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GEORGIOS GEMISTOS-PLETHON ON ECONOMIC POLICY

Introduction

The famous philosopher and advisor of Byzantine leaders Georgios Plethon Gemistos (1355-1452) was a social scientist who associated scientific accuracy with his deduced suggestions for a social and economic reformulation of Byzantine empire.¹

In order to develop a normative analysis of an attainable “best society”, he claimed (1438-40, pp. 13-4, 19-21) that, above all else, the scientific method, using the processes of introspection and deduction, must be applied when analysing human nature and capabilities. In the first part of this paper, Plethon’s views regarding the self-interest motive and behaviour of politicians and civil servants and the resultant social and economic effects are presented. In the second part, his economic policy proposals for the elimination of the state’s negative consequences are analysed. Although, as we shall see, Plethon developed some interesting economic ideas which later on were incorporated into the corpus of economic theory, his relevant impact will not be detailed in this paper.

I. The self-interest motive of the statesmen

Plethon, in several of his «advisory» epistles (e.g. 1414, p. 131), stressed that the Byzantine Empire and some of its territories, such as the Peloponnesus were ruled under a «bad» government. He clearly recognized the following causes of such a damaging governance: (a) the impact of foreign enemies (1418, pp. 237, 239); (b) the self-interested behaviour of statesmen (1438-40, p. 12); and (c) the

1. For detailed biography of Plethon, see Spentzas (1964), Baloglou (2001, 2002).

corruption of the members of the state machine (1416, p. 147). By accepting the principle that the statesman must be the «servant of the people», Plethon turned against any feudal structure of economy (1414, p. 135). Thus, he emphatically suggested (1416, pp. 155, 177) that all those belonging to the superior part of the state machine, such as civil servants and soldiers, must not be permitted to exercise any economic task as their productivity would be decreased, and additionally, they would be able to exploit others economically by exercising power over them.

Plethon, who admired the «golden age» of ancient Greece, did not fully accept the argument that monarchy is originated by «God's will», although he recognized its hereditary character (1416, p. 143; 1418, p. 217). Relative to this concept, he argued that the main function of government is the protection of individuals' property rights and peoples' freedom. Thus, it seems that he regarded sovereignty as a kind of «social contract» - a theory developed during the 17th century by T. Hobbes and John Locke.² Within such a framework, Plethon ascribed (1416, p. 173) a paternalistic role to the statesman such as was developed later during 18th century by Sir James Steuart in his *An Inquiry into the Principles of Political Oeconomy* (1767).³

However Plethon was well aware of the various human weaknesses of the statesman and his civil advisors. Thus, he suggested (1416, p. 153) that the selection of civil servants and advisors be based mainly upon their special knowledge and non self-interested behaviour.⁴ Also, he suggested (1416, p. 175) that all civil servants be chosen using objective criteria, namely that of meritocracy, and that their corruption be severely punished.

II. Economic policy suggestions

Plethon propagated the concept of intensive state economic intervention (although he recognized some negative effects accrued by the function of the state machine), mainly because he wished the reinforcement of social coherence in order to maintain national freedom and the reestablishment of some strategic institutions. By attributing a paternalistic role to the statesman and developing an in-

2. For such a theory, see Karayiannis (1998, p. 304); Bernstein (1999, pp. 24-5).

3. For an analysis of Steuart's relevant theory, see Karayiannis (1994).

4. In a way similar to that which the champion of mixed economy in our days John Maynard Keynes has proposed (see Karayiannis, Petridis, 2001).

tensive interventionist economic policy, Plethon may be considered a predecessor of various more modern mercantilistic theories and policy suggestions (see Spentzas, 1964, pp. 135-7). Let us see upon what grounds he justified his relevant economic policy.

He distinguished (1416, p. 153; see also Spentzas, 1964, pp. 57-8, 89) three different classes: the agricultural class, the class of manufacturers and merchants, and the class of statesmen and civil servants.

The production of basic goods for subsistence is the main contribution of the first class. The second class includes both the manufacturers, who through the accumulation and investment of capital increase the productivity of labour and the supply of manufactured goods⁵ and the merchants, who contribute in the following ways: (a) Through wholesale activity the various disequilibrium of quantities and prices among different individuals and places are eliminated (1416, p. 153).⁶ (b) Through the retail trade activity, time is saved and thus the productive efficiency of economy is increased (1416, p. 155).⁷ The third class, comprising statesmen and civil servants, contributes to the protection of civil freedom, of property rights and to the enforcement of law and justice (1416, p. 161; 1418, pp. 223, 225; see also Spentzas, 1964, pp. 79-81).

