

A Just Defence of Just Prices

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The row over exorbitant salaries for the bosses of private monopolies has resurrected an ancient belief: namely that we can distinguish just from unjust prices. 'Just prices' — as distinct from prices set by market forces and the profit motive — once formed part of the 'moral economy'. A just price for some article had to be proportionate to the amount of work that went into making it and to the contribution it made to the common good.

The great enemies of justice in fixing prices were (and are) 'damnable avarice, sensuality and pride' (as the fourteenth century writer Henry of Langenstein rightly remarked). His views resonate loudly today in the columns of the newspapers and on the tops of Clapham omnibuses. But they can hardly be squared with the economics of Adam Smith or his modern disciples. For the tradition which Smith initiated put things asunder which the earlier tradition regarded as having been joined together by natural law and ultimately by God: in particular, ethics and politics (and therefore economics).

A commentary by an eighteenth-century Spanish scholastic on Adam Smith's political economy may seem an unlikely place in which to find a sharp and telling critique of 'the state we're in' (to use Will Hutton's punning phrase). Yet (as Scott Meikle's recent article in the February 1995 *New Blackfriars* shows) Fray Antonio de la Santísima Trinidad, who was appointed in 1791 by the Spanish Inquisition to examine *The Wealth of Nations*, was able to reveal something fundamentally amoral with the ideology which afflicts contemporary Britain. For Antonio's main point is that Adam Smith, having followed Hobbes and Hume in dismissing 'school metaphysics (i.e. Aristotle) inevitably turned economics into a 'science' altogether independent of genuine ethics. (This was never true of Marx, whom Tawney called 'the last of the schoolmen', German education having retained metaphysical assumptions which Smith consigned to the dustbin).

Smith's fundamental mistake concerns 'exchange value'. There is a distinction between the value a thing has because of its practical

usefulness and its 'exchange value' (i.e. what it can be traded for in the market). The latter is what the *Wealth of Nations* is all about. But what sort of an entity is this 'exchange value'? To put the question in Aristotle's terms, into which *category* should it be put? Is a thing's 'exchange value' a property it has, or merely a relation it bears to something else? Here is a crucial, if seemingly pedantic dilemma. Now neo-classical economics, with its anti-metaphysical bias, argues that exchange value cannot be a property because you can't see a thing's 'exchange value' in the way you can see (say) its colour. Yet surely a moment's reflection tells us that for trading purposes a ton of coal equals (say) a bushel of wheat only if their respective 'exchange values' are already commensurable. Exchange value therefore has to be a *property* whereby the two things are mutually commensurate — and so exchangeable by barter or for money.

It is true that this invisible property is a piece of 'school metaphysics' in Smith's terms. No wonder neoclassical economists tried to get rid of it, by misunderstanding it as what Aristotle would have called a relation. But worse was to follow; for along with traditional metaphysics the ethics which depended upon it also had to be expunged from political economy, and hence from the politics which was bound up with it. A new kind of anti-metaphysical ethic, based wholly on empirical calculation, had to be invented to fill the gap. It was called utilitarianism.

Proportionality, the foundation of just price theory, was thus uprooted from its place in the undergrowth of economics, becoming no more than the dead brushwood of a once living ecosystem. No wonder its survival in another part of the forest of theory where people are still talking about just prices, namely in the use of proportionate military force for peacekeeping purposes, has become equally problematic. For the need to pay only a just price, and no more, in using military force (what the just war theorists call the proportionality criterion) is as much a piece of school metaphysics as the just price in the moral economy. Yet today its application to any particular concrete problem becomes no more than a matter of private opinion, or even whim, as with Michael Portillo's judgement that the recent attacks by Israel against Lebanon are 'not disproportionate'. How could it be otherwise, given the absence of any theory adequate to sustain it? — that is, given the prevalence of utilitarian calculation as a substitute for genuine ethics? Clausewitz, who understood the rootlessness of the utilitarian version of justice prevalent in his own day, rightly dismissed it as practically worthless in discussing the rights and wrongs of war. The result today, after Clausewitz, is evident for all to

see. For example, Sir Peter de la Billiere vouchsafed it as his private opinion that 1700 British deaths, had they occurred in the war against Saddam Hussein, would have been a disproportionately large number. Boris Yeltsin has given it as his opinion that many times that number of Russian deaths should be accepted as wholly proportionate in quelling Chechnya. Robert McNamara thinks that after suffering only 78 deaths the Americans ought to have got out of Vietnam in 1963. Who can possibly say which (if any) of these judgements is correct? Can such verdicts be anything more than purely private opinions, when each man simply sets out his stall and invites potential customers to consider the value of his wares against those of his competitors? Ethics without metaphysics has to find its niche in the only remaining place: the market-place. Thus military prices, even in soldiers lives, are determined by what the market will bear.

Is there any way back? Could a new moral economy help us to revive the idea of a just price for things made and services done, and thus of a proportionality which was not limited to the market-place? Certainly the passions aroused by public disgust with the avarice, sensuality and pride of the undeserving millionaires who run much of our life in post-Thatcherite Britain would suggest so. But the issue is even more important — if politically less salient — in the case of proportionate military force. For the question of proportionality in e.g. the use of NATO and Russian troops in Bosnia, or indeed in future interventions elsewhere, is at the very centre of the debate on the ethics of intervention. Unless it becomes once more possible to arrive at a coherent theory of just proportionality between ends and means the justice of peace-keeping/peace enforcement/ peace building will forever remain in doubt. Recovering an understanding of the metaphysics of proportionality is thus an extremely urgent *practical* task.