

Plato: Founder of Free Economy

(I)

In this essay an attempt is made to show that the main elements of a free economy, which Adam Smith enunciated in his *Wealth of Nations*, had already been formulated by Plato 21 centuries earlier. In this, the matter of slavery is disregarded. Clearly, there can be no free economy when a large section of the population is held in slavery. Plato does not condemn slavery outright and in many places he accepts it as an actual fact. But in the *Laws* (777Bff) it is evident he does not endorse this institution. He would rather not have slaves but, if there are, and since there are, they should be treated humanely and justly.

There is a view that Plato favours a highly regulated closed system of society, akin to communism or socialism with a totalitarian hue.¹ Of course Plato does not concern himself with freedoms and rights, as these preoccupy modern thinking after the American and French revolutions; on the contrary he stresses repeatedly the need of obedience to law. Furthermore, he lays down a multitude of regulations for his ideal social order in the *Republic*. However, some facts disprove this view. First, some of the ideas of common possession in the *Republic* are abandoned or get seriously modified in the *Laws*. Second, most of the regulations concern the education and behaviour of the Guardians, the select few who constitute the ruling class; other classes are left free to pursue their economic activities within the more general frame of laws that prohibit murder, injury, theft and the like. Finally, Plato praises freedom directly, writing that the state should have freedom (ελευθερία), wisdom (έμψρων or νοῦν έξει) and inner harmony (έαυτή φίλη) (*Laws*, 693B and 701D). Furthermore, he states (697 C-D) that the Persian State declined because the rulers there "deprived the people of freedom in large measure and imposed excessive despotism".

(II)

Before examining the salient economic elements it is useful to recall that in Plato's day economics was not so separated from politics and ethics nor far removed from philosophy.

It is also needful to summarise the aims for which Plato formulated the laws of the ideal state. The chief aim is to make the whole State (society or nation) as happy as humanly possible – not just a few or one class of citizens: ου μήν ... όπως έν τι ήμῶν έθνος έσται διαφερόντως ευδαιμων, αλλά όπως όπι μάλιστα όλη ή πόλις

¹ Karl Popper, *The Open Society and its Enemies*, London 1945.

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(*Rep* 420C). Such a state must be governed by wisdom and be founded on justice. Justice is giving what is due (τὸ προσήκον ἐκάστῳ ἀποδιδόναι 332C). Justice is established in the State where every citizen does his own duty (τὰ αὐτοῦ πράττειν) and does not meddle in many affairs becoming a busybody (433D). Justice in the citizens is established when the three elements in man's nature, reason, emotion and appetite (λογικὸ, θυμοειδές, ἐπιθυμητικὸ), are harmonized so that reason governs, emotion conveys the reasonable guidelines and appetite obeys fully (435C-444E).

In the *Laws* the matter is restated with slight modifications. In man there are two antagonistic and foolish councillors, i.e. pleasure ἡδονή and pain λύπη. Also many opinions, fears, expectations etc. But above all there is reason λογισμός, which, when it becomes public opinion, can be regarded as common law (644C-D). Here too reason governs as law. The fundamental purpose of the laws is that citizens should be as happy as possible living in the highest degree of harmony – ὅπως ὡς εὐδαιμονέστατοι ἔσονται καὶ ὅτι μάλιστα ἀλλήλοις φίλοι (743C). But supreme happiness is attained only through partaking of Truth, which stands above gods and men alike (730C).

The laws of the State aim at helping men to develop towards happiness through justice and truth by means of reason. It is in such a context that citizens are left free to pursue their economic ends.

(III)

In the last quarter of the 18th century in England various thinkers and politicians put forth a system of free economy where the government would not interfere in the economic activities of society: it would not itself engage in production or commerce and would not impose regulations, encouraging or prohibiting one or other aspect (*laissez-faire*). Differentiating three broad functions in the economic organism of the State, J. Bentham sums up very beautifully the situation: "The request which agriculture, manufactures and commerce present to governments, is modest and reasonable as that which Diogenes made to Alexander: "Stand out of my sunshine". ¹We have no need of favour – we require only secure and open path". ²

Adam Smith laid the foundation of this free system following in large part the French Physiocrats. He wrote: "All systems either of preference or of restraint, therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes

² From, *Manual of Political Economy*, 1798. In *The Liberal Tradition*, ed by A. Bullock & M. Shock, OUP, 1967 p 29.

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itself of its own accord. Everyman, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men. The sovereign is completely discharged from a duty...for the proper performance of which no human wisdom or knowledge could ever be sufficient...of superintending the industry of private people, and of directing it toward the employments most suitable to the interest of the society.”³

This very point Plato states clearly in *Republic*, Book IV. The citizens are left free to pursue their private affairs, provided they obey the general laws of the State. There need not be special rules for commerce and manufacture, not even for trading, contracts, use of market-places and of harbours etc (τὰ ἀγοραῖα ξυμβολαίων τεεἰ που τελῶν τινές πράξεις....etc 425C). For this is not fitting for good and honourable men. If people attempt to institute measures to obtain the best regulations (ἐπιλήψεσθαι τοῦ βέλτιστου 425E), they shall spend their whole life multiplying and modifying such petty rules. But they shall have no more success in putting an end to frauds in businesses (τὰ ἐν τοῖς ξυμβολαίοις κακουργήματα) than in cutting off Hydra's heads (ὥσπερ ὕδραν τέμνουσιν 426E). The correct transactions will emerge of themselves (αὐτόματα) as people pursue such activities. The philosopher points thus with humour that multiplicity of laws and policing of the economy will not succeed in stopping either smuggling or tax evasion.

