



**Austrian analysis of Plato's The Republic:
"Was Plato really a supporter of centralized
governance?"**

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Introduction:

It was an extraordinary time for the world, when democracy in Athens flourished and many great philosophers walked the earth. Small Greek independent city states called the *polis* were the cultural centers at that time. *Polis* was the fundamental political and social unit for the Greeks. As in majority of the human societies that we have undergone through, in our long evolution, the Greeks managed to establish strong hierarchy which served as a corner stone of their whole society - but this hierarchy, did not ultimately lay with the *polis*, and we cannot speak about the bureaucracy in a modern sense of the word. The *polis*, generally speaking was not the place where one discussed how to care for basic needs of the citizens - as it is a norm in today's welfare states (there are some occasional exceptions, e.g. when the Athenians needed to reject a treaty with Persia because the conditions would have interfered with the importation of grain). The city (*polis*) was the realm where one debated justice, the distribution of honors, who should hold power in the city, war, empire, etc. It differs from how we understand our modern welfare state and what it should provide for the citizens. Our state, unlike the *polis* does not actually go so far as to ensure that man reaches his end. Aristotle says in his book the *Politics* that, "the whole must of necessity be prior to the part..."¹ In other words - *polis* is more important than the individual household - *oikos*. Although we can claim that cornerstone of their society was to be found precisely with those individual households (*oikoi*). It is derived from the word - *oikonomia* which means literally - law of the household. The term itself is supposedly a creation of Theophrastus who was a student of the famous Aristotle. But, to really understand the *polis* and the society we must examine the situation from the bottom. "He who thus considers things in their first growth and origin, whether a state or anything else, will obtain the clearest view of them."²

When we simply talk about the economics we put under this term various categories. Whether it is the economics of the whole world, single individual or things that are simply connected with the currencies/money (stocks, bonds etc.). The Greeks looked on the situation differently. Of course, there was probably some sort of an interference from the government, but it was not certainly possible on such a scale as it is nowadays, because of modern technologies and gigantic bureaucracies involved with nearly everything that is primarily productive. First thing, that we have to have in mind all of the time, is that when we read dialogues of Socrates and we find that he somehow mentions economics, it is something quite different from what

1 Aristotle, *Politics* (Dover Thrift, 2000), Book 1 Chapter 2 p.6

2 Aristotle, *Politics* (Dover Thrift, 2000), Book 1 Chapter 2 p.4

we came to understand under the term right now.

Now, it is important to show that Plato was able to contribute to economics with very important concepts as the thesis is going to illustrate. Plato's *Republic* is not merely a philosophical work. It encompasses various fairly "modern" sciences. But economics is, of course, very important part of it. Without it, it would crumble. The whole concept would not be functional. Because there is no society, whether real or imaginary in the world, that is able to function without economics. Albeit at the most basic level.

Mechanized industrialization and mass production of goods was something virtually non-existent in the Greek *polis*. There were no modern factories, no assigned amount of work hours etc. Menial jobs were done by slaves. So even if we try to fantasize that by some miracle, modern coal factory would have appeared right in the middle of the Athens it would be most likely slaves that would be put to work in them. And I dare to say that *polis* would not interfere in the matter, especially when it would be slaves working in the factories. Situation might be different if it would be actual Greek citizens that would work in it. "*Slaves who worked in the silver mines of Athens, for example, worked in dangerous conditions in large numbers (as many as 10,000 at a time) and had virtually no contact with their owners that could result in human bonds of affection (they were usually leased out).*"³ Slaves were a property. Nothing more. Especially those that lived totally separated from their masters. It is important to know, that cities were not the place where the production itself happened. People that lived in the cities were consumers rather than producers. Emphasis was put on the agriculture, "*Most production, therefore, was carried out in the countryside and cities were net consumers rather than producers, living off the surplus of the countryside. With limited technology and no understanding of economies of scale, cities were not hubs of industry, and manufacturing existed only on a small scale. Cities were mainly places for people to live as well as religious and governmental centers. Their contribution to the economy was only to demand the surplus produce of the countryside, manufacture limited amounts of goods, and provide market places and ports of trade for the exchange of goods.*"⁴ Our modern state it is different. Cities are the great consumers but producers as well, mainly because of the industrialization. Agriculture is

3 DarelEngen,TheEconomyofAncientGreece.(EH.Net encyclopedia, edited by RobertWhaples (July 2004) <<http://eh.net/encyclopedia/article/engen.greece>> [accessed November 11,2013]

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mostly separated from the core of the cities. But, many products used for food consumption are often created and assembled in the cities directly, to eliminate costs of the transport. Absolute necessities (grain, corn etc.) are still produced out of the cities, but final products like bread etc. are baked quite often directly in the cities.

