PLATO PART III:
OVERALL COMMENTS ON PLATO’S ETHICS
AND ECONOMICS
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The Secretary
School of Economics and Finance
Massey University
Private Bag 11222
Palmerston North 4442
NEW ZEALAND
Phone: 06 356 9099 Extn 7744
Fax: 06 350 5660

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Plato Part III: Overall Comments on Plato’s Ethics and Economics

James E. Alvey
School of Economics and Finance
Massey University
Palmerston North
New Zealand

ABSTRACT

Like Xenophon (434-355 BC), and various others, Plato (427-347 BC) was a student of Socrates (469-399 BC). Subsequently, Plato became the teacher of Aristotle (384-322 BC).

This paper offers some general comments on Plato’s contributions to ethics and economics. It extends two earlier papers on Plato and one which set the context of ancient Greek ethics, politics, and economics. In addition, this paper is a companion to other work, which deals with Socrates and Xenophon.

The paper seeks to draw together the various arguments in Plato’s dialogues. While there are considerable continuities between his dialogues, there are also significant differences. The focus will be on the Republic and the Laws. After a brief introduction, the second section discusses the legacy of Plato. The third section provides the framework for the discussion of ethics and economics. Five aspects of the ethical approach to economics are chosen for the framework. Three of these derive from Amartya Sen’s work. The fourth section provides a summary of Plato’s contribution to ethics and economics. The fifth section discusses some criticisms of Plato from Sen’s Capabilities perspective. The sixth section provides a concluding comment.

Keywords: ethics and economics; Plato; Amartya Sen; ethical motivation; human well-being; social achievement; ethical methodology; just price

JEL: A12; A13; B11.
1. **INTRODUCTION**

Like Xenophon (434-355 BC), and various others, Plato (427-347 BC) was a student of Socrates (469-399 BC). Subsequently, Plato became the teacher of Aristotle (384-322 BC). These thinkers are four of the leading figures in Socratic philosophy.

The purpose of the paper is to provide some general comments on Plato’s contributions to ethics and economics. It extends two earlier papers on Plato (Alvey 2010c and 2010d) and one which set the context of the ancient Greek ethics, politics, and economics (Alvey 2010a). In addition, it is a companion to other work (Alvey 2010b; Alvey forthcoming), which deals with Socrates and Xenophon.

This paper completes my study of Plato. It seeks to draw together the various arguments in Plato’s dialogues. While there are considerable continuities between his dialogues, there are also significant differences. Plato’s dialogues have been classified according to the assumed composition date: ‘early,’ ‘middle,’ and ‘late.’ For example, the *Laws* is classified as a ‘late’ dialogue, as it was written late in Plato’s life (Aristotle *Pol* 1264b26; 1984, p. 64).

The second section discusses the legacy of Plato. The third section provides the framework for the discussion of ethics and economics. Five aspects of the ethical approach to economics are selected for the framework for this paper. Three of these are derived from Amartya Sen’s work. The fourth section summarizes Plato’s contribution to ethics and economics. The fifth section discusses some criticisms of Plato from Sen’s Capabilities perspective. The sixth section provides a concluding comment on Plato.

2. **PLATO’S LEGACY**

Plato founded the Academy in Athens in 387 BC. It is generally viewed as the first school of higher learning (roughly equivalent to a university) in the Western world (Taylor 1960, lxv). In addition to his writings, this school provided Plato with a second opportunity to directly influence the opinions of others. Because the school continued to flourish long after his death, it also allowed him an opportunity to indirectly influence others through the teaching and writings of the teaching staff of the Academy.

Plato’s influence, both directly and indirectly, on Western thought was immense. As far the direct influence goes, Sedley suggests that, in ancient times, Plato was ‘very much more widely read than any other philosopher,’ and this is true even today (2003, p. 12). There were, of course, fluctuations in the popularity of Plato. Nevertheless, Sedley’s view is a good starting point.

In terms of Plato’s indirect influence, the most famous students of the Academy, or scholarchs (heads) of the Academy, were Aristotle, Zeno of Citium, and Cicero. The School continued until 83 BC, a period which covered most of the Hellenistic era (323 to 27 BC). Through the

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1 The following abbreviation conventions have been adopted: Aristotle *Politics* = *Pol*; Plato *Republic* = *Rep*; Plato *Menexenus* = *Menex*. Citations from classical sources follow the standard conventions.

2 Isocrates established his school in 392 BC but it had a rather narrow focus.

3 This dating is from Brunschwig and Sedley 2003, p. 151.
Academy, Platonism developed and went through various phases. The indirect influence of Plato, through various types of Platonism, on Western civilization was immense.

Plato’s influence was almost universal, covering polytheistic, Jewish, Muslim, and Christian countries in various time periods. In particular, his influence on Christian theology was ‘immense’ (Taylor 1960, p. x). Plato’s near-universal impact on social thought naturally transferred to economic matters.

3. **FIVE ASPECTS OF THE ETHICAL APPROACH TO ECONOMICS**

I assert that there are at least five aspects of the ethical approach to economics. These five aspects of ethico-economics are elaborated upon below. This framework will then be used in Section 4, where we turn to Plato.