Adam Smith explains that men are guided by “an invisible hand” in such a way that in pursuing their own gain they promote at the same time the good of society (BK IV, ch 2). Smith's analysis here is faulty, as will be shown further down. But he does give a pragmatic explanation, borne by facts of experience, why people should be left free to engage in their economic transactions. People always seek their own advantage and this is the basis of trade: “Whoever offers to another a bargain of any kind, proposes to do this. Give me that which I want and you will have this which you want, is the meaning of every such offer; and it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of”.⁴

This principle, too, is stated by Plato, early on in the *Republic*. People gather into a community (ξυνοικία, πόλις) for company and cooperation thus ministering to one another's needs, he writes. They give and take goods and services because, in every free exchange, everyone believes that he gains something better for

³ *Wealth of Nations*, 1776 end of Book Four.

⁴ *Wealth of Nations*, BK I, ch II.

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himself: μεταδίδωσι δη ἄλλος ἄλλω, εἰ τι μεταδίδωσιν, ἢ μεταλαμβάνει, οἴόμενος αὐτῷ, ἄμεινον εἶναι, 369C. They would not engage in such transactions otherwise.

(IV)

In the *Laws* these ideas are taken somewhat further in 742d, 849E and 915E. In these passages Plato explains that all business transactions are or should be based on good faith (trust, credit: πίστις). In the market-place (αγορά) people exchange coins for goods and the opposite and everyone has his due equivalent. But if anyone trades on credit and finds he has sustained loss, then the fault is his: he cannot claim damages and justice will not intervene (οὐκέτι δίκης ούσης 849E). This certainly sounds very strange. However, Plato points out that people should engage in economic transactions only with people they can trust (915E). In other words buyers and sellers should know well the market conditions before they proceed to trade. The principle is extended to all exchanges whether purely financial or not, loans and even dowries. A man should not deal with anyone he does not trust (ὅτῳ μὴ τις πιστεύει, 742C).

Plato is not naïve, of course. He recognizes that ethics govern the market. If people, buyers and sellers, are honest and good, the laws of the market will operate freely and naturally to the benefit of all concerned. For this reason there is no need for government interference and too many regulations. But he knows too well that such ideal conditions of good and honourable men do not exist. Therefore he warns that some will seek to exploit others by various means and then the system will become less and less free as laws and regulations will multiply (*Rep* 556B, 425E etc).

In the *Laws* the free economy includes imports and exports and the settling of foreign traders. Certain war-materials and commodities, essential to the country, may not be traded by private citizens. Otherwise all imports and exports proceed freely without levies of any kind: τέλος δε εν τῇ πόλει μηδένα μηδέν τελεῖν μήτε εξαγωγμένων χρημάτων μήτ' εισαγωγμένων, 847B. Aliens, provided they are virtuous and have some useful skill, can settle freely and enter into business for 20 years. This period may be extended subsequently. Just like the natives, the foreigners will pay no taxes of any kind and when they leave they can take all their wealth with them (850B). All this, it should be noted, was quite contrary to the practice in Plato's time.

This last matter concerning foreigners is not as curious as it seems at first. Plato obviously recognizes that in a truly free economy additional skilled people can only benefit the community increasing

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its total wealth. If visitors from abroad make enough profit so as to wish to stay, it means that reciprocal profits are received by other members of the community.

Plato's free economy rests on three provisions. The first, already examined, is that government does not interfere seeking to regulate production and trade. The second is that the citizens are free men. (The matter of slavery was mentioned earlier, in section I). The third concerns land: all citizens possess land. Plato recognizes that if citizens have no access to land, freely or cheaply, free economy cannot function.

He does not discuss this subject anywhere, but he takes care to provide all the 5040 citizens in his State with adequate land (*Laws*, 737E).

Moreover, the land cannot become absolute private property (as it can today) but must be regarded as common property belonging to the State. "Let the apportionment be made with this understanding that the citizen who receives his plot must consider it as common property of the whole State (λήξιν...κοινήν αὐτὴν τῆς πόλεως ξυμπόσης); since this land is his fatherland he should tend it even more diligently than a mother her children – in as much as being a goddess she is mistress over mortals" (740). In order to avoid extremities of poverty and opulence, a lowermost limit is set for property and an uppermost. The lowest is the value of the plot and the uppermost, four times that value. The rulers shall take care that the lower limit should in no circumstances diminish (744D-E). Thus every family will always be able to live in some comfort on its own plot. This family-plot should not be sold or divided (there is general discouragement regarding sales of land 741B) but should pass from father to son (923C-924).

Plato recognizes the simple fact of existence that man must be free and whole and must have free access to land if he is to live and live in fullness developing his innate abilities and talents. This tacit recognition gives rise to his view of man's relationship to land and its fundamental role in a free economy.

(V)

Man's need of free access to land and its important role in the eventual economic dynamics is forgotten today, covered over by concern with the resultant aspects of the economy, like national debt, inflation, interest rates and the like. Even a very liberal-minded economist like Milton Friedman seems to think ⁵ that if government returns various nationalized enterprises to the private

⁵ See especially *Free to Choose*, 1979, various subsequent eds.

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sector and generally refrains from meddling in the economic organism, free economy will emerge automatically healthy and triumphant. However, this proved not to be so.

