours is rather "plenty." With the vast productivity of our modern machines and our chemical and electrical resources there is a feeling abroad that a man can reasonably expect in the modern community a much higher living than is now secured for large masses of industrial workers. There is good *a priori* reason to think that the technical resources of the modern world make possible a much higher standard of life for all members of the community than we now achieve.

We shall fail if the discussion wrongly assumes that the world is in the grip of an

inescapable scarcity for which many are bound to suffer severely. On the contrary, the modern technicians seem to have discovered how to lay hold of the Bounty of God; it is our distributive organization that has clogged the machinery of its distribution. If this is a wrong analysis it should be made clear that it is so; for if the difficulty really is universal scarcity, then the solution of the problem lies not so much in the sphere of economics as in the sphere of morals, and the business world ought to be calling in the aid of the Church to teach frugality all round, and particularly among the better-to-do.

The Conference summed up its own conviction on the point in the two following clauses :—

We are ready to affirm that God, through Nature and man's intellect, has brought humanity through the material struggle for existence. An abundant life for all is now made possible, opening out the prospect of a great spiritual advance in the search for Truth and Beauty.

The Just Price of to-day must implement this new abundance to the end that creative effort, true fellowship and the realization of personality through leisure may be ensured to all.

Our problem is not scarcity, but the imposition of an artificial restriction upon the industries of the world through some defect in the mechanism of distribution.

It is always possible to miss the solution of a problem by wrongly stating the problem and so looking for the answer in the wrong area of thought. It seems to us that the *non possumus* attitude of a good many men to the problem of economic justice is due to a failure to see their problem in its true light, as one largely caused by the present forms of financial indebtedness with which trade and industry are saddled.

It will be remembered in this connection how deep was the concern of the Middle Ages to curtail this item in the transactions of industry. The greatest danger to the stability of Society and the greatest enemy to justice seemed to them to lie in the unfair advantage which the large possession of wealth gave to its possessors. So they sought to regulate the accumulation of surplus gains. They did so chiefly by enactments against the taking of usury and against "forestallers" who bought up goods before they reached the market, against "regrators" who bought even in the market to sell again at a higher price, and against "engrossers" who managed to draw to themselves such a share of the goods on the market that they were in a position to dominate the price. Their hostility to this form of wealth was due to their observation that it led constantly to the enslavement of one class of men by another, to the destruction of their power to live and labour. Their arguments, perhaps, lost their

cogeneity in an industrialized world : but it does not follow that they were without foundation. Indeed our inquiries point to the same region of finance as the region in which solutions are to be sought.

Does it seem strange that so much dislocation of life should result from so mechanical and impersonal an influence as that of disorder in our financial policy or financial method ? Not, surely, if we realize that behind the financial disorder lies the illusion that the lust for power can be indulged to any extent without disaster, and that the balance of human relationship that God meant to be guarded by men with intelligent love can be safely left to the regulation of the automatic check supplied by a system that makes the varying degrees of financial success the chief reason for the survival of one form of industry over another. We are all, however, so accustomed to the idea that this highly mechanical and completely unsocial criterion is the only possible one, that we may have some difficulty in shaking off the obsession of it when another possible method is advanced.

The argument (in brief as understood by the present writer) is that the place and power assigned to money in our modern economy have the effect of choking the proper flow of buying and selling by their failure to place in the hands of those who would buy, if they could, the purchasing power that is needed to



buy up the whole product of our vastly productive industrial plant. The resultant slowing down of production gives rise to diminished business profits and to constant business crises. It prevents the community in general from getting full benefit from the increasing efficiency of the industrial machine, and may even bring the business world to a standstill by the precipitation of financial crises.

In mediæval Society, as we have seen, "production costs issued almost immediately in incomes which were almost as immediately spent on the products. An increase of costs which meant an increase of prices would also mean an increase of incomes." The problem of the relative value of the services rendered by different sections of the community and the remuneration therefore due to them was the main problem of such a society. The question hardly arose of the relation between the total of the costs through which the community gets its income, and the general level of prices through which this income is spent in exchange for real wealth. It arises only just in proportion as the money factor enters in as a complication. "It is an unescapable fact," writes an American observer, "that a large part of the population both wants and needs more food and clothes and better housing, is willing to make the necessary effort, and has the combined capacity to produce these things. In a pioneer situation, where their own effort

could be applied directly to natural resources, they would not be without them, but to-day they are prevented from having them by the imperfections of a market operating under the price and profit system.”<sup>1</sup>

Between alternative ways out of this financial impasse mentioned in the last two chapters we do not arbitrate; we only affirm our own conviction that the relation of the proper flow of production and distribution depends upon some method or principle of equating the spendable income of the community as a whole with the possible output of its production. This may well mean, in part, a healthier allocation of profits between the different groups of the community, preventing the existing absurdity of piling up more plant by the investment of money its possessors cannot spend, while the plant which already exists is imperfectly used. On the question of a more equalitarian social policy much is being said and written, but with our inadequately used productive power the main instrument of increasing the spendable income of the majority lies surely in some change of monetary method and policy. The power of the rich over the poor lies not in the riches but in the poverty, which is compelled to accept the terms of the rich.