Three aspects of the ethical approach to economics emerge from the work of Amartya Sen. First, for Sen, ethical motivations exist and they affect ‘actual human behaviour’ (Sen 1987, p. 4). This view is at odds with much of modern economics which links motivations and behaviour through one of two types of rationality. As discussed elsewhere, Sen rejects both these definitions of rationality: ‘internal consistency of choice’ and the ‘maximization of self-interest’ (Sen 1985c, p. 109; Sen 1987, p. 12; see Alvey 2005, pp. 236-7).

The next two points emerge from Sen’s discussion of ‘social achievement.’ For Sen, the ethical view of ‘social achievement’ cannot be limited to the satisfaction of ‘efficiency’: the evaluation ‘has to be more fully ethical, and take a broader view of ‘the good’’ (Sen 1987, p. 4). What Sen has in mind by ‘efficiency’ is both technical efficiency and economic efficiency. The latter is the Pareto Optimal condition in which no individual ‘can be made better off without making someone else worse off’; the former is the equivalent condition in production, in which further output of one good can only be achieved by reducing production of another good (assuming inputs are negative outputs) (Sen 1987, p. 21 n. 20). For Sen, social achievement is a type of distributive justice, in which the distributive standard is independent of Pareto Optimality (Sen 1987, pp. 32-3).

This concept of social achievement is too broad and must be unpacked. I have broken it into two and these constitute two of the five aspects of the ethical approach to economics that I am developing in this section: a definition or measure of well-being for a human being; and a measure which indicates the distribution across a society of the things that constitute human well-being.

Human well-being refers to living a **full**, good human life. A representation, or measure, of it must show the things that demonstrate a good life being lived. Sen’s goal is to faithfully represent human well-being (or human flourishing), which lies between commodities (the physical thing) and utility (the pleasure associated with it). His approach can be presented as a chain: ‘Commodities→Characteristics→Functionings→Utility’ (adapted from Sen 1982, p. 30). A commodity, such as a bicycle, has the property of providing transport (i.e. its characteristic); by **using** that property, the owner can move (i.e. its functioning). The ‘characteristics’ approach
was originated by Lancaster; ‘functionings’ was formulated by Sen, using insights from Aristotle, Smith, and Karl Marx (Lancaster 1966; Sen 1982, p. 30; see Sen 1990, pp. 43-4).

For Sen, functionings are ‘what the person succeeds in doing with the commodities and characteristics’; he also calls them well-being achievements ([1985a] 1999, p. 6). Some of these functionings are more foundational than others. Sen distinguishes between 1) ‘elementary functionings,’ such as ‘avoiding undernourishment, escaping avoidable morbidity,’ ‘escaping avoidable mortality,’ and ‘undertaking usual movements,’ and 2) ‘complex functionings such as achieving self-respect, taking part in the life of the community and appearing in public without shame’ (1980, p. 219; 1985b, p. 199; 1990, p. 44; [1999] 2000, p. 66). The function ‘undertaking usual movements’ would be restricted by physical disability or by cultural views about female seclusion (i.e. cultural norms that require a female to be chaperoned for movements in public). Sen mentions various functionings in his writings. In addition, he recognizes the importance of freedom, agency, and choice. Hence, he often refers to the ‘capability to function.’ Capabilities provide for freedom to use, or not use, a functioning (e.g. the choice of fasting or eating).

For Sen, therefore, the focus should be on functioning achievements and capabilities. Possession of a certain quantity of commodities, however, may be necessary in order to achieve human functionings.

Once this standard of well-being is clarified, a further measure is required. This provides the benchmark for social success in delivering well-being across the society. Sen’s ultimate aim is to establish a set of entitlements to the things that constitute human well-being.

We need to be aware that discontinuities can exist between the standards of human well-being and social achievement. Even if a rich notion of human flourishing applies, the standard of social success may be limited to basic functionings. Alternatively, a rich notion of human flourishing may be accepted but social success may be considered to be human flourishing for only a small proportion of the population. For Sen, however, the desired distributive standard is simply asserted to be one as close as possible to equality for all.

For any theorist, we need to ask the following questions. First, does he/she present an ethical view of motivation? Second, does he/she adopt a deep notion of human well-being? Third, in the assessment of social success, does he/she consider the breadth and depth of human functioning achievements and means to promote functioning achievements?

In addition to these three components of the ethical tradition of economics, I have added two of my own. The first is a notion of a ‘just price.’ This is important because of its central role in subsequent social thought, especially in the Middle Ages. The other is an ‘ethical methodology.’ This has two characteristics. First, a ‘moral science’ adopts a method which is consistent with moral or human concerns, as distinct from the natural sciences. Second, a ‘moral science’ is concerned that the study contributes to moral ends.

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4 A useful listings that brings together Sen’s various examples of capabilities is provided by Crocker (1995, pp. 174-6).
5 What Sen has in mind by freedom is not the ‘negative freedom’ of the libertarian but freedom to achieve certain constructive things (Sen [1999] 2000, pp. 65-7; see Berlin 1969).
With this framework of ethics and economics in mind, we can now turn to our case study: the work of Plato.