His views were tried in the 1980s in Pinochet's Chile, in Mrs Thatcher's Britain and elsewhere but nothing substantial changed. Britain in 1991 went through yet another recession; there appeared 2,5 to 3 ml people unemployed; the monopolies of the new (1989) water companies raised their prices above the inflation rate and made such profits as to treble their executives' salaries whereupon the regulator of the Office of Water-service, a government agency, was obliged to intervene.⁶ Large number of unemployed; monopolies and excessive profits; government interference! What sort of a free economy is this? In Chile again, the situation is quite different but in no way better. Having pushed forward privatization for many years, Pinochet relinquished his dictatorial powers in 1989 and an elected civilian government implemented liberal policies both in the machinery of government and the economy. Yet, as S.Fielder observes⁷ "about 42% of the 13ml people live below poverty line" and their dissatisfaction is expressed in increasing agitation.

The fact that people today have no free access to land may well explain in large part why there is no free economy and why such mixed systems as we have are chronically ill. At least some economists believe so.⁸

Adam Smith, regarded as founder of modern Economics, pointed out how very simply an imbalance in a system of land tenure, which leaves part of the population landless, can generate anomalies in the economy. "As soon as the land of any country has all become private property, the landlords, like all other men, love to reap where they never sowed, and demand a rent even for its natural produce. The wood of the forest, the grass of the field, and all the natural fruits of the earth, which, when land was in common, cost the labourer only the trouble of gathering them, come, even to him, to *have an additional price fixed upon them*. He must then pay for the license to gather them; and he must give up to the landlord a portion of what his labour either collects or produces".⁹

Two points are noteworthy here. a) Smith's indulgence towards landlord: they, "like all other men love to reap" etc. Although what he says is true yet he commits an enormous error in not following it through. For the law does not allow people to reap where they do

⁶ Articles by R.Evans & A.Freeman in *Financial Times*, 22/11/91 and 3/12/91.

⁷ *Financial Times*, 22/11/91.

⁸ R.Douglas, F.Harrisson, D.Richards, T.N.Tideman, A.Hardie, all in R.V.Andelson ed, *Commons Without Tragedy*, Shephard-Walwyn, London, 1991.

⁹ *Wealth of Nations*, BK I, ch 6. Our emphasis.

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not sow and, if they do, it punishes them; but landowners do reap with the blessings of the law – and of economists! Smith ignores this difference. b) The reference to “natural produce” implies unimproved land. So the landowner takes something and gives nothing in return – neither goods nor services! This charge is levied at the very root of production. The builder who erects homes, the trader who wants a shop, the manufacturer who needs a factory and so on, they all must pay a similar charge. Consequently, the house-dweller, the trader, the manufacturer and so on, they all must earn that much more over and above their own natural needs in order to cover the landowner’s charge. Thus that first basic charge – which the landowner pockets, only by virtue of having the land and without contributing anything to the cycle of work and production – enters into all subsequent transactions, remains a permanent burden on production and causes various distortions within the entire economic framework.

Adam Smith did not believe, as Plato did, that all land should be regarded as a goddess and as belonging equally to the whole Society. Accepting the conditions and prevalent ideas of his time that allowed landowners to hold land and enjoy the advantage of the rent without giving anything in return, he did not press his reasoning further.

But 100 years later Marx saw that this rent-charge was a mode of exploitation and was due not to the landowner but to Society. He saw that the economic rent (the surplus that accrues to advantageous sites over others) was truly a product of the labour and development of the whole community and should be given to it. So in the *Communist Manifesto* he demanded the nationalization of all rents¹⁰ as the first measure for the establishment of the socialist State. He also observed that as any society develops and production increases, so does the rent (or surplus) and consequently the landowner’s portion.¹¹ Therefore he points out that landownership becomes the basis of all monopolies, including, of course, capitalist ones.¹² But Marx’s mind was captured by the idea of the historical dialectical process and the class-struggle that would usher in the new Golden age of Communism. And communism certainly came (and collapsed), but brought no Golden Age and no solution to the pressing economic problems.

A little before Marx, J.S. Mill published in 1848 his *Principles of Political Economy*, where in Bk 5, chII, sections 3-6, he shows that the economic rent accruing in the most advantageous areas is a

¹⁰ Point 1, in section B of *Communist Manifesto*, 1848 various eds.

¹¹ *Capital*, third vol, ch VI, sect 37. Also, early on, in the *Paris Manuscripts*.

¹² *Critique of the Gotha Programme*, section I, points 1 and 2.

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product of labour and communal development and that it should be taxed fully leaving nothing to landowners.

A contemporary of Mills and Marx, the American Henry George, made similar observations but came to slightly different conclusions and solutions. He had no academic training of any kind but studied Economics on his own. Through keen observation and passion for truth, with his self-taught Economics and some inspiration, he arrived at the reasonable solution that the economic rent (surplus), which was generated by the existence and development of the whole society, should be rendered to the society by means of a tax on the value of land, since the value of land reflects that rent. He published his observations and proposals in *Progress and Poverty*, 1879, and the book became a best-seller.

