Economic Transition in Historical Perspective
Lessons from the history of economics

Edited by

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role of values and the conception of a 'good society' in his chapter on what Catholic social thought has to say about economic transition. Finally, Pedro Nuno Teixeira discusses the economic transition that took place in Portugal during the 19th century and the discussions on transition that this prompted.

Studying the history of economic thought is a necessary part of a useful education in economics. Besides the time saved in reinventing the wheel, the history of economic thought teaches us to look at the economy, any economy, differently than an un-historical understanding of economics provides. It teaches us that social and historical context are important. It also teaches us that the philosophical preconceptions of economic theorists greatly shape their analysis, and that these 'value judgements' must be made more transparent. But mostly, it teaches us to be humble, that what economists do not know is usually greater than what they do, and that what they do know will eventually be wrong. This should be kept in mind when we are designing policies that will affect the lives of millions of fellow citizens of the Earth.

Chapter One
Plato on Topos, Economy and Transition
Janina Rosicka

Introduction
Prior to the Enlightenment, most economic theorizing centred on abundance. The world of agrarian economies was described using terminology that suggested that the co-existence of wealth and poverty lead to an undesirable state of the economy; and that abundance, coupled with moderation, meant a desirable state of the economy. Within this view, economic man was seen mostly as a consumer. Although all agreed that everyone was dependent upon the gods or Fortune or Providence or Chance, as they determined the success or failure of the crops, man was still perceived as a 'joint' producer or creator of the state of economy. When man did not violate the eternal order he could reckon on the powers above. On the other hand, when he violated that order he could be sure of some sort of punishment. Thus economy and morality (in this case pleasing the gods) were closely interrelated. Generosity was connected with moderate consumption, and both of these features characterize good patterns of behaviour. Avarice was the central feature of bad behaviour. The recommended pattern of behaviour was that of those who lived in the country estates; whereas less than reputable behaviour was typified by those who lived in towns. Hence the common fears of commerce and town, and simultaneously, the praise of country and land. Myths, religion, theatre and helles leteras all reinforced this manner of thinking.

Plato took part in this discussion, creating a theory which I would like to call the 'philosophy of economy space'. Living during a crisis of the Greek institution of the polis, Plato experienced first-hand the period of the transition, and an important part of his philosophy was dedicated to the transition. He combined cosmological, anthropological, historical, economical and psychological arguments in order to show regularities in the history of human race. These arguments were arranged by him to answer mainly two questions: "what is the proper order of civilisation?" and "what is disorder?" The proper order was described by him, in the Republic and the Laws, as the two models of the ideal state. Disorder was understood by Plato as the transition - a period full of chaos caused by commercial behaviours.

Based on the number pages Plato devotes to the problem of order in the Republic and the Laws, he clearly paid more attention to order than disorder. This part of
Plato's thinking has been recognised as an important part of Plato's overall thought, and has been carefully examined by historians both of economic and political thought. In our century, because of the experience with fascism, Nazism, and Stalinism, Plato's social ideas are interpreted as totalitarian. In the history of economic thought Plato is presented as a philosopher who denied the importance of the economy; as a theorist who wanted to eliminate the influence of economic goals over people; and as an adherent of the total intervention of the state in the economy. In this way, the economic image of Plato was generally accepted as a philosopher who interpreted economic questions only in the context of moral discourse, and demonstrated his aristocratic distance from the economy, especially from trade. Because of this image, there has been a tendency to forget Plato's long-lasting impact on European economic ideas, and to neglect the fact that for more than two thousand years his instructions concerning economic behaviour have been accepted, analysed, and enriched by the Church writers, and then by the political thought of the old republicanism in the Baroque and the Enlightenment periods and later by German cameralism and the 'Haussevater-literatur'.