Another important difference is the existence of the bureaucracy. Very essence of the bureaucracy is that it tries to plan the actions of its citizens. It organizes and coordinates their efforts. Whether it is more or less effective than spontaneous order I dare not to judge. And it appears that the creation of big bureaucracy is according to Hayek first step towards the road to totalitarianism. But it is obvious that Greeks *polis* was not in control of a big bureaucratic apparatus. It was out of honor more than out of coercion or monetary gain that people got together and took active part in the activities of their *polis*. Only really active bureaucratic apparatus in *the polis* will be created out of auxiliaries. Which are more similar to today's policeman rather than bureaucrats.

Lastly, probably the biggest difference is the non-existence of the real international markets. Nowadays we are so used to its benefits that we no longer pay any special attention to it. But international markets are one of the most important things about modern day capitalism. It is only thanks to the international trade that we are able to significantly reduce prices of products and engage in the industrialization and cheap massive production of goods. Greeks had none of these tools at their disposal. Mainly because of the insufficient technology. It was too difficult and it simply took too long to engage in the profitable international trade.

There is no government and no economics in our modern sense of word yet in existence, at the time when Plato writes his famous work. Of course, there are equivalents to our modern money and even some sort of primitive currency exchange markets. But Greeks did not have bonds, stock market and financial crises in such a way as we have them now. But neither can we claim that they have lived in the genuinely free-market society, where capitalism at its best and equality of chances bloomed. It is problematic to even call the Greek system capitalism at all. *"A life on the land, farming to produce only so much as was needed for consumption and leaving enough leisure time for active participation in the public life of the polis, was the social ideal. Production and exchange were to be undertaken only for personal need, to help out friends, or to benefit the community as a*

whole. Such activities were not to be undertaken simply to make a profit and certainly not to obtain capital for future investment and economic growth."⁵ And what else is the very essence of the capitalism, than to invest your money and watch them grow in order to gain more profit? Greek values at that time were simply of a different kind than ours.

Anarcho-capitalist Murray Rothbard has also written his own analysis of *the Republic* and the Greek philosophy. It is part of his much larger set of books called - *Austrian Perspective on the History of Economic Thought*. In this particular text, he gives us his own interpretation of the Platonic philosophy and his famous *Republic* amongst many other concepts. He claims that Plato was a supporter of the ,*theoretical right-wing collectivist utopias*"⁶. He is thus probably inspired by Popper's text. All his critique of *the Republic* is quite similar to Popper's claims, although Rothbard most definitely does not support all Popper's claims ,*"Unfortunately, Popper confuses the political totalitarianism of Plato with the spurious tyranny allegedly implied by the fact that Plato believed in absolute truth and in rational ethics. To a modern, wishy-washy ad hoc metaphysician like Popper, any firm belief in truth, in black and white, smacks of "dogmatism" and "despotism."* "⁷. Rothbard says also the following, *"To keep the elite and the subject masses in line, Plato instructs the philosopher—rulers to spread the "noble" lie that they themselves are descended from the gods whereas the other classes are of inferior heritage."*⁸ This line is quite manipulative and mostly untrue. Socrates does not consider others to be of inferior heritage. Neither it is done to keep the masses in line, as Rothbard implies. Socrates differentiates people into 4 categories, so that he can take the private property from gold/silver classes. Because property and wealth would turn them into oligarchs. It is done to make them the best rulers and protectors. Goal of this differentiation is to achieve greater good for the bronze/iron classes and not vice versa. And also, we cannot forget that this differentiation is not carved in stone. As Socrates says, *"...sometimes happens that a silver child will be born from a golden parent, a golden child from a silver parent, and similarly all the others from each other..."*⁹ People can freely move between those classes. In fact, it is the most important assignment of the rulers to keep

5 Darel Engen, *The Economy of Ancient Greece*. (EH.Net encyclopedia, edited by Robert Whaples (July 2004) <<http://eh.net/encyclopedia/article/engen.greece>> [accessed November 11, 2013])

6 Murray N. Rothbard, *Austrian Perspective on the History of Economic Thought*. (Ludwig von Mises Institute: 1995), Sub-Chapter 1.5

7 Murray N. Rothbard, *Austrian Perspective on the History of Economic Thought*. (Ludwig von Mises Institute: 1995), Sub-Chapter 1.5

8 Murray N. Rothbard, *Austrian Perspective on the History of Economic Thought*. (Ludwig von Mises Institute: 1995), Sub-Chapter 1.5