At that time practically all land in Europe, the USA, Australia and most other places, had been enclosed and become private property. People who wanted to start afresh could not move to free or cheap land. Neither nationalization nor redistribution of land can offer real solution. Nationalization, as has become obvious in communist regimes, brought about a large and inefficient bureaucracy, enormous administrative problems and the strangulation of initiative and desire to work. In redistribution, people who hold the more productive sites (with the bigger rent) always have an advantage over others. Thus the tax on land (Land Value Taxation) seems a much more just measure and more efficient in its application. Whenever it was applied (Australia, Denmark, Taiwan etc) it produced good results. The only reason it did not produce better and more spectacular results is the fact that it was not applied with full rigour to gather the whole or most of the rent.¹³

Henry George declared that this tax could substitute all other taxes and thus simplify fiscal matters. He came upon this measure on his own. But he discovered subsequently that the Physiocrats in France, in the 18th century, already knew about it. George's Single Tax was the *impôt unique* which Quesnai (pronounced 'Kene') promulgated and Turgot applied briefly in 1776 as minister to Louis XIV. (The landowning aristocrats saw to it, of course, that Turgot did not last long in that office). The one important difference is that George gave it universal application: not only for agricultural lands and mines, as the Physiocrats wanted, but also for all industrial and urban sites (which, after all, command much greater value).

In the event, Adam Smith's view and the modern complicated system of taxes prevailed, not George's. It is true that Land Value Taxation became law in Britain in 1931, but the Tories repealed it in subsequent years before it was applied. Smith knew well the

¹³ F.Harrison, *The Power in the Land*, Shephard-Walwyn, London 1983.

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Physiocratic view on rent and taxation. In fact in the fifth Book "Of the Revenue of the Sovereign..."¹⁴ he admits that the land-tax is certain and convenient; it cannot be passed into the price and "does not obstruct the industry of the people". Yet he rejects it, because he thinks it is not fair on the landlords. Under Land Value Taxation landowners will pay tax whether their land is used or not, in other words even if they don't have income from land. This would not accord with Smith's own first rule of Taxation that citizens ought to contribute "in proportion to the revenue" they have.¹⁵ This certainly sounds fair, but it ignores a most important and fundamental fact: that the landowner holds land, a communal asset, which other people need to live and work on; he holds it, stopping others from using it, and it increases in value, and he will charge more in renting or selling it, yet he gives nothing to the community in return. Thus Smith writes: "Houses not inhabited ought to pay no tax.(...) The ground-rents of uninhabited houses ought to pay no tax.(...) There seems to be a hardship in obliging the proprietor to pay a tax for an untenanted house, from which he can derive no revenue..."^{15b}

In the 1790's Pitt the Younger introduced Income Tax, in accord with Smith's first rule, to finance the additional expenses of the war with France. Later, in the 1840's Peel re-introduced it and it became a permanent feature of economic life not only in Britain but eventually in whole the world.

Thus it was that access to free or cheap land came to an end. Free economy, as a consequence, was crippled, despite the political liberties and the free trade which Britain enjoyed in the 1860's with Gladstone's government. And so State intervention became necessary. In 1864, Richard Cobden, in his last public speech declared: "If I were five and twenty or thirty instead of, unhappily, twice that number of years, I would take Adam Smith in hand... and I would have a League for free trade in Land just as we had a League for free trade in Corn...If you apply free trade to land and labour too...then, I say, the men who do that will have done for England probably more than we have been able to do by making free trade in corn."¹⁶ What Cobden means by "free trade in land" is (not bying and selling but) making land freely available by abolishing the landowner's charge for the use of land.

Plato regards land as a prerequisite not only for free economy but, more importantly, for life itself. He would not fully agree with Henry George's view that "The ownership of land is the great

¹⁴ *Wealth of Nations*, BK V, ch II, pt 2, article 1.

¹⁵ *Wealth of Nations*, BK V, ch II, pt 2.

^{15b} *Wealth of Nations*, BK V, ch II, pt 2, article 1.

¹⁶ In R. Douglas, *Land, people & Politics*, Allison & Busby, London, 1976, p18.

fundamental fact that ultimately determines the social, the political and consequently the intellectual and moral condition of a people".¹⁷ In one sense this is true, in that riches and poverty usually play some important part in the formation of people's views and attitudes. But Plato would point out that it is (ignorance and) avarice (απληστία: greed, covetousness) that first brings about and then maintains an unequal distribution of land. Poverty, he writes, consists not in decreasing one's property but in increasing one's greed.¹⁸ In the *Republic* (Bk VIII, 546B ff) he amplifies the idea that ignorance and greed bring about in stages the decline of the State into anarchy. (In fairness to H.George, attention should be given to his statement: "Until there be correct thought, there cannot be right action; and when there is correct thought, right action **will** follow. Power is always in the hands of the masses of men. What oppresses the masses is their own ignorance, their own short-sighted selfishness." In other words he too recognized that mental states precede actions in the material world.)^{18b}

Plato would not agree at all with Adam Smith's exoneration of landowners. In his view, the citizens have a duty to use fully their land and not hold it idle. Since dealings in land are discouraged and since there is an upper limit to wealth, as was mentioned in section IV, there cannot be land-speculation and excessive profits. Moreover, all citizens must take care not to cause damage to anyone's land.

(VI)

Plato's view of land rests, as was said earlier, on the recognition that, since men's survival and existence depends on land (man being a land-creature), they must have access to and use of land, if they are to live at all, let alone prosper and develop fully. This recognition is not particular to Plato: it is a basic tenet of Greek societies down to classical times. Plato's four sizes or classes of property is akin to Solon's 4 classes of citizens whilst his admiration of certain Spartan institutions and therefore Lycurgus's code of laws, is nowhere disguised. Plato then is not writing as an isolated innovator (which he also is) but within a broad tradition in law and economics, of which at least some aspects are still alive in his time.¹⁹ Here three points need mention: the communal or joint ownership of land; Lycurgus's (alleged) reforms in Sparta and Solon's reforms in Athens.