My starting point is different. I am interested in Plato's understanding of transition, that is to say, the period between two different kinds of economic orders. So I am forced to put stress on Plato's understanding of disorder. This point of view provides an interesting, to my knowledge unknown, connection between Plato's cosmology expounded in the Timaeus, and the description of Atlantis and old Athens in the Critias, namely the connection between space and society. As understood by Plato, this connection involved a close relationship between the state of the human and social environment and that of the state of society, and in particular - in the economic dimension - the relationship between the economic efficiency of the human environment, and the stage of economic welfare of society. We can say, using modern economic terminology, that as Adam Smith created a modern economics connected market, division of labour and wealth, Plato created a theory of agrarian or traditional economy demonstrating a relationship between, on the one hand: both space and place, and on the other: wealth, division of labour and consumption.

Plato saw this relationship as a source of social disorder. This disorder was described by him as a growing discrepancy between the commercial goals of society and a way in which the space - the topos existed. He understood the transition as a period full of economic and social chaos, during which people's elementary practices - especially commercial behaviour and luxurious consumption - violated the physical, biological, and human spaces. We are accustomed to think about space and place in the economy as a market - this perfect flexible place. Plato thought about the topos of the economy as flexible, although not as flexible in comparison with man's growing needs.

From his theory of the transition, Plato appears as a very interesting economist. He differentiates his 'economics' on micro- and macro-levels: he employs four theoretical models: two of man's existence: social and in isolation, and two of the states: he considers the relation between population and the efficiency of the economy.

We can find in his writings pre-Malthusian statements, a pre-Weberian understanding of competition, and a pre-Hirschian idea of concretion.

Plato describes a cycle of the development of the human race from deluge to deluge and from surviving in mountains to a rise of civilization in lowlands. Transition - according to Plato - is a period between two ways of human existence: in isolation and in community, the first takes place in the mountains, the second in lowlands. I will refer to these two different modes of existence farther on as the Mountain and the Lowland. In fact there are two kinds of transition. First between the Mountain and the Lowland, after a deluge, during this period people try to overcome their isolation and establish a community; and the second between the end of welfare of the Lowlands civilization, and the total disaster of this civilization caused by a deluge. This deluge ended the second transition. The possibilities of the Lowland resources became exhausted and the people of Lowland were drowned. At that time only the Mountain people remained safe. Plato is not very interested in the first period of transition, however, the next period he studies very carefully. His goal is to describe the menaces of the Lowlands civilization in order to admonish contemporary Athenians, and he wants to show activities that delayed or prevented this sinister transition. Plato's recipe is similar to recipes written by economists in the twentieth century, he wants to flatten a period of transition and to sustain as long as possible the period of true abundance.

Two notions: space and place, play a crucial part in the transition. The main human activities in the Lowland consist of bringing the Lowland space into cultivation. The economic space, according to Plato, appears only in the social space of the polis. People penetrate the whole space and their efforts result in a growth of the division of labour, which is accompanied by a growing population. These processes persist as long as the Lowland abundance can satisfy the needs of the growing population. However, once population has outgrown the abundance, that is all the space of the Lowland is filled, there will be not sufficient space for the growing population. This day of reckoning can be delayed by conquering new pieces of land, and thus wars become the main means of survival, but this is merely a delaying action.

According to Plato, the topos of the Lowlands are the source of abundance, and thus the transition emerges as a lack of possibilities for development. The result of economic growth is an overgrowth of economic and commercial space, provoking a shrinkage of human and physical spaces. The transition is a process of destruction, or corruption, of the true Man in man, and of the true topos in topos. Plato elucidates why the transition came into being and what we can do in order to prevent the catastrophe.

