




Public Finance or Public Choice? Scholastic Political Economy as an Essentialist Synthesis

Mohammad Hosein Bahmanpour-Khalesi^{1*}, Mohammad Javad Sharifzadeh²

ARTICLE INFO

Article history:

Date of submission: 22-07-2023

Date of revise: 17-09-2023

Date of acceptance: 01-10-2023

JEL Classification:

B11

H10

P00

Keywords:

Scholastic Economics

Essentialism

Political Economy

Public Finance

Public Choice

Arrow's impossibility

Human Happiness

ABSTRACT

Nowadays, it is thought that there are only two approaches to political economy: public finance and public choice; however, this research aims to introduce a new insight by investigating scholastic sources. We study the relevant classic books from the thirteenth to the seventeenth centuries and reevaluate the scholastic literature based on public finance and public choice doctrines. The findings confirm that the government is the institution for realizing the common good according to a scholastic attitude. Therefore, scholastic thinkers saw a typical government mission based on their essentialist attitude toward human happiness. Social conflicts and lack of social consent are the product of diversification in ends and desires; hence, if the ends of humans were unified, there would be no conflict of interest. Accordingly, if the government acts according to its assigned mission, the lack of public consent is not significant. Based on the scholastic point of view, this study introduces the third approach to political economy, which can be considered an analytical synthesis of classical doctrines.

1. Research Fellow, Imam Sadiq University, Tehran, Iran.

2. Associate Professor of Economics, Imam Sadiq University, Tehran, Iran.

* Corresponding Author Email Address: m.bahmanpour@isu.ac.ir

DOI: <https://doi.org/10.48308/jep.5.1.217>



1. Introduction

Although every social structure requires a particular governing system, the role of the government as one of the most essential socio-economic actors must be addressed. With the attack of the barbarians on the Western Roman Empire, the concentration of power was taken away from the central governments, and a set of tribal lives was formed under the supervision of local governments (Ganshof, 1996, p. 4). Over time and with relative stability, this socio-economic system, in its most ideal form, became known as feudalism in the Middle Ages. Since the spread of insecurity and civil wars prevented the emergence of a powerful central government, in feudalism, a central king, by giving his land to vassals, set up a group of independent local governments allied with him. While this type of governance somewhat guaranteed fief security, it could also create financing for public costs through the feudal obligations to which the vassals were committed.

With cities and central governments emerging, feudal relations faded, and governing institutions were extended (Pounds, 2014, p. 432). The emergence of governments' treasury, taxes, positive laws, monetization of relations between governments and peoples, and an increase in government obligations and public expenses were among these institutions. Since they were impressive in human life and interactions, their development was not only significant in the practical dimensions of a socio-economic system. Therefore, they could also present many theoretical challenges for the thinkers since the Middle Ages. Since people's actions are essential for human happiness (Hirschfeld, 2018, p. 99), every factor affecting personal and social interactions could be an analytical issue in scholastic¹ theology. On the other hand, the interaction of divine and positive laws that intensified during the Carolingian empire was not a simple matter that scholastic thinkers could

1. With the foundation of schools during the Carolingian Empire, the thinkers teaching in those schools were named scholastics. They were a group of Christian teachers whose emphasis was on a philosophical approach to explaining ethics and divine laws, and they introduced the first scientific analyses and treaties in various dimensions of the human sciences in the Middle Ages.

easily ignore. Finally, these factors led the scholastic thinkers to consider the issue of government and governance as one of their analytical topics. It is often assumed that political economic history is divided into public finance and public choice (Buchanan & Musgrave, 1999). In this regard, most of the ideas rooted in kingdom structures are attributed to the public finance approach, and ideas emphasizing modern governance aspects like democracy (Gunning, 2003), liberty, individualism (Buchanan, 1986), and collective decision-making are considered public choice. The reason for this attitude is rooted in a logical analogy arising from the definitions of these two doctrines. Nevertheless, this division of the new political economy could be a better view. The reasons for this issue can be traced back to the strong influence of the church in government affairs and the lack of centralized and high-power governments in the Middle Ages, which has prevented researchers from paying significant attention to the evaluation of political economy literature. Accordingly, by investigating the scholastic political economy and evaluating it according to public finance and public choice doctrines, this study introduces a third attitude, which can be considered an essentialist insight into the relationship between government and economy.

This research will concentrate on the realist scholastic thinkers (Saint Thomas Aquinas and his followers in the School of Salamanca). In what follows, first emphasizing happiness, the role of the government in scholastic theology will be investigated. In the next step, by introducing the doctrines of public finance and public choice, the scholastic political economy will be evaluated according to them, and finally, the essentialist political economy theory by focusing on scholastic theology will be introduced.