The reward of individuals belonging to the first and second class, for Plethon, seems to be determined by the market forces, while that of the third class is determined by statesmen and positively related with public revenues (mainly by taxes) (1416, p. 155; 1418, pp. 219, 221).⁸

Plethon's main economic policy suggestions may be summarized in the following:

(1) The introduction of a new taxation system based upon four principles of tax assumption: (a) the equal treatment of citizens according to their rate of wealth; (b) the certainty of taxes; (c) that citizens be able to pay their taxes without decreasing their productive efficiency; and (d) a low cost of tax collection (1416, pp.

5. Plethon (1438-40, p. 91) specified that through technological improvements the productivity of labour is increased.

6. Such a function was perfectly analysed by Aristotle, *Politics*, I 1257a 15-30.

7. This positive effect of the retail trade activity was recognized by Plato, *Republic*, 371 C-D and particularly emphasized by Isocrates, *Panegyricus*, 42.

8. Plethon (1418, pp. 225, 233) developed a functional income distribution to the three main economic factors, namely: labour, capital and the state machine. Thus, he turned against land rent as a justified reward of the variability of land fertility and suggested the communal property and use of land.

159-61, 179).⁹ Thus, Plethon became a predecessor of the main principles of taxation developed later in 18th century literature and mainly by Adam Smith (see Spentzas, 1964, pp. 122-3, Baloglou, 2001, ch. 3). Also, Plethon proposed (Ibid.) the introduction and use of a single tax imposed proportionally upon agricultural production, and thus he also became a forerunner of the relevant Physiocratic theory (Spentzas, 1964, pp. 114-5, 135, 139, Baloglou, 2001, ch. 2).

(2) The concept that soldiers must be exempted from taxation (1414, p. 133; 1416, pp. 157, 177; 1418, p. 223).

(3) The introduction of a duty system for imports and exports on such a scale as to promote the productive efficiency of economy. He argued (1416, p. 163; see also Spentzas, 1964, pp. 118, 120, 129) in behalf of a self-sufficient economy where the importation of some goods must be restricted (particularly luxury goods) and the exportation of necessary goods- an idea already put-forward by Plato (*Laws*, 847 B-C). Into his autarky strategy Plethon proposed the substitution of imports and foreign currencies with home products and currency (1416, p. 163; 1418, pp. 237, 239; see also Stavropoulos, 1963, p. 26; Spentzas, 1964, pp. 99-106).

(4) His opposition to the prevailing luxurious standard of living and his suggested diminution of the production and importation of luxury goods. He justified his hostility to luxurious living, mainly of the ruling class (civil servants and rich), because he regarded it to be a principal cause of increased public expense, as well as the self-interested behaviour of politicians and civil servants, which are functioning somehow against the general welfare (1416, pp. 161, 171, 179; 1438-40, pp. 43, 70).

(5) And, finally, Plethon suggested (1418, p. 229) the abolition of various economic privileges in order to enforce the competitive function of the market.

Conclusions

From the previous analysis of Plethon's theories, we can deduce the following pioneering economic ideas and suggestions that resonate with a particularly modern sound.

(1) Although the basic duty of the statesmen and civil servants is to protect

9. For the variety of taxes imposed on Byzantium during Plethon's period see Baloglou (2001, pp. 53-55).

freedom and private property, they cannot truly accomplish their role, as ultimately they are motivated by the principle of self-interest.

(2) The State as a machine does not economize but permits its civil servants- mainly through corruption- to enjoy a luxurious standard of living, even in periods of economic crises.

(3) The main role of taxation is not to offer luxurious living to statesmen and civil servants but to protect the civil rights and freedom of citizens.

Thus, we see that Plethon was proposing economic measures in behalf of increasing the national and general welfare and not in advancing the luxurious living of statesmen and civil servants. He developed such a thesis because he recognized that by the concentration of economic and civil military power in the hands of a few, the economic welfare and liberty of the many would be lessened.

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