To understand Plato's economic theory we should remember two things: first, he wants to find out the relationship between the general and the particular, and second, in his 'economics' there exists a basic relationship between space and economy. In the first part of this paper I intend to present Plato's main economic assumption, that the topos is a room for abundance (Topos and Abundance). Next I will try to reconstruct Plato's macroeconomic thinking about the social behaviour patterns in the
Mountain (Mountain Topos) and in the Lowland (Lowland Topos and Transition). Then Plato’s microeconomies will be described. Here we see Plato’s view that limited consumption is an economic virtue (Man and Economic Virtue). Afterwards I will bring forward Plato’s arguments of the relationship between consumption, overabundance and the transition (Consumption and Transition; Plenty Supports Transition). In the final section of this chapter Plato’s general philosophy of economy, and the new economy will be presented together with his suggestion of how to prevent the transition (Philosophy of Economy Space; The New Economy a Contrivance of Transition).

Topos and Abundance

For Plato, a history of the macrocosm is a zigzag line leading from overabundance to harmony. At the beginning there were the absolute ‘being and space and generation’ (Timaeus 52d). Then, the Creator filled the space by means of the four elements: fire, water, land and air. There was chaos, and the elements were in overabundance. The wrestling of the elements in search of measure became a prelude to the emergence of the macrocosm. Each of the elements was supplied in abundance, ‘all without reason and measure’ however, the creator has written, by means of ‘form and number’, the macrocosm as perfect as possible: ‘as far as possible the fairest and best, out of things which were not fair and good’ (Timaeus 53b). The elements subjugated their local excess and the macrocosm found their global measure and balance. The state of global measure means that there is not a vacuum. The macrocosm rotates and this rotation ‘compresses everything’ within the macrocosm and ‘will not allow any place to be left void’, so every bit of space is occupied by things (Timaeus 58b).

All places within the macrocosm are filled by a form made from the elements. There are three kinds of beings: no born and not perishable ideas, being object of mind perception only; sensible things born, being always in motion, and perceived by sense; and the third kind (the most interesting for us), space - the topos.

‘And there is a third nature, which is space and is eternal, and admits not of destruction and provides a home for all created things, and is apprehended, when all sense is absent, by a kind of spurious reason, and is hardly real — which we, beholding as in a dream, say of all existence that it must of necessity be in some place and occupy a space, but that what is neither in heaven nor in earth has no existence’ (Timaeus 52b).

The topos is imperishable and it offers some space (a ‘home’ or a ‘stay within itself’ (Siwek’s truns., Timajos, Kristia, 1986) to all beings that are born. The topos is invisible and we can perceive it only in an extra-sensory manner. It possesses no form itself, due to its role of giving a place to stay for all possible forms. The topos is the ‘mother and receptacle of all created and visible and in any way sensible things is not to be termed earth or air or fire or water, or any of their compounds, or any of the elements from which these are derived, but is an invisible and formless being which receives all things and in some mysterious way partakes of the intelligible, and is most incomprehensible’ (Timaeus 51ab).

Within the topos the elements are ‘shaken by the receiving vessel, which, moving like a winnowing machine, scattered far away from one another the elements most unlike, and forced the most similar elements into close contact’ (Timaeus 53a) and — in Siwek’s translation— ‘they rendered blows to the topos which returned the blows with the same intensity’. The topos brings things into existence because everything has to be in its own place. The thing which has no place does not exist. The topos is a ‘shelter’ and ‘seemingly a host’ (Siwek’s truns. Timajos, Kristia, 1986), ‘the receptacle, and in a manner the nurse, of all generation’ (Timaeus 49b), it gives a ‘shelter’ - the place of safety and it nourishes the born things.

So we can say that in its physical and biological dimension, the Earth embraces all the elements of the macrocosm, it has its own space in the macrocosm and it is able to offer places to others, especially to people. That means it provides shelter and is a host for people, and, like a mother, it offers its abundance to man. Man should worship his part of the Earth and revere her even more than his own mother. The Earth is a goddess and a sovereign of all mortals (Laws V 740a). Because of the Earth, man, in his turn, has received his place. The human topos is a seat of values which supply man’s biological needs and gives him a sense of safety. Yet, not every place on the Earth is suitable for man. The Earth’s area is marked by lowlands and mountains. The lowlands are fertile and there is space for life in community. The mountains are not fertile and cannot support communities, however it is possible for individuals to survive in such a place (Critias 110a). Only the lowlands part of the topos, which is a meeting spot of man and fertility, can create the possibility to establish a society. Thus, the external feature of the topos that makes it suitable for people is abundance.

