

St Thomas Aquinas and the Theory of Wages

THE subject I have chosen for this short study may puzzle those who are not quite familiar with the great work of the Angelic Doctor and may amuse those versant with the prodigious edifice of the *Summa*.

To both I wish to point out from the start that, with all my love and admiration to the great Doctor, I am not going, in the course of this paper, to prove that St Thomas produced a complete and exhaustive theory of wages as we know it to-day, or that he even proposed to deal specifically with this problem. If we were to expect this from a man who lived in the thirteenth century, when the problem of wages as we know it to-day, did not exist, would be as unreasonable as if we were to examine whether St. Thomas ever condemned atomic warfare. But since the intellect of the Doctor was almost limitless, and so by following closely his principles we may deduce whether atomic warfare is lawful or not, so I hope I shall be able to show you that St Thomas gave us all the necessary principles which form the backbone of the current Catholic theory of wages.

A theory of wages, if it is not a theoretical or mathematical puzzle, must necessarily depend on the notion of economic life, which the economist who tries to advance the theory, must inevitably have. So let us see first the Doctor's concept of economic science. In 2, 2ae, q. 50, art. 3 of the *Summa* we find this **definition in the admirable** concise style proper only to the great Doctor: "Finis ultimus oeconomicae est totum bene vivere secundum domesticam conversationem". Here we find the first clue—a very important one, to the whole attitude of St Thomas to economic and social problems.

So, for the Angelic Doctor the ultimate scope is the welfare of man, but not just the welfare without any qualification. It is the welfare qualified by "totum". Let us pause for a little, since I shall have to recall your attention to this important definition later on, and see whether St Thomas' concept of Economics agrees or differs with that of modern non-Catholic economists. To-day economics has reached a stage when no ethical principles can have a place in economic analysis. Whether the behaviour of the consumer or that of the producer, of the wage earner or the

entrepreneur is being analysed, no judgment is valid if it happens to be based on ethical or moral principles. The trend is to reduce the economic science to the state of a pure science with scientific principles and deductions applicable only to the empirical phenomena of economic life. This trend is so clear and prominent in current economics that some leading economists, foremost among them Prof. Lionel Robbins (1), my professor in the London School of Economics, do not even approve of the idea of having an economics of welfare side by side with pure economics. For these the designation itself of welfare economics is simply absurd. But even if we were to discard this class of economists and were to study the works of the other economists who not only approve of the idea, but have also written outstanding works on the subject, such as Pigou, Pareto, Hicks and others, we find that their whole concept of the economics of welfare is wholly alien to the spirit of the Angelic Doctor. Their whole idea of welfare, in fact, can be easily reduced to two or three propositions which are essentially materialistic in their concept and lead to nowhere. This is one of the main reasons which made the other economists grin at the futility of any economics concerned with welfare. Summing up, their idea of welfare is one-sided: it may be the *bene vivere* of the individual, but it is not in any way the *totum bene vivere* which the Angelic Doctor had in mind. There cannot be any *bene vivere* if it is not *totum* at the same time. In other words for St Thomas you cannot divide the human personality into two distinct compartments, one concerned only with the economic exigencies of the animal element in man, and the other with the higher moral needs of the spiritual element. The human being is a *totum* and as such no economic welfare can be complete if it is not directed towards the *totum bene vivere* of the individual.

It is very important, I think, to hold this philosophical, or rather non philosophical, attitude of modern non-Catholic economists in mind, in order to appreciate adequately their position when they come to discuss the theory of wages. So before I shall give you the main elements of Thomistic thought which to my mind still forms the basis of the Catholic theory of wages, I hope you will allow me to delineate in a very sketchy form the theory current in non-Catholic economics. Space does not allow me to

(1) Cfr. "An Essay on the Nature and Significance of Economic Science",

discuss previous theories, which divorced of any ethical preoccupation, were the precursors of the theory prevailing in our times. Nevertheless, I feel that I must mention you just one theory, which though different from the theory I shall discuss, contains elements which make it suspiciously a distant cousin of the latter. I am alluding to the Subsistence Wage Theory or as it is sometimes called, the Iron Law of Wages. According to this theory humanity is by a law of nature divided into two classes: the wealthy class and the workers. These receive a wage which barely helps them and their family to subsist. This wage can never reach a certain level, i.e. it can never go beyond the subsistence level. If it were to be higher, the labourer will be encouraged to breed a greater number of children. Once this happens, the working class will surely increase in number and hence the supply on the part of the labour will increase more than the demand for it until the wage will have to be lowered to the subsistence level again. For Lassalle, the greatest exponent of this law, there is no way of escape out of this dilemma. What really worries any student of economic thought, however, is not Lassalle's law as such, though history and experience disproved long ago much of what he considered to be axiomatic, but the insistence of Lassalle on the rigidity of his law and the inevitability of the consequences emanating from it.