¹⁷ *Progress and Poverty*, the Hogarth Press, London, 1979 p 115.

¹⁸ *Laws*, 736E

^{18b} *Social Problems* (1883), New York 1981, p 242.

¹⁹ Basic source here is *History of the Greek Nation*, vol B, ed by Ekdotiki Athens, 1971. It covers the archaic period to 5th cent BC, in Modern Greek.

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Common ownership of land was a feature characteristic of most Indo-European nations in archaic times – and medieval: the Teutonic tribes, the Slavic, the Greek. In ancient Greece there is ample attestation for both joint-ownership and collective cultivation (a kind of communism). Plato mentions, and rejects, collective farming in *Laws* 739E-740.

Diodorus Siculus, also, refers to communal ownership and farming in a passage (V,9) which became central to the debate among advocates of “primitive communism” and champions of “private property”.²⁰ But there is no doubt that in Homer’s society the system of land tenure is one of individual ownership and private property; the head of the household (οἶκος: dwelling and all the land attached to it; cf cognate Sanskrit *viś* = people settled, Gothic *weihs* and Old-Slavonic *visi* = settlement, village) can dispose of the land as he pleases. Nonetheless, in some States, probably most, there were areas held for communal use: market places, lands for festivals, communal stock to provide private plots for the needy and landless in exceptional cases, etc.

Sparta certainly had a communal stock, though details and evidence, are scanty. But more information is available from other city-states. An archaic law on a bronze plaque from western Locris mentions very clearly public lots and, possibly, plots for individual use; it also enjoins that “half of the land belongs to the original settlers (or inhabitants?) and half to new settlers (i.e. those to come)”.²¹ There is nothing remarkable in such an arrangement. Communal land and private possession and use is a common fact in the early tradition of Indo-European nations.²² In Greece, it existed from the earliest recorded times in what is called the Late Bronze Age (or Late Helladic 1550-1200) or the Mycenaean Civilization. Although there is still some uncertainty, with the decipherment of the Linear B on the surviving clay tablets (Pylos, Mycenae etc) it became apparent that land was held by “the damos” (=classical “dēmos”, i.e. community or people) but there were plots held individually from “the dēmos” in return for definite services;²³ some of the land was held in the name of a God, as for Poseidon at Pylos.

Sparta presents many interesting features and Plato found much to admire in its social structure and educational system. The main

²⁰ M.M.Austin & P.Vidal-Naquet, *Economic & Social History of Ancient Greece*, University of California Press, Berkeley, ed 1980 (1st ed 1977), p 74 and 236-8.

²¹ As n 20, above.

²² And others, if we bear in mind that in Egypt and Mesopotamia all Land was God’s with the priests or rulers merely acting as agent’s in its administration.

²³ Vantris & Chadwick, *Documents in Mycenaean Greek* (1956), CUP, 2nd ed 1973, with Chadwick’s additional material. Also L.W.Taylor, *The Mycenaeans* (1964) Thames & Hudson, rev ed 1990, p 132.

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point of interest here is the recognition that every man needs free access to land and the full application of this principle: all Spartan citizens without exception, at least according to Lycurgus's legal code, had their own plot of land, each new-born Spartan being provided by some 20 acres out of public stock in Laconia (and Messinia).²⁴

Information about legendary Lycurgus, who lived sometime from 10th to 8th century, comes mainly from Plutarch's account in his *Lives*. Pythia of Delphi called him "god rather than man" (καὶ θεὸν μᾶλλον ἢ ἄνθρωπον). According to some accounts he traveled as far as India where he consulted the Brahmins, the priests and men of knowledge. If that is true, in India he would have met the situation that all land belongs to the community, represented by the King, but individuals had private possession in return for service or tribute: one authority states bluntly that the King is lord of all land and water, while all other things, fruits of the earth and products of work, can become private property;²⁵ another says that the King could do everything except give away common land!²⁶

According to Plutarch, Lycurgus, in obedience to the Pythian oracle (rhētra) divided the Spartans into tribes (φυλὴ) and obas (ωβά) and appointed a senate of 30 elders who together with 2 Kings were to rule with the people's consent (Lycurgus, VI,1-2). The oba presents a problem. Some take it to mean a subdivision of tribe (κῶμη) equivalent to the Attican faction (φρατρία). Others suggest it could be a tribal and area – or land - subdivision to eliminate inequalities.²⁷ Plutarch proceeds to say (VII, 2-3) that Lycurgus convinced all Spartan citizens to have redistribution of land and live in equality so as to expel the ills of the State, riches and poverty, envy and pride and crimes.

Historians agree that some such social reform did take place in Sparta in the 7th century BC, after the Messinian war(s), probably between 700 and 675 according to W.G.Forrest.²⁸ But they don't

²⁴ P. Yannilias, *Land for the Land* (Mod. Greek), Sideris, Athens, 1937, p 9. Also W.G. Forrest, *A History of Sparta 950-192 BC*, Hutchinson, London 1968, p 51.

²⁵ Bhattaswamin commentary on Arthaśāstra, II, 24. Others too.

²⁶ Śabaraswamin commentary on Purvamīmāṃsā Sūtra, VI,7,3. see also UN Goshal, *The agrarian System in Ancient India*, Calcutta, 1930.