4. OVERALL COMMENTS ON PLATO’S ETHICS AND ECONOMICS

Plato wrote many works over a long lifetime. Because he wrote no treatises, some sensitivity to the dialogue form of writing is necessary. Each dialogue has a different context. This is a partial explanation for the different arguments that he presents in his works. In addition, there seems to be some development over time in his understanding.

First, The utopianism of the ‘early’ and ‘middle’ dialogues gives way, to some degree, to greater ‘realism’ in the ‘late’ dialogues. The Republic is a utopia. By contrast, the views expressed in the Laws are intended to represent what might be achieved in a real city. Second, in the ‘late’ dialogues, notably in the Laws, the species view of man emerges. Some of the behavioural norms in the Republic are consistent with the Laws, others are not. Caution is needed, therefore, in rejecting in toto the teaching of the Republic. Nevertheless, some inhuman behavioural norms can be found in the Republic.

We will now turn to the works of Plato, viewing them through the lens of the five components in the ethical approach to economics outlined earlier.

--Plato’s Methodology
Concerning methodology, two points are worth comment here. First, Plato rejects the value-free approach that is widely praised in mainstream economics today. Second, he expresses great concern about the combination of mathematics and economics.

Like Socrates, Plato clearly rejects the modern economic rhetoric that values are subjective. This view is effectively dropped, however, whenever it is inconvenient by modern economists. What they normally assert is that wants (i.e. for material goods) are unlimited and given; economists assert that they are mere engineers who advise on means. Plato also rejects this approach. He believes that the types, and quantity, of human desires, can and should be modified by good laws, customs, education, and habituation. Plato’s approach rejects the modern type of value-free engineering in favour of the rational choice of ends. Plato devoted little time to the engineering approach to economics. There is considerable truth in Gordon’s interpretation that ‘[t]he economic problem’ for Plato primarily concerns the selection of ‘ends’ rather than means (1975, p. 34; see Plato Laws 736e; 1980, p. 123). It is inherently normative.

Next, Plato makes clear that great caution is needed in combining mathematics and economics. Mathematics plays a large role in modern economics. This is indicative of a larger problem that Plato recognized.

Some background is needed at this point. For Plato, in the Laws (and in the Republic) there are three parts to the human soul and these must be properly ordered. These are the desiring

Note that the distinction between needs and wants is dropped.
(or appetitive) part (*epithumētikon*), the spirited (or emotional) part (*thumoeides*), and the reasoning (or calculating) part (*logistikon*) (*Rep* 435e-436b; 441c; [1968] 1991, pp. 114, 121; Nussbaum [1986] 20001, pp. 139, 205, 209, 214, 471 n. 7; Miller 2006, p. 286; Strauss 1987, p. 47). For Plato, the proper order is for the reasoning part to be in charge. The proper ordering, however, can be corrupted by the study of mathematics.

In the *Laws* (and elsewhere) Plato praises the study of mathematics, providing that the dangers of applied mathematics are recognized and counteracted (see *Laws* 747b-c, 817e-820e; 1980, pp. 135, 209-13; *Rep* 510c-e, 525a-527c, 536d; [1968] 1991, pp. 190-1, 204-7, 215; Pangle 1980, pp. 462-3). When applied mathematics is joined to the study of economics, the love of money is compounded; human psychology changes (i.e. the balance in the human soul shifts).

After the balance in the souls shifts, the ‘desiring and money-making’ part becomes the ruler of the soul, enslaving the other two parts i.e. the calculating and the spirited parts (*Rep* 553c; [1968] 1991, p. 231). The calculating part is reduced to calculating money and the spirited part honours ‘nothing but wealth and the wealthy’ (*Rep* 533d; [1968] 1991, p. 231). Such an individual’s soul can be called an oligarchic soul.

This development in the individual has a parallel at the political level: the city drifts into oligarchy. Unbounded acquisitiveness takes over (see the *Gorgias*). Modern capitalist societies have a large oligarchic segment, and a considerable oligarchic flavour overall.

Oligarchies are deeply divided between rich and poor (*Rep* 556e; [1968] 1991, p. 235). This tendency of mathematics to be associated with the love of money, Plato finds in the case of ancient Egypt and Phoenicia (*Laws* 747c; 1980, p. 135; *Rep* 436a; [1968] 1991, p. 114). These regimes, he says, are known for their lack of freedom (*Laws* 747c; 1980, p. 135). This could have come about because of the internal class war. More likely, it is caused by military defeat due to the stinginess of the oligarchs in military expenditures and the unwillingness of the oligarchs themselves to fight (*Rep* 555a; [1968] 1991, p. 233). Plato’s concern, that mathematics and economics are a dangerous mix leading to oligarchy and ultimately a type of despotism, leads him to call for an antidote discussed elsewhere: the institution of laws and customs which will ‘take illiberality and the love of money away’ from the citizen’s soul (*Laws* 747b-c; 1980, p. 135; see Alvey 2010d).