2. Literature Review

It is worth noting that most of the theoretical literature on public finance and public choice has focused on examining and evaluating these doctrines from the seventeenth century onwards, leaving a gap in research on political economy theory before that period. However, some scholars, such as Moss

(1977-1991), have attempted to trace public choice theory's origins back to earlier thinkers like Thomas Hobbes. By analyzing the writings of Thomas Hobbes, he has tried to demonstrate how his theory of political economy addresses various aspects of the collective action dilemma. On the other hand, Marciano (2005) has shown that Hume's perspective on human nature was influenced by factors such as benevolence and sympathy, resulting in a different theory of political economy than modern theories. Despite these different perspectives, Anderson (1989) and Blankart (2016) have looked at the origins of public choice theory in Adam Smith's works. Blankart (2016) believes that Smith's emphasis on freedom for nations' progress and the practical developments influenced by this approach laid the initial roots of the formation of the public choice theory. Also, Anderson (1989) has shown how Smith extended his approach to personal interest-seeking behavior to the political sphere, expanding the public choice approach in theoretical literature. Additionally, as per Blankart's (2016) findings, the method of expanding public choice theory in theoretical literature has been a result of the development of rational choice theory from private goods to public goods in the post-Smith era, which was proposed by scholars such as Antonio De Viti de Marco. Although there has been various research on different aspects of the scholastic economy, such as interest and usury, money, and just prices, research in political economy and the public sector has a small share. Among the research carried out in these two fields, most efforts have been dedicated to the issue of public finance and, specifically, justice in taxation. For example, Perdices de Blas and Revuelta López (2011) emphasized the ability to pay, and Meredith (2008) emphasized the utility factor as a core element in the scholastic tax theory. In addition, Schwartz (2019) considered the role of scholastic thinkers in condemning the buying and selling of votes in elections. By focusing on Vitoria¹'s theory of political economy, Alves (2017) sheds light on the relationship between the notion of the common good and the limits of political power, which can bring his

1. The founder of Salamanca School

interpretation of Vitoria's political economy theory closer to the public choice approach. The limitation of the end of government in temporary affairs, the possibility of deposing the power of the oppressor governor, the limitation of legislation based on the common good, the necessity of applying justice to all matters of war, etc., are among the limitations he considers for power. Also, André Azevedo Alves and José Manuel Moreir (2013:53) have emphasized the adoption of the public choice approach by the Salamanca school scholastics.

On the other hand, Urban (2014), by evaluating Saint Thomas Aquinas' theory of political economy, proved the incompatibility of Aquinas's approach to the welfare state doctrine. Additionally, by studying liberalism in scholastic thought, Langholm (1982) explained the role of economic ethics in limiting the boundless liberalism in Roman laws.

Furthermore, according to the study conducted by Bahmanpour Khalsi and Sharifzadeh (2023), scholastic tax theory is shaped by social attitudes and is a result of a synthesis between the doctrines of ability, payment, and benefit. The study highlights that taxes in scholastic literature are considered a social contract between the government and society. As a result, the theoretical literature demonstrates that the works of research conducted on scholastic political economy show that more research needs to be done in evaluating the scholastic literature by emphasizing the distinction between the two doctrines of public finance and public choice.

3. The Role of the Government in the Scholastic Happiness Theory

Human happiness is one of the central dimensions of scholastic theology, according to which other aspects of the scholastic literature can be interpreted. In this regard, the connection of perfect happiness, which is the vision of divine essence (Aquinas 1947, I, II, Q4, A5-6), with imperfect happiness was the particular innovation of scholars that could be a foundation for scholastic thinkers' entrance into the issue of humans' material life. In addition, it could free religion from focusing on the abstract and metaphysical aspects of

humans. Based on this attitude, imperfect happiness could not solely bring humans to their perfect end but could lead to some perfection. In addition, human virtues are divine signs in the material world that could be viewed as the axis of human happiness in bodily life (Hirschfeld, 2018, p. 99). Since virtuous persons need material provisions, scholastic thinkers consider bodily life an essential aspect of imperfect happiness (Aquinas 1947, I, II, Q4, A6), and in this regard, they started to analyze humans' bodily life and the solutions for its preservation and survival.