It seems indicated that this problem is

<sup>1</sup> H. F. Ward, *Our Economic Morality*. (Williams & Norgate.)

involved with the distribution of money used to finance production, and we are driven on the one hand to inquire into banking theory, and on the other into the question of interest and investment. Into those further questions we do not go. They are being investigated by research groups of the Christian Social Council; the second, at a Conference held in April 1930.

Meantime let it be made clear that there is no attack intended on the real interests of any social class of the community. The outstanding feature of the present distress in industry is that the turnover is too small compared with the productive power of the plant and the land. It is our conviction that the plant could produce so much more that, for social justice, it would not be necessary to withhold from the wealthy group of the community any of the commodities that it now secures with its money. What might be foregone would be the power of the rich to increase indefinitely the titles to wealth which they do not spend, and the power this automatically gives them to dictate the conditions under which the majority labour and consume. Even a small increase in the standard of living of the poorest would give them an increase of freedom from dependence on the more fortunate out of all proportion to the amounts involved. With an all-round increase proportionate to our modern economic possibilities Dives might continue to be never so rich, but there need be

no Lazarus compelled to pick up his crumbs. The mighty would then be pulled down from their seat, without depriving them of any of their possessions, but precisely by exalting the humble and meek.

Towards one point the analytical enquiries in this book converge. Behind the circular disputes about wages, profit, interest and credit, the fundamental problem of economic justice must be attacked exactly where the historical studies indicate it to lie, in *The Just Price*.

## INDEX

- AGRICULTURE**, 107 (*seq.*)  
 Anglo-Catholic School of Sociology, 137  
 Antoninus of Florence, St, 67  
 Aquinas, St Thomas, 29, 51, 56, 61 ff., 71, 74, 115, 130  
 Aristotle, 62  
 Ashley, Sir William, 14, 25, 29, 60  
 Assize (of Bread and Ale), 40  
   enforcement of, 27 (*seq.*)  
 Augustine, St, 26, 62  
**AVARICE**, 34
- BERNARDINE OF SIENA**, St, 68  
 Black Death, 36  
 Boniface VIII., 77  
 Bonn, Professor Moritz, 23  
 Bossuet, 83, 86
- CAJETAN, CARDINAL**, 69  
 Calvin, 86 (*seq.*)  
 Capitalism, rise of, 88, 89  
 Capital Levy, 17  
 Cartels, 23  
 Chaucer, 34  
 Charlemagne, 77  
 Christian Order of Industry and Commerce, 137  
 Cicero (*De Officiis*), 55  
 Clay, Professor Henry, 100  
 Colbert, 83  
*Communitas Communitatum*, 30  
 Competition, 101  
 Comte, 76  
 Co-operative Movement, 98 (*seq.*)
- Copec, 5, 136, 138  
 Costa, 60, 64, 68, 96, 100, 118, 123, 146  
 Council of Trent, 69  
 Covetousness, 56, 59  
 Credit, 121, 124
- DERATING**, 126  
 Distribution, 102, 143
- EQUALITY**, 54, 55  
 Equity, 117  
 Exploitation, 140
- FAVOURABLE BALANCE OF TRADE**, 126  
 "Forestalling," 28, 41, 144  
 Free Trade, 104, 126
- GERSON**, 26  
 Gilda, 12  
   Craft, 29, 30, 33  
   Merchant, 26, 82, 84  
   Various, 31 (*seq.*)  
 Gold, 81, 114  
 Gregory, Professor, 24
- HUMAN FACTOR IN INDUSTRY**, 89 (*seq.*), 93 (*seq.*), 95
- JUSTICE**, 18, 49, 51, 52  
   as personal virtue, 55  
   *jus economicum*, 58, 132  
   modern problem of, 138 (*seq.*)  
   natural, 19, 47  
   object of, 47