For the modern economist, who claims to be a mere engineer, accusations that he or she is a tool of despotism (a threat which must be counteracted by antidotes to materialism) would seem absurd. It is not surprising, therefore, that Baeck refers to ‘Plato’s anti-economics tradition’ (1994, p. 61; see pp. 52, 65). In saying this, however, he does not really understand that: 1) in Sen’s view, there is an ethical and an engineering tradition in economics;

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7 The *logistikon* covers both practical and theoretical reasoning.
8 Even though they are essentially mixed regimes, the oligarchic element in modern capitalist societies must be constantly kept in check.
9 The ancient Egyptians were known for their early development of mathematics.
10 A modern example seems to be Singapore (see Worthington 2003).
11 Baeck says that Plato diverges greatly from the Sophists and Xenophon (1994, pp. 53, 61, 65, 72).
and 2) in Plato’s political economy, motivations must be directed away from materialism by various means (formative law from youth, formative education, customs, and habituation).

--Plato’s View of the Just Price
As we showed elsewhere (Alvey 2010d), Plato endorses some sort of ‘just price.’ Particularly in the case of retail trade, some sort of a moderately low profit rate seems to have been foreseen by him. Such a rate ‘would be pretty beneficial’ to everyone and would inflict ‘pretty much the smallest injury’ on those who use retail trade (Laws 920c; 1980, p. 321 emphasis added). This norm of pricing/profit may apply to others, such as those who provide accommodation for travellers (Laws 918b-919b; 1980, p. 319). Prices are to be administered by officials.

Plato does not specify what the ‘just price’ is precisely. Nevertheless, given the context of what he writes in the Laws, we can infer quite a lot. The best practical city is guided by moderation. This permeates the civil religion and the moral education in the city. In addition, moderation may also be induced by public accusation of wrong doing and shame (see Laws 646e-647a, 649c-d, 762c, 914b-c; 1980, pp. 27, 30, 148-9, 313; Strauss 1987, p. 80). Indeed, lawsuits can be brought against any craftsman who charges an ‘unjust’ price (Laws 921b; 1980, pp. 321-2). In a small city of about five thousand citizens (where everyone knows everyone else), reputation is important (Laws 729d-e; 1980, p. 115). Public denunciation for profiteering is to be feared, and avoided if at all possible.

For many of the craftsmen, the ‘just price’ is simply determined by force. The wealth that resident aliens (metics) could acquire (through their work or that of their slaves) was very restricted; they could only stay in the city of the Laws provided that they were ‘moderate’ (Laws 850b; 1980, p. 243; Morrow 1939, p. 20; Strauss 1975, p.158). Slaves of metics would be bound by the restrictions applying to their owner. Slaves of citizens cannot work as craftsmen or in retail trade (Laws 846d, 849c, 920a; 1980, pp. 239, 242, 320; see Morrow 1939, pp. 18, 98). That leaves only freed slaves, who were placed under severe restraints.

Some sort of low mark-up, based on a consensus of administrators, seems to have been envisaged as constituting a ‘just’ profit. In a city where moderation is constantly espoused, high profits are unlikely to be sustained. Ultimately, Plato’s ‘just price’ relies on a combination of piety, moral education, avoidance of shame, and in the last resort, compulsion. This combination seemed to Plato to obviate any concerns over monopoly or collusive price fixing.

--Plato’s View of Ethical Motivations
Does Plato recognize a range of human motivations other than narrow material self-interest? Does he adhere to a type of ‘ethics-related view of motivation’ mentioned by Sen (Sen 1987)? Ethical motivation is stressed throughout Plato’s works. The upper bound varies from work to work. On the other hand, many motivations that fit into the lower end of the scale are consistently condemned (e.g. unbounded acquisitiveness).

12 Remember that the total population would be comprised of 1) citizens and the members of their households (both free and unfree), and 2) resident aliens and the members of their households (both free and unfree).
In the early and middle dialogues, Plato argues that there is a range of motivations and behaviours along an ethical scale. What Plato focuses upon is not the human tendency to drift towards behaviour that is directed towards self-interest narrowly construed. This tendency can be magnified or diminished depending on a number of conditions. For Plato, the goal is to try to establish what ethical behaviour constitutes and then seek conditions suitable to bring it about.

One cause of ethical behaviour is possession of an ethical character. This, in turn, embodies commitment to the cardinal virtues. One of these virtues is moderation. When this virtue demonstrates itself in action, we see moderation of desire for possessions. Of course, a moderate quantity of possessions held by individuals does not prove moderate character (it may be due to external constraints). On the other hand, moderate character is certainly evident in the propensity to acquire. It is in this context that we see a link to a second cardinal virtue, justice (understood as law-abidingness). Only just means should be used to accumulate. Moderation applies to individuals but it also applies to the goals of society: social achievement. Moderation by individuals becomes difficult in a society where acquisitiveness has been unleashed.\(^\text{13}\) Social achievement understood in this way lends itself to luxury, unbounded acquisition, and deviations from ethical norms of acquisition (such as honesty). Individual desires, motivations, and behaviour must be viewed within the broader social context (including law).

Ethical behaviour can be achieved by at least two means. It can be produced by good character or by good laws (which compel certain types of behaviour), although there is overlap between these means. Good character is due to education, habituation, and other factors (including friendship). In youth, character is plastic and laws, of the type that interest Plato, can shape character. As the person matures, however, laws become primarily punitive. Of course, the laws only impose restraints on those whose character has failed to be shaped, over the course of their lifetime, by the laws. What counts for these individuals is the threat of punishment. Their character has already been formed to a considerable degree. While their character is rather rigid, their behaviour can be shaped by threats of punishment. Plato places great stress on friendship and this, through habituation, may play an important role in producing ethical behaviour.