²⁷ Claude Mosse, *La Grèce archaïque d'Homère à Eschyle*, ed. Du Seuil, 1984, Mod. Greek, ed, Athens 1987, p169.

²⁸ M.I.Finlay (*Early Greece, The Bronze and Archaic Age*, London 1970, p113) dismisses Lycurgus on the grounds that Tyrtaeus does not mention him! Surely even if all of Tyrtaeus's poetry had survived – instead of few fragments – and there was still no reference to Lycurgus this would not prove that the lawgiver had not existed. O'Murray again (*Early Greece*, Harvester Press, 1980 casts serious doubts but offers no specific reasons (ch 10). A.H.M. Jones (*Sparta*, Blackwell, 1967) gives most of the relevant ancient sources and, again without

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agree at all about the existence of Lycurgus. Some scholars dismiss the law-giver as an invention during classical times, 5th century and after. But although his existence and date does pose a problem, surely it is rash to reject the entire Greek tradition.²⁸ After all, apart from the Spartans themselves (in C5th), Herodotus and Plato (both of whom do not hesitate to accept or fashion myths), Xenophon (more of a historian, even if somewhat pedestrian) and Aristotle also take him as fact, and the latter would not accept anything without subjecting it to very rigorous logical examination.

The reformation, attributed by tradition to Lycurgus, brought about a new social structure. The "homoioi" (=equals, peers), the true blue-blooded Spartans, had their equal shares of the most fertile land in Laconia, the five unwallled villages by the river Eurotas, while the "perioikoi" (second-class freemen without rights) settled all around in the conquered areas in their own lands, and in manufacturing and commercial activities. The homoioi devoted themselves to martial arts and government, while their lands were cultivated by the native "helots", not quite private slaves as in Athens or Rome, but communal bondsmen tied to the farms of the homoioi.

This oligarchic, egalitarian system proved unwieldy eventually and failed. It produced of course the finest soldiers of antiquity. It had stability, based on large part on the fact that the family land could not be sold or divided – a feature which Plato favoured. But it could not adapt itself to the changing conditions in Greece: when Sparta defeated Athens after the Peloponnesian Wars, it had neither the experience nor the ability to become the ruling State in the 4th century and administer the former Athenian Empire. Although changes did occur, it lacked the necessary extrovert attitude and flexibility for such a role. It collapsed. By the middle of the 3rd century there were only 700 families in the once mighty Sparta.

(VII)

Athens, thanks to the finer system of Solon, developed differently. The history of Athens after the 6th century BC is fairly well documented. Its contribution to Western Civilization through philosophy, drama, architecture and the other arts and sciences is well known. This does not need comment here.

offering reasons, asserts "Lycurgus was a mythical figure" (p7). Forrest, however, (op cit pp40-60) examines the problem in detail and accepts him as a historical figure.

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For Solon's reforms both Aristotle and Plutarch give sufficient evidence.²⁹ This agrees generally with the subsequent social developments in Athens. Solon's changes in political institutions, coinage and measures of weight etc will be left aside and attention will remain with land-reform and the restructuring of four classes. It is sufficient that the logical and pragmatic Aristotle writes of Solon that he "saved his country by providing most excellent laws".³⁰

Solon did not redistribute land, although many expected this. Such a measure was used by tyrants who wanted to win and maintain the support of the poorer masses. Solon did not wish to be associated with tyrannical behaviour. But he gives another reason as well. He said "What I promised I achieved with the help of the gods, and for the rest I did not act lightly; nor do I wish to do anything with tyrannical violence, nor to give an equal share of the fertile fatherland to good and bad men alike".³¹ Now, Aristotle gives further statements of Solon in one of which the lawgiver says "I wrote laws for the good and the bad alike, fixing a straight justice for everyone" (XII,4). Thus while Solon gives to all equality before the law, he refuses the equal sharing (ισομοιρία) of land. It is an interesting idea implying that "bad people" will make bad use of the land and therefore it is better that such people should have little or no land.

Three other reforms merit attention. By the first he released debtors from the burden of debt and from bondage of slavery while their plots were – probably – restored to them: this came to have the name "seisachtheia". By the second, as Plutarch writes (XII), Solon ordained that a son, who had not been taught a trade (or craft =τέχνη) by his father, was under no obligation to support him later; and that the Council of Areios Pagos should examine how every man obtained his living and the idle be punished: thus citizens had to earn their living. By the third reform, he rearranged the entire social structure.

Solon restructured the social classes according to property, not origin as of old. The first class, which substituted the old aristocrats (ευπατρίδης) consisted of those landowners who were capable of producing 500 medimnoi (μέδιμνος=about 52 litres) or more of cereals and olive-oil or wine. The second class consisted of those capable of producing 300 medimnoi up to 499: they were called *hippeis* (=horsemen, riders). The third class, those with 200 up to 299: these were called *zeugites* (=having two). The fourth class

²⁹ G. R. Stanton, *Athenian Politics C 800-500BC, A sourcebook*, Routledge, London 1990, ch II, p 34 ff.

³⁰ *Athenian Constitution*, XI,2.

³¹ *Athenian Constitution*, XII, 3. Also Plutarch's life of Solon, XVI, 3.

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were called *thētes* (θῆτες) and their holding would produce less than 200.