Analyzing the government's emergence in scholastic literature is rooted in the dissection of human society's necessity to realize happiness. The thinkers needed to consider social life to establish the social duty of the government as a natural institution. Hence, as Mariana mentioned, when social life is required, the government could be justified in realizing the human perfect end (Chafuen, 2003, p. 55). Scholastic thinkers specified that humans are naturally social beings. This inherent characteristic could be ascertained in several dimensions, the most important of which was teleology. According to their teleological attitude, the thinkers believed that all beings have an end, which is their happiness (Aquinas 1947, I, II, Q1, A1-2). Therefore, they held that social life is essential to happiness. In this regard, Soto ([1556] 1968, I: Q II: A I) stated that "men who are scattered and solitary can neither teach the ignorant nor control criminals nor can they help each other to happiness by salutary advice or warnings, as can those in a community."

If virtue is considered the imperfect happiness of humans in their bodily lives and material life requires social support, acting on some virtues makes social life inevitable. In this regard, Mariana ([1611] 1969, c1) expressed that nothing is more valuable than mutual charity and friendship; nevertheless, mutual charity and friendship could not be realized in social life. In addition, scholastic thinkers maintained that humans have different talents and abilities, leading to a labor division in society. With the development of civilizations, human needs increase. As a result, people

cannot satisfy all their needs alone (Aquinas 1956, Q7:A17). Hereupon, this problem became another field to prove social life's necessity.

Consequently, in the first step, the thinkers ascertained the essentiality of social life for humans. In the next step, attention to the need for the government concerning the preservation and survival of social life was paid, and accordingly, the role of the government in human happiness was proved. Although the scholars did not mention the details of the reasons for the failure of private mechanisms to provide the common good, they had briefly reached the fact that the realization of imperfect happiness requires conditions and facilities beyond the scope of personal relations. They believed that the emergence of the government to support society toward the realization of imperfect happiness is necessary; in this regard, Suarez ([1612] 2017, 3:1) emphasized that a political society is essential because no household is self-sufficient and it needs some political power since a community without this power cannot reach its end. Furthermore, he expressed that the provision of requirements that nobody can individually provide is the primary duty of the government. He added, "[in] a perfect society, there must be some public power whose official duty is to consider and provide for the common good." By emphasizing the natural origin of government for preserving society, he ([1612]2017, 2:4) also emphasized that without governments, society cannot be guided to a specific and unified end; therefore, social unity owes its persistence to the government.

Besides the theological approach, scholastic thinkers explained the roots of government's emergence from an anthropological perspective. As Mariana ([1611] 1969, III, 12: 311) stated, at the beginning of the creation, people lived without any social order or laws; hence, nothing was important to them but providing food and basic needs for themselves. In such a condition, households were the only factor that organized and brought them together. Over time, the cohesion of these households weakened, so some household members migrated to nearby areas and formed new households; further, several families created tribes together. At this age, their needs were

elementary and provided mainly by nature. In such a social structure, everything belonged to each other, so there was no conflict of interest, and private property did not matter.

Nevertheless, Mariana believed that this situation could not be persistent; he insisted that over time, people's sense of infinity led to their needs being expanded so that the existing conditions did not satisfy them. From his point of view, the sense of infinity was like a double-edged sword. Although it may lead to social challenges, people's sense of infinity could increase the tendency toward perfection and the realization of a perfect society for the common good. He added that, in addition to this tendency, speaking allowed neighbors to negotiate and benefit from each other's help. Finally, inspired by the unity of animals and their communities around the more powerful animal, society learned to attract the support of a leader against the stronger members of the community to guarantee its security. As a result, it laid the foundation for the structure of the first communities and local governments.

4. Evaluating the Scholastic Theory of Political Economy

This part will discuss the evaluation of scholastic political economy theory. For this purpose, the researchers will first examine the doctrines of public finance and public choice and their main components. Then, while rejecting their compatibility with classical approaches, scholastic political economy theory as a third approach will be introduced.

4.1. A Review of Public Finance and Public Choice Doctrines

With the introduction of Adam Smith's "invisible hand theory" (2010 [1776], IV: 293) into economic analysis, many classical economists accepted a kind of self-motivated market order as an ideal pattern for any financial system. Although after him, some other economists like Malthus (1986 [1798]) and Ricardo (1996 [1817], 53) expressed some skepticism toward the automatic functioning of the market and distribution system, these criticisms could not divert mainstream economics from this essential

attitude. With the emergence of a set of practical and theoretical challenges in the self-ordered market, such as asymmetric information, externalities, and public goods (Stiglitz, 1989), the concept of market failure in economic literature has been introduced (Medema, 2007). Following its introduction, the proper foundation was created for the government to enter as the protector of self-motivated market order in the literature on political economy. With this attitude, it was expected that the government, as a social reformer, would make decisions to maximize public welfare by evaluating the common good. As a result, it will help the market resolve its imperfections by providing the common good and imposing regulatory taxes.