The modern economist asserts that preferences are exogenous. For Plato, such a claim is empirically false and it ignores the essence of social life (which is concerned with shaping character and hence preferences). Further, even if, for certain purposes, preferences are assumed to be fixed, the second-order question is: ‘What is assumed about these fixed preferences?’ Modern economists assume that people seek to maximize some narrowly construed notion of self-interest. Once again, Plato would say that assuming some notion of an ‘economic man’ is going down the wrong track.\(^\text{14}\) Plato’s ethical view of motivation is evident not only in the Republic but in all of his dialogues. Nevertheless, when Plato prepares a blueprint for an actual society in the Laws, he allows private property; concern for the common good must be mixed with some attention to the private good. Even in the Republic, Plato tacitly concedes the point for most of the society.

\(^\text{13}\) On this point, see Plato’s Gorgias.

\(^\text{14}\) The classic statement of the ‘economic man’ is found in Mill 1836.
Let us now take a broader perspective and incorporate some comparisons between Plato’s dialogues. In the *Republic* and the *Laws*, Plato recognized a wide range of human motivations, including the desire for justice, political participation, nobility, and civic friendship. He not only approved of these motivations, but called for them to be honoured, institutionally supported, and nurtured. Plato pays attention to the various conditions and institutions that shape character. Because it plays such an important role in determining motivations, desires, and actions, ethical character is his true goal.

Nevertheless, as indicated above, there is considerable variation between Plato’s works concerning ethical expectations (and institutional supports). In the *Republic*, the upper classes must be fully dedicated to the common good. For the rest of society, the main constraint is the avoidance of money-making becoming an end in itself (see Bonar [1909] 1992, p. 22). The vast differences in the ethical demands on the various classes in the *Republic* are narrowed in the *Laws*. In some ways, the latter has a more egalitarian structure.

The flattening out of ethical expectations could be at a low level or a high level. In the *Laws*, Plato calls for the ethical norm to be *higher* than that expected of the artisans and other money makers in the *Republic*. Ethical demands are raised on most of the population. One consequence is that capability achievements are also raised. On the other hand, the extreme ethical demands placed on the guardians in the *Republic* are abandoned. In this sense, ethical standards are lower in the *Laws*.

In both the *Republic* and the *Laws*, stress is placed on education and habituation. Moral education in youth is important but habituation can overpower it. Hence, ethical motivations (and behaviour) require both education and habituation working together.

In the best possible regime in the *Laws*, ethical behaviour can be secured (to some degree at least) through the establishment of good ‘laws,’ early education, habituation, and the rule of the Nocturnal Council. While there is considerable stress in the *Laws* on good laws, the real purpose is character formation.

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15 It appears that a high proportion of the citizenry will occupy one of the city’s administrative positions within a cycle of four or so years (*Laws* 755e-756d; 763d-e; 768b; 855d; 945e-946a; 1980, pp. 141-2, 150, 155, 248, 347). That is one reason that this city can be called a mixed regime (see Taylor 1960, p. xviii).

16 In the *Laws*, Plato defines laws very broadly to include written law, preludes to the law, as well as various important customs (see Pangle 1980, p. 511 n. 1; see Alvey 2010d). Preludes are persuasive, educative preambles to laws that ‘explain the purposes of the laws’ (Nichols 1998, p. 106; Strauss 1987, p. 84).

17 These institutions and practices, in turn, are supported by the civil religion.

18 Even character is not self-sufficient, however. It can be corrupted by bad habituation or bad company.
Character formation is the prelude to ‘commitment,’ which is one of Sen’s contributions to the ethics-related view of motivation. Indeed, in his discussion of the importance of norms for promoting economic development (notably the avoidance of corruption), Sen approvingly cites Plato (Sen [1999] 2000, pp. 261-81 at pp. 276-7). He quotes from the Laws where Plato says that a deep commitment to duty would deter corruption (Sen [1999] 2000, pp. 276-7; Plato Laws 955c-d; 1960, p. 349).19

Ethical behaviour has to be viewed within at least three ethical contexts: the individual, the household, and the city. In his ‘early’ and ‘middle’ period works, Plato focussed his investigation of social motivations on the individual (his soul) and the city (the polis). In his later works (notably in the Laws), he broadened this to include a third context: the household.

In the Republic, Plato abolishes the middle tier (the household) for the upper classes. This eliminates one source of potential conflict of interest for the members of these classes, who are supposed to be devoted to the common good. Plato’s rehabilitation of the household in the Laws ensures some greater potential of conflict of interest. Nevertheless, he spends a great deal of time trying to build in checks on individual self-interest and family-oriented self-interest.

Plato’s rehabilitation of the household indicates that, for him, total dedication to the common good is an impossibility for most people. Some degree of pluralism in the definition of ‘the good’ is necessary. Character, ethical motivations, and ethical actions must incorporate some pluralism.

