



Leonine Institute
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The Just Price

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In response to COVID-19 outbreak in the U.S., a range of policies has been implemented that would have been unthinkable just six months ago. We rise every morning to a worsening situation; the economy is crippled and unemployment has skyrocketed. In response, the federal government has distributed nearly two trillion dollars in stimulus funds including direct payments, business grants and loans, and a boost in unemployment benefits. Still, 28 million Americans face homelessness.

Now is the time to push for an economic policy mindset more concerned with human dignity than the pleasuring of the coffers of the extravagantly wealthy power-wielders. The conversation is being rightly oriented towards more family-oriented policy. To further this, I believe, we must discuss the position held on Just Price theory.

Like virtually all Western ideas, Just Price theory's rootstock is found in the ancient Greeks. By this it is meant the idea of Justice itself and its definition given to us by Socrates. Building on the Greeks, St. Thomas Aquinas sought to expand the idea of Just Price theory. For Thomas, buying and selling are to be spoken of in two ways. First, the common advantage for both parties to a given transaction has been established, and the sale of a thing for what it is actually worth is preserved.

What does this mean? It means John is going to sell Peter X, John desires the money Peter possesses and Peter desires the thing (X) to be exchanged for said money. John, for Justice to prevail, must sell X at a price which is equal (neither significantly more nor less) to the actual worth of X. As Thomas teaches: "to sell a thing for more than its worth, or to buy it for less than its worth, is in itself unjust and unlawful."¹ This way of buying is preceded by the absence of advantage of John over Peter or Peter of John.

The Second way to speak of buying and selling, to Thomas, is the accidental advantage of one over the other. Thomas states that if a man has great need for X, and one who possesses X would be at a great loss without X, the price of that thing in question would depend both on its actual cost to procure as well as the loss taken by the seller. Thomas writes, " And thus it will be lawful to sell a thing for more than it is worth in itself, though the price paid be not more than it is worth to the owner."² Thomas says two very significant things after this,

Yet if the one man derive a great advantage by becoming possessed of the other man's property, and the seller be not at a loss through being without that thing, the latter ought not to raise the price, because the advantage accruing to the

¹ Aquinas, Thomas *Summa Theologiae* q. LXXVII Art. I

² Ibid.



buyer, is not due to the seller, but to a circumstance affecting the buyer... On the other hand if a man find that he derives great advantage from something he has bought, he may, of his own accord, pay the seller something over and above: and this pertains to his honesty.³

If there is no great loss on the part of the seller, but a great advantage on the part of the buyer upon acquiring X, the price cannot be raised for it would be a violation of Justice. However, that being said, a man conscious of such a great advantage derived from the acquisition of X may, out of honesty, offer to pay the seller more than the price asked. Outside of that, however, the price of a thing to-be-sold ought to depend solely on the cost of procuring it, including a reasonable profit to the seller, not merely the demand of the buyer.

It is both charity and honesty which compels the man to, of his own accord, offer more to the seller than is being asked. Thomas states that it is wrong, and indeed sinful, to charge a person a price for a thing which is more than it is worth. Thomas further writes that the situation of the buyer, that being their need for the item at hand, ought not affect the price of said item. With that idea of demand and its effect on price in mind, Thomas suggests that charging a higher price for a thing which the seller willfully sells and the buyer needs, is malicious theft. Thomas writes, "It is altogether sinful to have recourse to deceit in order to sell a thing for more than its just price, because this is to deceive one's neighbor so as to injure him."⁴

It is to take advantage of those in need to charge a price higher than the actual worth of a thing. An example of this issue would be, if there were a pandemic sweeping across the land and X was essential to fighting the pandemic and those who would be the source of X, increase the price of X in response to said pandemic. This would be an overt violation of Divine Law as well as Justice.

Thomas states that there is no mathematical precision in determining a Just Price. That means Justice would not be destroyed by a slight increase or decrease in price. However, Divine Law requires Justice and the nefarious violation of Justice in a transaction would be punished by God. If a seller were to dispose of an item, without employing deceit, for more than it is worth, or a buyer acquire an item for less than it is worth, again without deceit, this would be a licit transaction. However, if by deceit, one acquires more than which is owed to them, restitution should be made.

³ Ibid.

⁴ Ibid.



It is interesting to note that Apple, in September of 2019, released the iPhone 11 Pro Max. The total cost of the production (except marketing and R&D) of that iPhone is \$490. The sale price of said iPhone? Well for a 64GB device it is \$1,099, for a 256GB device \$1,249, and for a 512GB device \$1,449. Though this does not include the costs of marketing or research the price for the device itself, depending on the size of its storage, can range from two to three times the manufacturing cost. Is it plausible that such a price represents a just profit to Apple?

In a similar vein the great Englishman C. H. Douglas, in his economic reform movement, sought to reinvigorate the idea of Just price within his true price theory. Douglas suggested that the cost of a thing is measured by the cost of physical production, setting a price for X based on its cost to procure. He states, “Producers would continue to receive cost plus profit, but consumers would only pay the ‘true price’ for their purchases.”⁵ This idea of “true price” is echoing imperfectly the idea of Just price spawned in the Greeks and nurtured by Thomas. A consistent violation of Justice in a society decays the fabric of an ordered civilization, namely, Justice itself.

Mircea Eliade once said, “For traditional societies, all the important acts of life were revealed, *ab origine*, by gods or heroes. Men only repeat the exemplary and paradigmatic gestures ad infinitum.”⁶ This statement expresses exactly the sentiment we hold. The consistent nurturing of Justice in our civilization, bequeathed to us by the Ancients, who are not gods but heroes themselves, must prevail today. For it to prevail, we must balk at any attempt to violate it for some “monetary good” that violates the common good. We must, at all costs, fight for the triumph of Justice, Order, and Obedience in all things.

⁵ Nielsen, Martin "An Engineer's View of an Ideal Society" p 99-100

⁶ Dadosky, John "The Structure of Religious Knowing: Encountering the Sacred in Eliade and Lonergan" pg. 103