Although it was thought that the introduction of the social welfare function (SWF) would help significantly with the interpretation of the government's role in the market and its duty to eliminate market imperfections, the generality of the concept of welfare led to some challenges in the methodology of calculating SWF. In this regard, economists face three crucial questions: First, what is social welfare's objective nature? Second, does public consent exist for it? Third, how can the welfare of all individuals in society be calculated to achieve a SWF for society as a whole?. However, the role of the government in maximizing the SWF and minimizing market imperfections was considered the primary duty of the government in the mainstream political economy for many years. Arrow's impossibility theorem (1950) caused a tremendous reformation in political economy, which laid the basis for the doctrine of public choice. Arrow's main idea was that there is no SWF to be able to aggregate the preferences of all individuals simultaneously without the violation of at least one of the following properties: no dictatorship, independence of irrelevant alternatives, unrestricted domain, transitivity of preferences, positive association of social and individual values, and Pareto efficiency.

With the failure of the SWF, public choice theory was introduced as an alternative approach; however, its beginning was not restricted to the collapse of the SWF theorem. The public choice theorists considered the

public finance doctrine according to a kind of anthropology, which could not be realistic; they believed that public finance theory considers the government as a benevolent person who needs to pay more attention to the common good of its society. Nevertheless, they thought the government, like other people, followed just its utility; therefore, it could not be expected that the government, like other market actors, would not seek its interests and, as a full representative, would only pursue the public interests of its clients (Jensen & Meckling, 1994). Hence, they thought that the social functions of the government were consequences of its private motivations, such as gaining wealth, power, and fame. The government never makes decisions and choices based on the common good, as thought in the public finance approach. Furthermore, by eliminating the paternalistic view of government and cultivating an individualistic attitude toward government, the public choice doctrine could apply the microeconomics theories in analyzing the political phenomenon. In this regard, the government was considered a firm that makes political decisions with cost-benefit considerations. Additionally, the environment of political interaction can also be considered a kind of market. Public choice experts believe that political decisions result from a complex process influenced by many actors and not limited to a benevolent ruler. Accordingly, the collective action mechanism became the main problem in public choice theory.

In the public choice attitude toward religion and political relations, all ideologies were considered a tool to get votes for political actors. Since getting complete information about the attitudes and decisions of political parties is hard for voters, they prefer to vote according to the ideologies of these parties as an essence of their attitudes. As a result, parties would try to offer ideologies with the highest probability of getting votes (Downs, 1957).

Consequently, the theory of public choice reduced the analysis of the government and its interactions in society to the level of individual analysis, so no meaningful distinction can be made in the method of analyzing choice and personal motivations with the study of these elements at the social and

governance level. In this regard, there was no distinction between individual and social analysis units in political economy analysis. Accordingly, Buchanan (1986), one of the pioneers of the public choice doctrine, stated that it consists of such elements as “methodological individualism,” “politics as exchange,” and “*homo economicus*.”

4.2. Introducing the Third Approach: Scholastic Political Economy

In this section, we will investigate why scholastic political economy could not be a public finance or public choice doctrine, and then its characteristics as a third approach will be explained.

4.2.1. The Impossibility of the Inclusion of Scholastic Political Economy in the Public Finance Approach¹

From the scholastic perspective, the government is a legitimate force that God grants to His servants; therefore, it has divine legitimacy (Suárez, [1612] 2017, iii: IV: 5). Moreover, the government was considered a tool for the realization of social happiness; therefore, it could have a high position among members of society. The government in Scholasticism was not considered a firm that followed its self-interest; instead, it had a public mission and responsibility to help the common good and develop virtues in society. In this regard, Aquinas ([1267] 1949, Q. 65) believes that governments have the duty “first of all, to establish a virtuous life in the

1. At first glance, the political structure of the Middle Ages was significantly different from that of the current era. Since scholastic thinkers have not had a practical encounter with this political structure, evaluating the scholastic political economy in the framework of modern theories is impossible. However, this concern is disputed from several angles. First, many historical research works have proven that there is no necessity for the simultaneous happening of economic reality and its theoretical analysis. Therefore, a theory may not be in harmony with the economic reality of its period, but it may help analyze the economic institutions of future periods. Some examples of this issue are the introduction of the subjective theory of money by early scholastic thinkers (Lapidus & Chaplygina, 2016) or the quantitative theory of money by Martin de Azpilicueta ([1549] 2004, p. 279), which was compatible with the subjective theory of money (Niehans, 1993). On the other hand, in a phenomenological evaluation of the possibility of scholastic confrontation with modern institutions of political economy, one can mention Buridan's ([1349] 2020, p. 60) explanation of various governance models (such as monarchy and democracy) or ethics of polling (Schwartz, 2019, p. 21), which can be a testimony to his understanding of various government structures.