- JUSTICE—continued**  
 political, 58  
 social, 47 (*seq.*), 51, 132 (*seq.*),  
 134  
 Just Price, decline of, 15, 39 (*seq.*),  
 44, 76 (*seq.*)  
 determination of, 61, 65 (*seq.*),  
 72, 74  
 enforcement of, 29, 34 (*seq.*)  
 local fixing, 57  
 "natural," 70  
 rise of, 26  
 scarcity factor, 68, 70, 111,  
 113, 114  
 utility factor, 61, 64, 66, 68  
 (*seq.*), 74, 113
- LANGENSTEIN, HENRY OF, 65**  
 Limited Market, 119  
 Living Wage, 58, 136  
 Lugo, Cardinal de, 73  
 Luther, Martin, 85, 88
- MAGNUS, ALBERTUS, 62, 63, 66**  
 Market Price, 66, 69, 71, 74  
 Marx, Karl, 61, 64  
 Middleman, 56  
 Mond Conversations, 142  
 Money, 53, 74, 86, 114 (*seq.*), 118  
 as a commodity, 115, 122 (*seq.*),  
 129  
 distribution of, 148  
 "loan" conception of, 121,  
 127, 129  
 Monopoly, 71, 74, 113
- NATIONAL DIVIDEND, 17**  
 Natural Law, 49 (*seq.*), 58, 116  
 Nature, Bounty of, 143
- ORESME, NICHOLAS, 115**
- PAPAL ENCYCLICAL, 136**  
 Peasants' Revolt, 36  
 Poverty, 108, 147  
 Price, 100 (*seq.*), 112, 120  
 Price System, 126, 128  
 "Prince, The," 46, 50 (*seq.*)  
 Profits, 97 (*seq.*), 142  
 Property, 133  
 Protection, 104, 126  
 Purchasing Power, 118, 120, 122,  
 125 (*seq.*), 129, 141 (*seq.*),  
 145  
 Puritans, 88
- RATIONALISATION, 127**  
*Respublica Christiana*, 77, 80, 81  
 "Return of Christendom," 131  
 Roman Law, 25
- SCARCITY, 114, 143**  
 Schoolmen, the, 26, 56, 61, 78,  
 114  
 Scotus, Duns, 64, 67, 70  
 Smith, Dr Adam, 41  
 Soto, Dominic, 69, 71, 72  
 Statute of Labourers, 36, 37 (*seq.*)  
 Supply and Demand, 71, 74, 104,  
 109, 120
- TARIFFS, 104, 105, 125**  
 Tawney, R. H., 31, 43, 61, 133
- USURY, 83, 86, 114**  
 Utility (see under Just Price)
- VALUE, 67 (*seq.*), 69, 113**  
 Vocation, 59  
 Von Hügel, Baron Friedrich, 76

## STUDENT CHRISTIAN MOVEMENT PRESS

### The Miners' Distress and the Coal Problem

An Outline for Christian Thought and Action. Submitted to the Christian Social Council by its Research Committee. With a Preface by Dr A. E. GARVIE. 1s. 6d. net.

"This is a thought-provoking little book, packed with information and furnished with a useful bibliography and should be of real service to those who seek a remedy for our present discontents."—*Church Times*.

### Social Service

A Survey of Opportunities. With Directory of Social Service Societies. By WILFRID J. ROWLAND. 1s. 6d. net.

"A vast amount of information is packed into this short book for the guidance and inspiration of any who desire to share in the work of public bodies as councillors, guardians, magistrates, or in any of the multifarious ways in which to-day a man or woman can serve the welfare of the community."—*Church Times*.

### Workmen's Fare

An Account of Herbert Richard Haynes, the Average Working Man, and the Social and Industrial Problems arising out of his Life. By KATHLEEN GIBBERD, M.A. 3s. 6d. and 2s. 6d. net.

"An unusually valuable book, notable both in conception and execution."—*Methodist Times*.

### Poverty: Yesterday and To-day

By J. J. MALLON, Warden of Toynbee Hall, and EDWARD C. P. LASCELLES. 2s. net.

An introduction to the study of poverty, which discusses its nature and extent, its causes and effects, and methods of dealing with its evils in the past and in the future. Especially interesting is the comparison drawn between past and present.

### Social Christianity in England

A Study in its Origin and Nature. By J. F. LAUN. 4s. 6d. net.

"*Social Christianity in England* has the very warm commendation of the Archbishop of York, and richly deserves it. . . . We are aware of no book with which to compare it, so widely has Dr Laun investigated, and so brilliantly has he stated the conclusions to which he has come. . . ."—*Methodist Recorder*.

32 RUSSELL SQUARE, LONDON, W.C.1