I have mentioned Lassalle's theory in the hope of demonstrating now how this element of rigidity and inevitability is still predominant in the current theory of wages, even if it is basically different from Lassalle's.

The modern theory of wages has two main elements: (i) the element of supply and demand; (ii) the marginal productivity theory. I shall give a short account of these elements immediately. As regards the first element there is no need for our purpose to give you a full description how this element still forms the core of the theory which is essentially still of liberal inspiration. Besides, the other element, the more important and decisive, contains also the first one. So this is briefly what economists have in mind when they write about the marginal productivity of labour. According to them the most important thing to consider whenever we want to estimate the value of the wage in a sphere of economic activity, is the size and the importance of the marginal product. For the sake of those among you who are not familiar with economists' terminology, the term marginal product is

applied in this case to the extra amount of output produced by the n th unit of factor labour which is just on the margin of being employed or refused employment. Now suppose, for example, that the n th unit of factor labour is capable of producing daily a product (the marginal product) at a value of 15 shillings. The entrepreneur in charge of firm X will employ n workers if the wage of other workers in the same occupation is equal to 15. Or to put the same thing in a different way, if the entrepreneur is free in fixing the wage he will give that wage which is equal to the value of the marginal product. If the State imposes a minimum wage, this reasoning applies just the same. He will employ men until that wage equals the value of the marginal product of the last man or men employed.

This is the gist of the marginal productivity theory of labour. I said before that this is the current theory of wages. Now I wish to point out that though, this theory is certainly the prevalent one at the moment, I do not want to imply, however, that it retains an undisputed position even among non-Catholic economists. Just to quote one representative opinion of unorthodox economists: "There is no such thing as a 'normal wage' or a natural rate of wages... The natural rate of wages, like the 'normal' world to which it belongs, exists only in books and in the minds of men" (2). The pains which Dennis H. Robertson of the Manchester School of Economics takes in order to dispel the fears and doubts of the other economists about the validity of this theory, show clearly that modern economists are not unanimous in their opinion about this theory (3).

Nevertheless the theory I have just described is, as I said, the prevalent one at the moment. This theory, as you can see for yourself, considers the worker as an article on the market, a commodity whose price fluctuates according to the trade situation. Even its value, the wage, is based on the same criteria as the value of a commodity. If this type of analysis is intended to give a rather scientific treatment to the wages-problem, but is, at the same time supplemented by a complementary analysis which would explain what the other aspects of the problem are, then no one can seriously object to this theory. Unluckily, however, economists stop here and the result is a soulless theory

(2) HAMILTON and MAY: "Control of Wages", p. 111.

(3) See "Wage Grumbles" in *Economic Fragments*, 1931.

which may delight only those whose interest does not lie beyond pure economic analysis.

How different does the Catholic theory of wages sound both in its principles and their implication? But I can assure you that if it were not for the teaching of the *Summa* our theory would never have been what it is. I shall explain myself in a minute.

The whole Catholic theory of wages is based on some very special notions about human personality, the nature and character of labour, the social aspect of ownership, the living wage and the family wage. All these special notions derive their unique meaning from the teachings of the Angelic Doctor. That is what I intend to show you in the remaining part of this paper.

No one before St Thomas gave such a complete picture and such sound teaching about the essence of "persona". It is with this right notion of what constitutes the person that the true idea of duties and rights could receive a precise meaning. *Ius inhaeret personae*, and so a right is a special characteristic of a being endowed with personality and hence it derives all its meaning and importance from a true notion of personality. This all important notion provides the essential difference between the Catholic teaching about the worker in the labour market and the modern theory of lay economics which I have already described. If the human person as such has an importance all of its own and carries with it inalienable rights and duties, then it can never be compared to a commodity, an article whose market value is solely dependent on the interplay of blind economic forces.

From this notion we can pass to the other essential notion of the nature and character of labour. About labour the *Summa* provides us with a definition of its scope. "Labor manualis", writes St Thomas, "ordinatur primo et principaliter ad victum querendum" (4). So when man works, his first and main concern is to make a living.—To be more precise, according to the definition of St Thomas, labour itself is intended for this purpose. So man's labour is not intended primarily for the purpose of increasing production, as it is held implicitly in the current theory of wages—production follows necessarily from labour, but it can never be the principal scope of labour, and consequently, the size of the marginal product can never be the only measure on which man's right for a living should be measured.

(4) 2, 2ae, q. 187, a. 3.