To the extent that it aims at genuine need (rather than wants), acquisitiveness is acceptable to Plato. Most people must engage in a craft and the money making art. Indeed, in the Laws, moderate pleasures and possessions are the goal. Plato also makes clear that some occupations tend to be associated with a desire for immoderate gains i.e. some occupations are associated with sharp practices. Cupidity (pleonexia), as seen in the case of retail trade in the Laws (or in Thrasymachus’s view in the Republic), is not acceptable (see Baeck 1994, p. 68; Laws 918d; 1980, p. 318; Rep 338c-339a; [1968] 1991, pp. 15-6).

--Plato’s View of Human Well-being
The starting point for any discussion of human well-being is human nature. For Plato, subjectivism or relativism is nonsensical. Human nature, for Plato, has a set of boundaries that separate it from the gods above and the beasts below. This opens up a number of questions: What constitutes a truly human life? What functionings are required for a life to be called human? What constitutes the list of human goods? What resources are needed or appropriate for a good life? What is beneath a human life? What is above human life?

Human well-being must be studied and understood. Human functionings must be studied and understood. Human functionings include lower functionings and higher functionings. Plato’s focus shifts over time somewhat towards the lower functionings in the ‘later’ dialogues. There is certainly a broadening of the list of human functionings in these dialogues. In addition, the

19 Sen also notes, however, Plato’s sagacious proviso that this is ‘no easy task’ (Sen [1999] 2000, p. 277 quoting Plato Laws 955c-d; 1960, p. 349).
list of human goods is broadened considerably in the ‘later’ dialogues. Many of the things commonly considered ‘good’ are returned to favour in the ‘later’ dialogues (including the household). Finally, the resources required to live a good life must be available. Once again, in the ‘later’ dialogues, there is some shift towards elaborating upon the resource needs of a human life.

Between the life of the gods and that of the beasts is life of a human type. This terrain of human life allows a spectrum of lives to be lived. A number of human lives are worth living. Some, however, are more choiceworthy than others. Plato argues in the Republic that there is a best way of life (the life of the philosopher). The other commanding art, the royal art, is one that Plato returns to again and again. The political life is clearly a second type of good life. These two ways of life are often discussed by Plato. He sometimes argues that the philosophers must guide the rulers and sometimes that they must become rulers. Finally, at least in the ‘late’ dialogues, the citizen/household manager emerges as a third type of good human life. This is equivalent to the kaloskagathos (the noble and good man) in Xenophon. The classic presentation of the citizen/household manager model of human life is found in the Laws.

As a digression, we should also note that, just as there are good ways of life, and good occupations, there are also bad ways of life and occupations. Plato clearly argues that certain occupations damage the body and psychology of those who engage in them. Consider his view on the mechanical arts and retailing. This view is largely maintained in his different works.

Let us return from where we left off the discussion of the good ways of life. Within the Platonic framework, rulers are to aim to promote the good life for their citizens. What is the good life? The good life is one in which the three parts of the soul (the reasoning part, the spirited part and the desiring part) are well ordered. For Plato, reason must be in charge of the other two parts of the soul.

One task for reason is the ranking, in the abstract, of various alternatives. Hence, reasoning plays a central role in theoretical discussions of the best way of life and the various good ways of life (recall the three ways of life mentioned above). Reason shows that the human goods include the cardinal virtues: wisdom, justice, moderation, and courage. In the Laws, Plato also accepts a wide range of other goods, including the family and moderate possessions. This understanding of human well-being is more relevant to most people.

Further, reason also provides guidance in choosing between options in day-to-day decision making. Practical life involves much deliberation and choosing. Especially in the context of the Laws, where decision making occurs on three levels (the individual, the household, and the city), many trade-offs are required.

Human well-being requires the right sort of education and habituation. In the Republic, the political authority plays the main role in providing the correct institutions and guidance. In the Laws, the household also plays an important role.
Plato’s notion of human well-being includes males and females. The best way of life and the good ways of life are open to women. This radical view is proclaimed in the Republic. The modifications on this point in the Laws are quite minor.

Overall, there is some shift in Plato’s conception of eudaimonia (human flourishing) away from an elitist view (demonstration of the virtues) in the ‘early’ dialogues, to a more egalitarian definition (in which possession of a wide range of human goods plays a part) in the ‘late’ dialogues. Plato’s promotion of various human goods still has some contemporary counterparts. On the other hand, Plato’s promotion of virtue has virtually vanished. In today’s liberal capitalist societies, the formative role of law has largely been abandoned. Similar disjunctions are found between Plato’s and modern economics.

--Plato’s View of Social Achievement

Is there any standard of ‘social achievement’ in Plato? Yes. It certainly is not endless economic growth or the maximization of wealth. Plato regards wealth as, at best, a means, to achieving true ends. Often, it is an obstacle to achieving these goals.

In the Republic, social achievement is the same as justice in the city: ‘The fair and happy [i.e. eudaemon] society will be one where each citizen’ works ‘according to his natural … ability’ (Karayiannis 1990, p. 31). This organic conception leads not only to the preservation of the society but to social harmony. In reality, this standard of social achievement in the Republic is inhuman (it is more fitting for a colony of bees) and can be ruled out. Even if the society is happy on average, the guardian class is not happy.