The criterion is not actual but possible annual production according to the size and fertility of the estate. Most commentators, historians or economists, glide over this point and take it as actual annual revenue. But the phrasing in Greek is δυναμένουσ ἡ μέτρα ποιῆν: here the word *dynamenos* means "having-ability, being-capable". What mattered was the total possible value of the estate not its actual production in any one year. In other words, a landowner could not claim relief if he produced 450 when his estate could produce 550! He should cultivate his estate to full capacity. This provision is in accord with Solon's emphasis on people working and not idling and on the good or full use of land, as mentioned above.

The various classes did not pay taxes as such. As in Byzantine times later and in feudal societies in Western Europe, they had to fulfill civic and military duties. Citizens of the first class had to provide for the arming and servicing of the fleet (the triremes), they had to provide their own horse and weaponry and served in the cavalry. The second class had similar civic duties but could not become archons or treasurers (i.e. the highest offices); in war they provided their own horse and weaponry and served in the cavalry. Citizens of the third class also could not be elected to the highest offices; they had to provide their own armour and weapons and served in the infantry (ὀπλίτης). The fourth class, the *thētes*, could not be elected in any office; some say they had to serve as plain sailors or light auxiliary foot-soldiers and others³² say they had no military duties. One further aspect is that when, in exceptional circumstances like war, the State needed revenues, the three upper classes paid contributions progressively: the first a certain sum, the second 5/6 of that and the third 5/9; the fourth was exempt. These payments were called εἰσφορά (contribution) or λειτουργία (service to people), not τέλος i.e. tax or levy; *taxes were imposed by tyrants and were incompatible with the liberty that free citizens enjoyed.*

All this surely sounds like collection of economic rent, in modern terms, or land value taxation. Many historians, ancient as well as modern, express surprise and incomprehension that a whole class of citizens, probably the most numerous, should be exempted from services and money-contributions to the State. The fourth class comprised citizens that were marginal cultivators, farmers who just managed to support their family; also artisans, traders and various other landless people who lived through hiring their labour. They did

³² Yannilias, op cit p 7-8.

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not enjoy rent from the land as did the other three classes, consequently they paid nothing!

Solon imposed a tax on all aliens, or non-Athenians, who lived or worked in Athens. This was called "metoikio" (from μέτοικος, resident foreigner) and remained in practice well after Plato's time. This brings a note of discord to Solon's system (Plato, always true to principle, certainly did not allow such a discriminatory measure, as mentioned in section III, above.) But in Solon's time, non-Athenians were streaming into Athens in large numbers from all parts of the world hoping to live off State grants. Like measures against idlers, this one too may have been an attempt to discourage foreigners who had no means of making their own living.

Solon's system did not last long. A few decades later, the tyrant Peisistratos (561 BC) brought about many changes. Some were beneficial to Athens. But one of them was the introduction of a form of income tax. He imposed a levy on all agricultural produce: on tenth, according to Aristotle;³³ one twentieth, according to Thucydides (VI,54,5).

(VIII)

Plato's ideas agree with Solon's in most respects. The aristocrat philosopher, whose mother was a descendant of Solon's family (and whose father claimed King Codros as his ancestor), obviously knew well Solon's views. But it is equally obvious that he did not follow blindly anyone. He tested everything through his own reason. Thus he rejected the taxation of foreigners (*metoikion*).

In the *Laws* he rejects any form of communist ownership and cultivation of land – as has been practiced in some Greek communities (and as was and is practiced in modern communist regimes). He postulates that land belongs to the community as a whole and citizens should remember this with due reverence. But they should have their individual plots and houses and should not farm jointly (μή κοινῆ γεωργούντων 740).

Plato assigns equal civic and military duties to all four property classes of citizens – differing again from Solon. They can all elect and be elected to all the offices. But warns the philosopher, the archons, who should be prime servants of laws, should be chosen from among those most excellent in virtue or spiritual attainment – not those in physical capabilities or, worse still, those in money-making (715C, 735, 745e, 753B). There are, however, some minor variations. Thus city-stewards (αστυνόμος) may be chosen only from the first property class (763D); members of the fourth class

³³ *Athenian Constitution*, XVI, 2-5.

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my choose not to vote in some elections (756C); members of the two upper classes must attend the common Assembly and Council (εκκλησία) but others may do so optionally etc.

All citizens who perform services for the State must do so without receiving gifts. If they are convicted of this, they should be put to death (955C-D).

Finally, all property classes contribute to the public treasury. This contribution, or tax, will be annual. The assessment for this will be made by two methods: a percentage of the total property value or one of the actual produce within the year. It is left to the land-wardens (αγρονόμος) to decide which will be applied in every instance (955D-E). The first method sounds like land-value-taxation. Plato does not discuss this and does not say why both methods should be applied. But obviously some discrimination must be used in some cases sometimes: for instance, a small holder of the fourth class may one year, due to bad health or some accident, produce much less than would be expected from his farm, in which case, so long as there has been no ill intent, it would be fair that he should contribute according to the actual production. If, on the other hand, the year's produce falls well below that of previous years or of similar farms for reasons not other than idleness or incompetence, then the land holder should pay according to the assessed value of the land. In these conditions all land holders will work to the maximum of their ability and put their land to the most productive use.

The word "property" (ουσία) means land, of course, but not in its unimproved state; it would include buildings, plants, ditches etc, as well. Strictly speaking, it is not taxation of the value of unimproved land. But it is very close to it. In those conditions the distinction would be negligible. Far more important is the full exemption from taxation of traders, manufacturers and artisans. In this manner Plato forestalled both the *impôt unique* of the Physiocrats and the land value taxation of Henry George, as well as the free economy at which Adam Smith aimed but not with full success.