Pope Leo XIII in the "Rerum Novarum" echoes the teaching of the *Summa* when he writes: "...labour for wages is not a thing to be ashamed of, if we lend ear to right reason and Christian philosophy, but is to man's credit, enabling him to earn his living in an honourable way".

But St Thomas is much clearer about the nature of labour when he writes about the earnings of labour. "Id enim merces dicitur, quod alicui reocompensatur pro retributione operis vel laboris, quasi quoddam pretium ipsius. Unde sicut reddere iustum pretium pro re accepta ab aliquo est actus iustitiae, ita etiam reocompensare mercedem operis vel laboris est actus iustitiae. Iustitia autem aequalitas; quaedam est" (5).

I am sure you noticed the special emphasis laid by the Doctor on the qualifying adjective preceding *pretium*. So, for St Thomas, the wage is a *certain* price, a particular type of price and in this way he distinguishes it from the price of a commodity.

For far I have spoken of the general concept of St Thomas about labour and wages. We must now go a step further and enquire whether the Angelic Doctor by this "quoddam pretium" intended to include the living wage as well. The basic idea of Catholic sociologists whenever they discuss the earnings of labour is that there can be only one type of wage and this is the living wage. Referring again to the "Rerum Novarum" we notice that the Pope stresses all the time the need of this wage. A living wage is not a subsistence wage; it is a wage which should help the worker to live decently in a manner befitting an intelligent creature endowed by God with rights and duties whose source is man's immortal soul.

I think that also in this instance St Thomas is quite clear too: "Secundum quod labor manualis ordinatur ad victum quaerendum, cadit sub necessitate praecepti, prout est necessarium ad talem finem" (6). Notice the emphasis he lays on the words "cadit sub necessitate praecepti". We can easily deduce, then, that according to the Doctor, no wage will be in accordance with the tenets of justice, if it is not adequate to the vital needs of the worker. And knowing what the doctrine of St Thomas about man, his nature and scope is, there cannot be any doubt that the "merces laboris" of St Thomas is the living wage of the Encyclicals.

(5) 1, 2ae, q. 114, a. 1.

(6) 2, 2ae, p. 187, a. 3.

Recent and fairly recent Catholic sociologists have been teaching that the minimum should not only be a living wage but a family wage as well. In other words a minimum wage should provide for the needs of a normal family. This teaching has been officially endorsed by Pope Pius XI in the "Quadragesimo Anno". So our next question is: Has St Thomas included explicitly the family wage in his 'merces laboris'? Personally, I think we cannot find any text which could justify an affirmative answer. But we can certainly agree that it is contained implicitly in the texts I have already quoted. How can we imagine, for example, that if "labor manualis ordinatur primo et principaliter ad victum quaerendum" it should be applied only to the worker without taking into account his family towards which he is bound by special reasons and ties? And if the scope of economics is the "totum bene vivere" of the individual, how can this principle be saved if it does not include his family as well?

To this we may add a further argument; it is an indirect argument but, to my mind, it has its weight too. If we were to examine the best contribution of St Thomas to modern sociology, we would not hesitate to assign this place to his doctrine about private ownership. There are no arguments clearer than his to defend both the right of private property and its social function. About the social function, he writes: "...aliud vero quod competit homini circa res exteriores et usus ipsarum; et quantum ad hoc non debet homo habere res exteriores uti proprias, sed ut communes, at scilicet de facili eas communicet in necessitate aliorum" (7).

Together with other texts, especially those where he shows what constitutes the "superfluous", St Thomas' mind is explicit that after a certain limit, private ownership should be used in such a way that through it may benefit even those who form what in modern times is called the propertyless class. So, having due regard to the social function of ownership, we can rightly say that the worker, besides having by nature a right to a decent wage, is entitled to it also on account of another title: the social function of ownership.

I hope now I may be allowed to translate into the simple language of the Angelic Doctor the modern theory of wages and show you, in a conclusive manner, how truly all the necessary

(7) 2, 2ae, q. 66, a. 2.

elements are to be found in the *Summa*. This is how the translation goes :

Man works in order to earn a living. The earnings he receives in compensation for his work are only a particular kind of price for man's work, which is an emanation of his intellect and will and as such can never have an adequate material value. Hence a real wage is that wage whereby a man can satisfy his needs according to his nature. This type of wage is due to him *ex iustitia*. But man as a worker often has to provide for the needs of a family. Ergo, *ex iustitia* he is entitled to a family wage too. In this way, and in this way alone, the main scope of economic life, i.e. the total welfare of the individual, will be achieved.

I wonder if in the *Summa* any of the essential elements of the modern theory of wages is missing. I doubt that very much. I am sure, however, of one thing : that the modern Catholic sociologist can find in the Angelic Doctor's Masterpiece most of the tools he needs for his job.

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