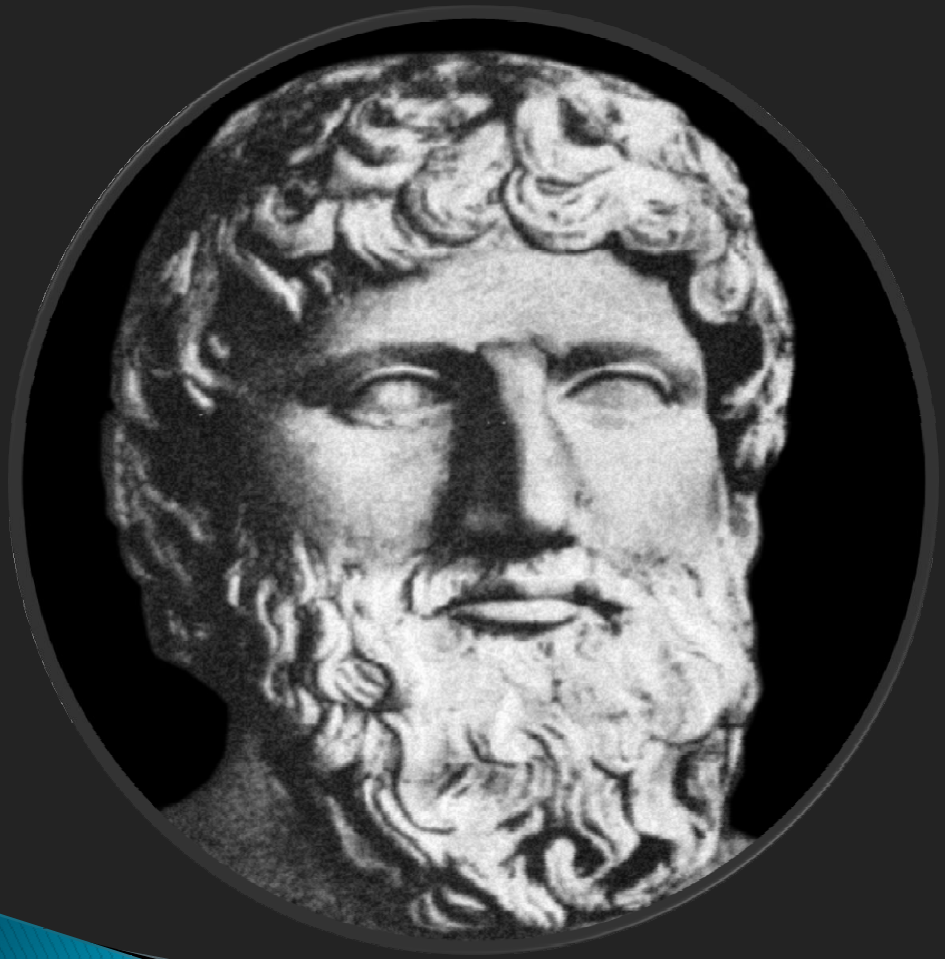
Greek Philosophers of Economics

Plato B.c. 428 – B.c. 347

Plato



Plato was philosopher, mathematician, writter of philosophical dialogues, poet and, not least, founder of the Academy in Athens`

Plato's definition of economics

- "Economics is the science which deals with the satisfaction of human wants through exchange, seeking so to regulate the industries of the state as to make its citizens good and happy, and so to promote the highest well-being of the whole."

1. Need and Role of State

- Plato was concerned about the ideal state. 'State arises out of the need of the mankind'
- In Plato's ideal state there are two classes namely rulers and ruled. '
- *Rulers are kings and warriors and the ruled are artisans and unskilled labours'.*
- *Both the ruling class and the military class are forbidden to possess any private property or any money.*
- Plato claimed that government should be in the hands of the most able members of society - the *aristocracy*.
- Kings are to be trained and educated from early childhood and should be asked to pass examination at the age of thirty.
- The guardians should live in a kind of communistic community with no personal property and rule over others, (*Republic* and the *Laws*.)
- Plato made a point about how much inequality should be allowed.

No one should have less than a minimum size holding and no one more than four times that.

2. Division of Labour

- Plato means it as division of employment. The needs of mankind are food, shelter and clothing and state needs division of labour to do all these works. According the quality of individual they have to do the work.
- Division of labour in to various trade will increase economic welfare.
- Plato's division of labour determines market not as Smith's 'market determines division of labour'
- Division of labour is due to difference in skill.

3. On Population

- Careful regulation of population will keep the economy stable.
- Optimum size of population is 5040.
- Optimum size helps people to know one another and help the economy to be self sufficient.
- If population size decreases state should give prizes to have population growth, and if increases new colonies should be formed.

4. Money

- Money is a medium of exchange.
- Suggested to use coins for wages and other transactions.
- Plato wanted the state to have common currency for the use of travellers, visitors and foreigners.

5. Interest

- Plato prohibited interest taken for loans, but later on he permitted interest as a penalty for delayed payment.

6. Value

- Value is the inherent quality of the commodity. Man should not attempt to charge more than the value of the commodity.