A more practical standard of social achievement can be grasped by detailed study of the Laws and other Platonic works. The shift in the definition of human well-being from the Republic to the Laws is reflected to a considerable degree in the change in the definition of social achievement. A wider, more egalitarian definition of social achievement emerges in the Laws.

What are some of the main features of the best possible city of the Laws? First, civil war must be avoided and external relations are to aim at peaceful relations (Laws 628c-d, 744d; 1980, pp. 7, 132). Second, because it is impossible to be virtuous and very rich (Laws 729a, 742e; 1980, pp. 114, 130), there must be a moderate standard of living. Third, there must be ethical limits on wealth inequalities (Laws 744e-745b; 1980, p. 132; Alvey 2010d). The second and third points show a deep concern for social achievements in terms of social virtue and distributive justice. Fourth, and most importantly, the goal of the city is more than preservation, it is noble: ‘a polity is a thing which nurtures men, good men when it is noble’ (Menex 238b-c; 1929, p. 345). The city must strive to make the people as a whole ethical. In the Laws, Plato held that this is best achieved if all citizens are engaged exclusively in politics and household management. Fifth, education is instrumental in achieving the ethical city. Plato’s extensive and radical proposals on education justify the claim that he was an early contributor to Sen’s Capabilities approach to economics.

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20 Success in producing philosophers may be another standard of social achievement.
21 If war is necessary, it is to be fought only as a means to securing long-term peace (Laws 628d; 1980, p. 7).
Sixth, and even more clearly from the Capabilities perspective, Plato was a revolutionary proponent of what is now called feminism, elements of which can be traced to the Spartan regime (Pomeroy 2002, p. 148; Nussbaum [1986] 2001, p. xx n. 21). Some proto-feminist ideals endorsed by Plato in the Republic include ‘physical exercise’ for women; ‘late marriage; prohibition of money and private property’ of the guardians and hence elimination of dowries; ‘wife sharing; and marriage lotteries’ (Pomeroy 2002, p. 148; see Rep 416d-417b, 452a-c, 457b-472a; [1968] 1991, pp. 95-6, 130, 136-52). Even in the Laws, Plato proposed the elimination of dowries and physical exercise for women (including exercises suitable for military preparation) (Laws 742c, 813d-814c, 833c-834a; 1980, pp. 129, 205-6, 224-5).

Plato’s most important proposal on this theme, however, was his proposal for the equal education of women (for the female guardians in the Republic and for all women in the Laws); this was a central aspect of his aim for social achievement (Pomeroy 2002, p. 148). This radical proposal took until World War II to be realized in the advanced Western world. Further, despite retention of the ‘pyramidal’ household structures in the Laws, Plato calls for a radical widening of social achievement. In showing his preference for doubling human development over the then extant capability achievements (Laws 805a; 1980, p. 195), he sides with those who argue for an assault on impediments to development (rather than a Burkean reverence for tradition).22

Even though the regime of the Laws accords with nature, the radical proposals in education, the treatment of women, and so on, are opposed by every other actual city (except to some degree in Sparta) (Pangle 1980, p. 483).23 Plato’s views ‘go beyond any known institutions of his own day’ (Bonar [1909] 1992, p. 28). Rather than a Burkean conservative, Plato is a radical. Indeed, the utopian standard in the Republic is modified only slightly in the Laws with respect to gender equality, one of the five revolutionary principles. A close examination of the Laws shows that this small degree of modification applies to most of the revolutionary principles in the Republic.24 The regime in the Laws represents the highest attainable approximation to the utopia of the Republic.

In moving from the Republic to the Laws, Plato shifted from a somewhat elitist conception of the good life to a more egalitarian vision. The Laws advocates a tremendous widening of human functioning achievements. Second, it meant a narrowing of the inequalities in the achievements. Finally, the narrowing was brought about by two means: raising the achievements of the lower classes and reducing the achievements of the higher classes. Plato’s

22 Despite the adoption of the ‘pyramidal’ household structures, the Laws represents a more egalitarian version of Xenophon’s social achievement.

23 Because they are revolutionary, Plato says that, once implemented, these innovations must resist all change (change can only be regression to mediocrity) and hence need endorsement by the eternal gods (Laws 798b; 1980, p. 186; Pangle 1980, pp. 483-4). Later, he admits that changes will have to be made (Laws 950d-952c; 1980, p. 353).

24 Consider the five revolutionary principles in the context of the Laws. First, while communism is dropped in the Laws, a diluted form of property ownership is proposed. Second, the equality of women is essentially endorsed in the Laws. Third, despite abandoning his view in the Republic that the family must be abolished, Plato proposes several devices to try to reduce erotic attachments within the family and to encourage devotion to the common good. Fourth, although the eugenics programme is dropped entirely from the Laws, he recommends that marriage partners be selected according to what is beneficial to the city (Laws 773a-e; 1980, pp. 16-1; Strauss 1975, p. 94). Finally, a diluted form of the rule of philosophers is retained in the Laws. In this regime, philosophers participate, along with others, in the Nocturnal Council. This Council gradually emerges as the supreme decision-making body.
proposals in the *Laws* would be equivalent to a secondary school (i.e. high school) education (Taylor 1960, pp. xvii-xviii). They would not lead to the denizens of the city being highly educated but they would be much more educated than equivalents in existing Greek cities, such as Sparta (*Laws* 809e-810b; 1980, p. 200).