multitude subject to him [government]; second, to preserve it once established; and third, having preserved it, to promote its greater perfection.” Furthermore, he explained the basic needs necessary for human happiness and emphasized that a virtuous life has two preconditions that governments should prepare, the first and most important of which is people’s performance based on a virtuous plan. The second, instrumental in nature, is the sufficiency of material goods necessary for a virtuous life.

The unique mission of the government resulted in the scholastic attitude that ordinary people could not bear this responsibility; therefore, thinkers expected the social ruler to be virtuous. In this regard, Buridan ([1349] 2020, p. 61)¹ and Soto ([1556] 1968, I: Q II: A I) specified that a government that is not a virtuous person could not rule in a virtuous manner and protect society’s virtues. Consequently, this optimistic worldview about the nature and position of the government makes it impossible to consider it a firm that seeks its self-interest. Hence, scholastic political economy cannot be sorted by public-choice attitudes.

4.2.2. The Impossibility of the Inclusion of Scholastic Political Economy in the Public Choice Approach

As mentioned above, the ends of governments’ emergence according to a scholastic attitude were prominent. On this basis, the government was an instrument for realizing imperfect human happiness. Even so, did this mean complete scholastic optimism about this institution and the legitimacy of all its actions? The answer to this question was negative. Practically, the thinkers have been aware of the shortcomings of the governance institutions and the possibility of prevailing motives and interests that are not aligned with justice and the common good among bureaucrats. In this regard, attention to personal interests rather than the common good was always one of the concerns of scholastic thinkers about governments; for example, in

1. “No one can be a prince unless he is virtuous.”

this context, Buridan ([1349] 2020, p. 60) specified that “the prince is sometimes very unjust and favors his private interests.”

Furthermore, Mariana (1950, p. 548), by expressing his concerns about the corruption of bureaucrats in a public position, stated, “How sad it is for the republic and how hateful it is for good people to see those who enter public administration when they are penniless grow rich and fat in public service.” The lack of optimism of the scholars toward the governance institution can be found in different aspects of the scholastic political economy theory. Some of these cases are as follows:

A. Limitation of Power: Although the government undeniably realized human happiness, scholastic thinkers were not optimistic about the boundless expansion of political power in all different dimensions of society. In this regard, Mariana ([1609] 2002, p. 5) stated,

[As] in the case of other virtues, power has definite limits, and when it goes beyond limits, power does not become stronger but, instead, becomes completely debilitated and breaks down. However, royal power increased beyond its limits and was proven to degenerate into tyranny, a form of government that was not only based on but weak and short-lived.

B. Transparency of the Government: Another dimension of the pessimistic attitudes of scholastic thinkers toward government can be seen in their emphasis on the necessity of transparency in all aspects of governance. In this regard, while condemning the rulers' corruption and emphasizing the possibility of their abuse of prestige and position, Mariana ([1609] 2002, p. 58-59) specified that bureaucrats must disclose all their assets before assuming responsibility and be subject to periodic supervision during their tenure, like bishops.

C. Ceasing Paying Taxes: Another dimension of the scholastics' pessimism toward the rulers is reflected in their statement regarding the limitation of paying taxes in case of not fulfilling the governance duties. In this regard, Aquinas ([1270] 1947, II: II: Q. 62: A. 7) believed that if the king takes

legal taxes but fails to fulfill his duties toward people to preserve the common good, the king will commit a sin and injustice. In this situation, the king must repay the collected taxes if he neglects his duties. Because “their salary is given to them in payment of their preserving justice here below.”

D. Overthrowing a Cruel and Unjust Ruler: One can see the extreme attitudes of scholastic thinkers about government in their approaches to unjust rulers and laws. The thinkers were not stopped by ascertaining the necessity of government by natural law. According to a teleological approach, since the government was considered an instrument for realizing humans’ imperfect happiness, its legitimacy depended on it. There is no reason to accept a state that acts against its legitimate end (happiness). The thinkers believed that people not only should not obey unjust rulers but also have the right to overthrow this kind of state with pride (Buridan, [1349] 2020, p. 61; Suárez [1612] 2017, iii: x: 7). Additionally, some scholastic thinkers considered the right to overthrow an unjust government a duty of the people. They maintained that if people do not overthrow their unjust governments, they also share the sins of the oppressive ruler (Vitoria [1528] 1991, p. 21). In this regard, Mariana ([1611] 1981, I, 6: 83), with a pessimistic view about the government, specified that there should always be the threat of death punishment for the rulers if they do not follow the divine and natural laws, as it could act as a deterrent for their unjust actions.