9 Allan Bloom, *The Republic of Plato*. (New York: Basic Books 1968-2nd ed 1991), 415b,c

watch for talented individuals. Now of course, we might argue (and I dare to say that Rothbard certainly would) that it is not much better. Because there is no guarantee that ruling classes will not become corrupted and would not manipulate bronze/iron as they want. And yes, we would call something like this by today's standards propaganda and not a "noble lie". There is also the matter of regulated music and other aspects of freedom, that we consider by today's standard "normal" (freedom of speech, music etc.) that Socrates argue should be regulated. *"The arts are frowned on, and the life of the citizens was to be policed to suppress any dangerous thoughts or ideas that might come to the surface."*¹⁰ Arts are certainly not frowned upon, Socrates considers them very important part of the *polis*. But they are not to be used for "fun". Their goal is to shape its citizens to better fulfill their roles in the society and not to stray them away from the idea of common good for the *polis*. Rothbard goes so far that he branded Plato the first author that will support the fiat government currency and would advocate abolishment of gold and silver as the main currencies. *"Plato called for a government fiat currency, heavy fines on the importation of gold from outside the city-state, and the exclusion from citizenship of all traders and workers who deal with money."*¹¹ I was not able to support neither revoke those claims. Because unfortunately Rothbard does not offer us any specific sources.

Plato is the very first thinker that came up with the concept of division of the labour. We can think of Plato as the godfather of nearly all Western economists. Even if they were not influenced by this concept directly. Main reason why people tend to form societies is to better and more effectively acquire the ability to fulfill their basic needs. But Plato concentrates on the city as a whole, because he expects the results to be applicable on the individual as well. People in Plato's *polis* will live together and help each other to assure mutual gain. In this manner it is possible for them to have slaves. But it is important to note that Socrates does not say very much about the subject of slavery in the whole *Republic*. Only specific mention can be found at 469b, where he claims that it is superior not to enslave fellow Greeks. Aristotle discusses the presence of slaves in the "city in speech" in *the Politics, Book II*, but as Aristotle rightly notes, slaves are not properly discussed in the *Republic* itself.

"Well, then," I said, "a city, as I believe, comes into being because each of us isn't self-

10 Murray N. Rothbard, *Austrian Perspective on the History of Economic Thought*. (Ludwig von Mises Institute:1995), Sub-Chapter 1.5

11 Murray N. Rothbard, *Austrian Perspective on the History of Economic Thought*. (Ludwig von Mises Institute:1995), Sub-Chapter 1.5

sufficient but is in need of much."¹². So the question that remains is, how are those economic activities going to be organized? We are presented with the very first system of division of labor. It is important to understand that Socrates will emphasize that there are natural productive differences between individual humans. Someone is stronger, smaller, more intelligent etc. In other words, someone is better at physical work, somebody is more suited for a skill that requires more agility etc. "...each of us is naturally not quite like anyone else, but rather differs in his nature; different men are apt for the accomplishment of different jobs."¹³ Another important point, that he realizes is that he becomes aware of the fact, that daily exercise (habituation) is a great way how to improve the skill. In other words, he wants people to specialize in something. And the last point, that he makes is that there are certain jobs in the society, that requires people to be available all the time for them, even though they will not be occupied every second. For example the firemen, doctors etc. This concept of division of labor is quite clearly reflected later, when Socrates starts to sketch out layers in his city - gold, silver, bronze, iron. Each class has its own work assigned and concentrates on something very specific, but the individuals themselves can move between the classes as I have already discussed before.

Can we then claim that Socrates would like to have some sort of a welfare system in the City in Speech? Not in the modern sense. People will be taken care of, if they have their purpose in the society and if they become horribly poor and they will be regulated if they become far too wealthy. "...since the one produces luxury, idleness, and innovation, while the other produces illiberality and wrongdoing as well as innovation."¹⁴ But this is not going to be done because of some empathy etc. As far as the golden/silver classes are concerned. This is also not the modern welfare-state because there is no redistribution of wealth. They are simply paid wages for their leadership as discussed in previous chapters. It is simply more effective for the city. City in speech would be much smaller than our current gigantic cities. We cannot have city of New York or London in mind, when we try to put together Plato's fabled city. It would be smaller and regulations would be more precise on such a small scale. Philosophers will not have need for gold and trinkets. Their basic needs will be taken care of by the lower classes. Their prize will be the virtue. And everything will be plentiful, because of their great leadership. Or maybe not? Nevertheless,

12 AllanBloom,*TheRepublic of Plato*.(New York: Basic Books 1968-2nd ed 1991), 369b

13 AllanBloom,*TheRepublic of Plato*.(New York: Basic Books 1968-2nd ed 1991), 370b

14 AllanBloom,*TheRepublic of Plato*.(New York: Basic Books 1968-2nd ed 1991), 421e,422a

I hope that I have illustrated properly that we have to look at Plato's famous work in a broader context. And take into considerations many different factors, before we proclaim him as the forefather of the communists.

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