Plato understood only too well that for free economy both free men and non-interference by the State are necessary. With Lycurgus and Solon, he understood that free access to land is also necessary. With Solon he understood also that what should be taxed was rent not the crafts or commerce. He does not discuss his economics in these terms but the arrangements and measure he sets in the *Laws* indicate that he understands these basic principles.

This remarkable thinker understood ecological principles as well. He could see that man's life on earth was really inseparable from the wider natural environment. In his time there was no pollution, such

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as in the second half of the twentieth century. But he foresees the dangers with keen insight and gives guidelines for the protection of the environment. One basic general principle in the *Laws* is that nobody should move from its place something which himself had not put there (913A): thus there will be neither theft nor interference with natural ecological systems and cycles. Nobody should move boundary-markings and should not encroach or squat on land which is not in his own lawful possession (842E). Also no man should disturb his neighbours by any of his actions and should not damage in any way the land, whether his own or other people's. Finally he should not burn anything carelessly nor pollute the waters – in public cisterns or private wells (843E-845E).

(IX)

Plato's economic principles were not, of course, put into practice nor given much attention until the 15th century, by the Byzantine philosopher Plethon. They were not wholly ignored: Cicero produced his pale imitations of *De Republica* and *De Legibus*, both of which shed much light on Roman affairs but do not exhibit Plato's understanding.

Plato recognizes and emphasizes the need for independent citizens who have not only political rights but also economic freedom, based on possession of land. Throughout the documented Greek history there is tension between great landowners (or aristocrats) and small independent farmers (or the dispossessed). One aspect of the great achievement of classical Greece was the rise to full citizenship of peasants – a phenomenon unknown before. The situation was far from ideal, of course. But as some historians point out "When during the fourth century and for a variety of reasons...the ideal of the peasant-citizen began to lose ground both in reality and in ideology, the classical *polis* then started on its decline."³⁴ Plato had sought to counteract the antithesis between town and countryside by giving – in *Laws* 745 B – to his citizens land both in the center and in the fringes of the city-state. This was ignored then, as so many other measures of the great thinker have been and continue to be ignored by economists and politicians.

Communal land is a feature that remained in many regions in Greece and areas under Greek dominion in the Hellenistic period. Despite the decline of the city-state, despite the political changes in the Hellenistic period and despite the Roman conquest, many communities retained the system of both communal land and individual possession. These came to be called *mētrokōmia* and survived right through the different periods of the Roman and the

³⁴ M. M. Austin, op cit, p 151.

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Byzantine Empires. For instance, in Syria and beyond, under the Seleucids in the 3rd century BC, "The territory of the *katoikiai* (=residences) was collective property.in many cases creating forms of private property (or at least its immediate preconditions.)"³⁵

Towards the end of the Byzantine culture, early in the 15th century, Gemistos Plethon, resuscitated platonic ideas and inspired Cosimo de Medici to found the Platonic Academy in Florence, leader of which became Marsilio Ficino. In one of Plethon's few surviving writings, an Epistle-memorandum to Theodore, ruler of Peloponnese, (1424?) he states that "All land as given by Nature should be common property of society; every man should be able to build his house where he wishes and cultivate a piece of land wherever he wishes and to the extent that he can (εξεῖναι δε παντί τῷ εθέλοντι φυτεύειν τε ὅπη βούλεται και δύνανται)». ³⁶ A man should have possession and use of the land but not ownership, as such; if he abandoned that land then anyone else could take possession of it. Plethon divides society into three classes: those who produce directly off the land, farmers, shepherds et al (αυτουργικόν); those who manufacture and serve (διακονικόν); and those who rule, protect, judge and serve as priests or teachers (αρχοντικόν φύλον). Members of the former two pay taxes and the last only serve in government and in wars. Thus again, although the information here is scanty, it seems that direct possession of land implied an obligation to render back to the community (part of) the rent either in tax (goods or money) or in service. ³⁷

An examination of Byzantine Economics needs a separate study.

In closing this essay one final point must be emphasized. Plato stresses men's basic need for access to land and the satisfaction of this need is embodied in the social system he sketches out. But he is under no illusion that laws and regulations however good, will of themselves secure the liberty and happiness of people in society. Of course, there are better and worse forms of government, juster and unjust methods of administration, more and less liberal social structures. But if ignorance and greed are left unchecked, they will corrupt even the finest system of society. Greed will always seek to gain advantages and some men will exploit others. This will be avoided only if citizens realize the unity of the society, the unity of

³⁵ D. Musti's *Syria and the East in Cambridge Ancient History*, Hellenistic World, Vol. VIII, PtI, 2nd Ed, 1984, pp 199-200.

³⁶ E. G. Savvopoulos, *Georgios Gemistos Plethon*, Piraeus, 1961, (Mod. Greek) p 20.

³⁷ See also A. A. Vasiliev, *History of Byzantine Empire, 324-1453*, (Greek translation) IBC Hellas Ltd, Athens, 1973, p 795. Also J. Mamalakis, *G. Gemistos in Peloponnese*, (Mod. Greek) Athens, 1939, pp 78-92.

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all men, and recognize that the needs of others are not different from their own. This is a matter of education: the best possible education from the earliest possible age. When citizens grow up infused with principles of truth and through reason behave justly, then they shall enjoy harmony, liberty and happiness; then the economy will be truly free.