All the cases mentioned above show that scholastic thinkers did not have an optimistic and paternalistic view of the government. They saw it as an institution that did not follow personal interests but tried to realize the common good through its policies. As a result, scholastic political economy theory cannot be considered a public finance approach.

4.3 Scholastic Political Economy as an Essentialist Approach

Two previous sections explicitly state that scholastic political economy cannot be considered a public finance or public choice attitude. Now, the question is how this optimism and pessimism can be interpreted in one theory.

Scholastic thinkers maintained that, like other blessings, the government is a divine gift given to society to preserve and survive social life. Even so, they believed that people would give this power to a specific ruler through a kind of social contract so that the government would be the trustee in this position (Suárez, [1612] 2017, iii, iv: 5; Vitoria, [1528] 1991, p. 21). Accordingly, the government is a public representative for realizing the common good for human happiness; therefore, as long as it moves toward this end, the ruler deserves this position. Although the ruler is in charge of assigned missions and duties, this does not mean they are regarded as perfect people with extraordinary abilities. Nevertheless, as the thinkers mentioned, the more virtuous the society's rulers, the better the fulfillment of their responsibility. This attitude leads the government to be seen neither as a reformer nor a profit-seeking firm.

This attitude can only be the product of an essentialist approach to the nature of humans and their happiness. In scholastic literature, humans were considered a single species with unified inherent characteristics. The more a person can actualize these characteristics, the closer they get to the end God set in her creation. In this regard, Aquinas (1947 [1485], I, II, Q. 1, A. 7) believed that even if people choose different ends in their lives, this is not due to the proper distinction of the path of happiness of different human beings; nevertheless, it is due to their mistake in recognizing the real last end in life.

Furthermore, scholastic thinkers considered an ideal pattern of human perfection, a transcendent society, and all virtues they could acquire; therefore, it was expected that humans would be able to take steps toward becoming perfect beings and realizing the city of God. In this regard, the harmony of ideas and attitudes about humans resulted in a social order according to the coordinated movement toward divine ideals. In this worldview, governments were considered public institutions with the mission of unifying all public forces in line with the divine ideal.

In scholastic literature, governments have a special mission to realize the common good, so if a government makes policies in line with its assigned

duties, the common good will happen without harming any member of society. Based on essentialism, despite diverse incentives, all policies of divine governments that act according to natural and divine laws would also be compatible with human essence so that those policies could not damage anyone.¹ In this regard, the SWF will be constituted based on humans' inherent characteristics, such that public decision-making and collective actions at the macro level are fine. Nevertheless, there is the possibility of disagreements and conflicts in strategies toward realizing divine and natural laws in society. Problems in collective decision-making or the emergence of dictatorships are possible when people have different patterns for their happiness according to their desires (not inherent characteristics); however, when one considers a single end for human happiness, and the government is also in the service of realizing this supposed end, the problem of not reaching a consensus about general policies will no longer matter.

Scholastic thinkers maintained that governments, despite their divine legitimacy, are independent institutions of churches (Soto, [1556] 1968, iv: Q iv: A I). Therefore, they believed that governments are free to use different strategies to carry out their tasks based on divine laws, and in this way, people and the church will only have a supervisory role. Although the mission and the end of governments were assigned in the city of God, this issue does not lead to a lack of dynamic prescription of different policies and patterns for realizing happiness in society.

Consequently, since there was a specified pattern for human happiness in the scholastic literature and the governments were also obliged to make policies to realize it, this issue resulted in specific tasks and missions for them, and their performance can be evaluated based on it. Because there is a possibility of errors and mistakes in the actions of the rulers,² scholastic

1. Usually, in reality, no state acts according to natural and divine laws, so we have some losers and some gainers from government policies because these policies are not according to human essence.

2. It is important to re-emphasize that those mistakes and errors are meaningful for the government when there is a fixed ideal model for the happiness of humankind. In a situation where the diverse desires of people realize their different ends, talking about the government's deviation will not have any

thinkers considered it essential to assess their efforts based on an a priori model. Therefore, while they believed in the noble mission of the government in helping human happiness, there was always a possibility of the ruler deviating from the assigned duties. Furthermore, emphasizing the supervision issue and the state's non-hereditary nature led to a more realistic scholastic political economy theory than public finance approaches.