How is the good society in the *Republic* or the *Laws* to be achieved? As Lowry (1987) says, both Plato and Xenophon work within the administrative tradition. This means that the wisdom of the society resides in the political leadership. These leaders rely more on central controls and guidance than the ‘spontaneous order’ of the market.

Social achievement is not due to individual pursuit of self-interest. The notion that unfettered markets lead to the public good, and is thus the solution to the economic problem, would have seemed absurd to Plato (Alvey 2010d, Appendix 2). As a proponent of action by the city rulers, Plato ‘does full justice to the dignity and value of the State [polis] as a function … indispensible to human development’ (Bonar [1909] 1992, p. 30). On the other hand, in the *Laws*, some responsibility for human development is also allocated to the household. Plato’s extensive and radical proposals on education and gender justify the claim that he was an early Capability theorist.

Where does modern economics fit into this discussion? Some modern economic principles are adopted (such as economic development and the division of labour). Nevertheless, following Xenophon, they are limited by higher political and ethical goals.

5. **CRITICISMS OF PLATO FROM A CAPABILITIES PERSPECTIVE**

Several criticisms have been made of Plato from the Capabilities theorists. First, Sen accuses Plato of being an ‘authoritarian’ (1997, p. 17; see also Popper [1945] 1966). It is true that Plato is not known as an advocate of freedom in the same way that he is known as an advocate of philosophy and virtue (but see Stalley 1998). Plato’s view of the division of labour, opposing the freedom of occupational mobility, would find few advocates today (see Bonar [1909] 1992, p. 30; Sen [1999] 2000, pp. 29-30, 112-6). Further, his opposition to various democratic institutions is also not fashionable. Nevertheless, he advocates a mixed regime, as does Sen. The dispute between Sen and Plato is over what is the optimal mix of institutions.

Second, Sen places emphasis on both process (public discussion and decision-making) and outcomes. Unlike Plato’s more insistent view, Sen’s approach leaves unresolved the problem of deeply entrenched customs which lead to capability deprivation (c.f. Duhs 2008, p. 180).

Third, as a theorist of justice, Plato focuses on the particularities of specific cities, notably the best and best possible cities. He is not an advocate of cosmopolitanism (Taylor 1960, p. xxx). Sen is critical of the parochialism of Plato’s sense of justice (Sen 2009, pp. 130, 404). The specific example given is the ‘parochialism’ in Plato’s acceptance of the Athenian (and

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25 On the division of labour, compare Silvermintz 2010 with Alvey 2010c and Alvey 2010d.

26 Plato does not endorse some aspects of the ethical approach to economics that Sen stresses, such as rights, agency, and various types of freedoms (including process freedom). He does not believe in any right to privacy and sees only limited need for political participation by the whole citizenry.
Spartan) practice of infanticide (Sen 2009, pp. 130, 404; see also Smith [1776] 1976, p. 210). Such concerns with particularism apply to all of the Socratics. This issue was taken up by the Stoics, who were perhaps the first to adopt a truly cosmopolitan perspective.

6. **A FINAL WORD**

Plato has been under-rated in the conventional histories of economic thought. Part of the reason is the domination of economics by the engineering branch of economics. What is more surprising is that he has also been ignored or under-rated by the proponents of the Capabilities approach to economics.

Drawing attention to the broader discussion of justice in the *Republic*, Evers claims that ‘for Plato economic inquiry is primarily an investigation with moral ends’ (1980, p. 48; see Gordon 1975, p. 34). The discussion of the division of labour, for example, cannot be divorced from ethical concerns over acquisitiveness, self-sufficiency, friendship, and mental mutilation (see Gordon 1975, p. 44). Similar issues arise in the case of economic development.

Overall, Lowry’s summary of the *Republic* is apt for that dialogue and for the *Laws*; the *Republic* presents an ‘ideal state’ which is ‘designed to permit maximum utilization of human intelligence and capacities in the achievement of what he [Plato] conceived to be optimum order and social excellence’ (1987, p. 84). Full employment, in a society of life-long specialists, is a feature of his ideal society (and the best practical society). Lowry’s further comment that this ‘ideal’ coincides with ‘the best, most efficient economic order’ is a misrepresentation; ‘efficiency’ must be understood within a Platonic political framework (i.e. a non-cosmopolitan regime) and economy (i.e. immobile factors of production within a stationary-state economy, with a moderate standard of material wealth, guided by virtuous, intelligent rulers) (Lowry 1987, p. 86; see p. 87; Rep 376a-c; 413e; 423a-b; [1968] 1991, pp. 52, 93, 100). The neoclassical (engineering) economic framework is not relevant to any of Plato’s works. There is stress on virtuous character, virtuous behaviour, and human functioning achievements. In several respects (including his views on gender equality), in various works Plato anticipates the Capabilities approach.

The dialogues of Plato show a great concern for the relationship between ethics and economics. This reaches a peak in the *Laws*. Aristotle (whose work may be considered as a modification of the *Laws*) built on his teacher’s foundations.

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27 This practice, of course, was linked to eugenics. On this, see Alvey 2010c.
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