5. Conclusion

In this research, while examining the political economy of scholastic thinkers and emphasizing realist scholars from the perspective of public finance and public choice, the scholastic political economy theory was introduced as a third doctrine alongside the common approaches to political economy. The results show that scholastic thinkers using the factors of teleology and essentialism created a new approach to political economy, which can be considered an analytical synthesis. For this purpose, they first determined the relationship between the government as a social institution and human happiness, and through the teleological method, they proved the legitimacy of the government in human social life. In the next step, based on an essentialist attitude and focusing on virtue, they drew a unified pattern of incomplete happiness for all human beings. In this regard, the duty of guiding society toward the common good and other virtues, helping to maintain the material survival of society through the provision of the public good and services, which is beyond the responsibility of private relations, as well as building social institutions within the framework of divine and natural laws delegated to the government. Since, in an essentialist attitude, it is possible to consider a specific model for human happiness, the scholastic thinkers were able to explain the possibility of evaluating the government's performance by defining a particular mission for them. Although the government had divine legitimacy from their point of view and the ruler needed to be a virtuous

meaning. Because every government policy will have winners and losers depending on the personal tastes and happiness of the people

example for its members in society, this did not lead to the thinkers adopting an entirely optimistic attitude toward the government. From a scholastic perspective, rulers were considered like other members of society, so the possibility of following self-interest or making mistakes could not be denied. Therefore, controlling the government's performance was one of the duties of community members in a scholastic political economy. In addition, the governments had the right to rule over the people until they took steps in line with the mission, which was settled for them.

In the theory of public choice, since it is assumed that humans have diverse interests, public decisions would have winners and losers. Additionally, this issue results in pressure and interest groups being created to influence policymakers' decisions. However, in essentialist insights into political economy, since the pattern of policymaking would be founded on unified human happiness and its inherent characteristics, no one can be a loser in public policy. On the other hand, Arrow's impossibility theorem will lose its significance in an essentialist political economy. It is maintained that government policies will be conducted according to the inherent interests of humans. Hence, even if these policies faced people's apparent objections, these objections are due to the lack of recognition of the actual source of human happiness that Aquinas pointed out.

Funding

This study received no financial support from any organization.

Authors' contributions

All authors had contribution in preparing this paper.

Conflicts of interest

The authors declare no conflict of interest.

References

- Alves, A.A. (2017). Vitoria, the Common Good and the Limits of Political Power. In: Beneyto, J., Corti Varela, J. (eds) *At the Origins of Modernity. Studies in the History of Law and Justice*, vol 10. Springer, Cham. https://doi.org/10.1007/978-3-319-62998-8_4
- Alves, A. A., & Moreira, J. (2013). *The Salamanca School*. Bloomsbury Publishing: USA.
- Anderson, G. M. (1989). The butcher, the baker, and the policy-maker: Adam Smith on public choice, with a reply by Stigler. *History of Political Economy*, 21(4): 641-659.
- Aquinas, St T. [1270] 1947. "Summa theologica" New York: Benziger Bros.
- Aquinas, St T.[1267]1949. "On Kingship to the King of Cyprus". Trans. by Gerald B" Phelan. Toronto: The Pontifical Institute of Mediaeval Studies.
- Aquinas, St T. [1503]1956. *Quaestiones quodlibetales*. Marietti edition: Torino/Rome.
- Arrow, K. J. 1950. A Difficulty in the Concept of Social Welfare. *Journal of Political Economy*, 58(4): 328–346.
- Azpilcueta, M. [1549] 2004. Commentary on the resolution of money. *Journal of markets and morality*, 7(1).
- Bahmanpour-khalesi, M., & Sharifzadeh, M. (2023). Utility or Ability to Pay? Scholastic Tax Theory as an Analytical Synthesis and its Implications for Islamic Economics. *Islamic Economics Studies Bi-quarterly Journal*, doi: 10.30497/ies.2023.243294.2124.(in Persian)
- Blankart, C. B. (2016). Public choice. In *Handbook on the history of economic analysis volume II* (pp. 401-416). Edward Elgar Publishing.
- Buchanan, James M. 1986. *The Constitution of Economic Policy*, Nobel Prize Lecture. Retrieved from: <https://www.nobelprize.org/prizes/economic-sciences/1986/buchanan/lecture/>

- Buchanan James M.; & Musgrave, R. A. 1999. *Public Finance and Public Choice: Two Contrasting Visions of the State*. MIT Press.
- Buridan, Jean. [1349] 2020. Commentary on Aristotle's Politics. In E. W. Fuller (compiler), *A Source Book on Early Monetary Thought: Writings on Money before Adam Smith* (pp. 54-70). Edward Elgar.
- Chafuen, A. A. 2003. *Faith and liberty: The economic thought of the late scholastics*. Lexington Books.
- Chaplygina, I., & Lapidus, A. 2016. Economic thought in scholasticism. In *Handbook on the history of economic analysis volume II* (pp. 20-42). Edward Elgar Publishing.
- Ganshof, F. L. 1996. *Feudalism* (Vol. 34). University of Toronto Press.
- Gunning, J. P. 2003. *Understanding democracy: an introduction to public choice*. Nomad Press.
- Hamilton, B. 1963. Political Thought in Sixteenth-Century Spain: A Study of the Political Ideas of Vitoria, De Soto, Suarez and Molina.
- Hirschfeld, M. L. 2018. *Aquinas and the Market*. Harvard University Press.
- Jensen, M. C., & Meckling, W. H. 1994. The nature of man. *Journal of applied corporate finance*, 7(2): 4-19.
- Downs, A. 1957. An economic theory of political action in a democracy. *Journal of political economy*, 65(2): 135-150.
- Langholm, O. 1982. Economic freedom in scholastic thought. *History of Political Economy*, 14(2): 260-283.
- Marciano, A. (2005). Benevolence, sympathy, and hume's model of government: How different is new political economy from classical political economy?. *History of political economy*, 37(Suppl_1): 43-70.
- Malthus, T. R. 1986. An essay on the principle of population (1798). *The Works of Thomas Robert Malthus, London, Pickering & Chatto Publishers, 1*: 1-139.
- Mariana, J. [1493]1950. Del Rey y de la Institución Real, in *Biblioteca de Autores Españoles*, Rivadeneya, vol. 31. Madrid: Editions Atlas

- Mariana, J. [1611]1969. *De Rege et regis institutione Libri tres: Eiusdem de ponderibus & mensuris Liber*. Germany: Aubrius.
- Mariana, Juane de. 1981. *La dignidad real y la educación del rey (De rege et regis institutione)*, ed. L. Sanchez Agesta, Centro de Estudios Constitucionales, Madrid.
- Mariana, J. [1609] 2002. "A Treatise on the Alteration of Money". *Journal of Markets & Morality*, 5(2): 523–593.
- Medema, S. G. 2007. The hesitant hand: Mill, Sidgwick, and the evolution of the theory of market failure. *History of Political Economy*, 39(3), 331-358.
- Meredith, C. T. 2008. The ethical basis for taxation in the thought of Thomas Aquinas. *Journal of Markets & Morality*, 11(1).
- Moss, L. S. (1977). Some public-choice aspects of Hobbes's political thought. *History of Political Economy*, 9(2), 256-272.
- Moss, L. S. (1991). Thomas Hobbes's Influence on David Hume: The Emergence of a Public Choice Tradition. *History of Political Economy*, 23(4), 587-612.
- Niehans, J. 1993. "A Reassessment of Scholastic Monetary Theory". *Journal of the History of Economic Thought*. 15(2): 229-248.
- Perdices de Blas, L., & Revuelta López, J. 2011. Markets and taxation: modern taxation principles and the school of Salamanca. *ESIC Market Economic and Business Journal*, 138: 91-116.
- Pounds, Norman John Greville. 2014. *An economic history of medieval Europe*. Routledge.
- Ricardo, D. 1996. *Principles of Political Economy and Taxation*. United States: Prometheus Books.
- Smith, A. [1776] 2010. *The Wealth of Nations*. United Kingdom: Harriman House.
- Soto, D de. [1556]1968, *De iustitia et iure*. Madrid: Instituto de Estudios Políticos.

- Stiglitz, J. E. 1989. Markets, market failures, and development. *The American economic review*, 79(2), 197-203.
- Suárez, F. [1612] 2017. *Tractatus de Legibus AC Deo Legislatore in Decem Libros Distributus (Classic Reprint)*. United States: Fb&c Limited.
- Schwartz, D. 2019. *The Political Morality of the Late Scholastics: Civic Life, War and Conscience*. Cambridge University Press.
- Urban, Konrad Edward. 2014. *Aquinas and the Welfare State*. .retrieved from: <http://2014.austriancenter.com/wp-content/uploads/2014/01/Aquinas-and-the-Welfare-State.pdf>
- De Vitoria, F. 1991. *Vitoria: political writings*. Cambridge University Press.