This seemingly banal statement leads Plato to some unusual reflections concerning a good state of the Lowland’s economic possibilities, and to his crucial question about the possible threats to these possibilities. He examines this question using two methods of analysis. In the first, he gives a historical and basic description of Old Athens and Atlantis, and contrasts it with his contemporary Athens (Timaeus 20e-26c, Critias 110a-121c). In the second, he develops generalisations based on two theoretical models, known as the ‘City of Pigs’ and the ‘Luxurious City’, and he again sets these models in contrast against each other (the Second book of the Republic).

Mountain Topos

Though the macrocosm has found its perfect measure, there is still the possibilities of local disasters, mainly deluges. Civilisation is created by the people living in the Lowlands and they, and their fortunes, are wiped out by the deluge. The story of the
survivors of a deluge gave Plato the starting point for his economic and historical deliberations. Two similar versions of this story can be found in Critias and Laws (Critias 109e, 111ab; Laws III 675c). Plato’s circular view of human history supposes the rise and fall of cities and civilizations over the ages, frequently wiped out by a deluge (flood) or some other form of natural disaster.  

Plato’s starting point for explaining the origins of civil society is the period immediately after one of these events, when the cycle starts again. In the story the only people that survived the deluge are those who live in the Mountains. Though these people have a vague idea about the civilisation of the Lowland people, they are ‘ignorant of the art of writing’ (Critias 109d). Their efforts are concentrated mainly on the procurement of food and basic necessities, and they communicate with others in order to speak on this subject (Critias 110a). Man, faced with the limited biological possibilities of the Mountains, is forced to perpetual hard work. This coercion deprives man of freedom, which is understood by Plato as: time for seeking knowledge and for leisure. This lack of freedom prevents the Mountain people from developing intellectually, however they do not become corrupted (Laws III 678, 679).

The topos of the Mountains is described in a few sentences laid down in Laws, Republic, Critias and Timaeus. It is evident that Plato does not pay much attention to this case. The Mountain people are - in their physical and biological beings - doubly safe. They do not violate their topos: firstly, because they cannot do it; and secondly, because their environment’s configuration counteracted its concretion. The Mountain people always remain primitive and due to this feature they will be spontaneously moral and enjoy a successfully life (Laws III 678b-c). They do not have either good or bad knowledge. And only they, ‘who are destitute of letters and education’ (Timaeus 23a), will survive deluges. These people never endanger their place, and perhaps, that is the reason they are practically imperishable. The topos of the mountains is the shelter of human race.  

Lowlands Topos and Transition

Plato’s reflections on the Lowlands topos, and the transition, is based on the conviction that the present can only be understood by looking to the past. The Atlantis story forms one full circle of the human history circles; the Old Athens case, acts as an example of the transition in early stage, and Plato’s analysis of his Athens demonstrates the last phase of the transition, a period just before a deluge.

In the beginning the narrative of the Lowland people was a happy story. In Old Athens people had preserved by maintaining an equal balance (measure) between overabundance and humiliating poverty. Athenian farmers and artisans create an autarkic society, abiding by the rules of simple reproduction. Generation after generation, the Athenians lived in houses with furnishings completely unchanged, living a simple life, and owning no silver or gold. The population was stabilised at a level of twenty thousand, with a balance between the number of men and women. Describing Athenian welfare, Plato emphasised the need to preserve autarky in spite of the land’s overfertility. There were only two rules: to keep population and consumption stable. ‘They aimed at the mean between splendour and meanness, dwelling in decent houses where they grew old, themselves and their children’s children, each succeeding generation leaving them to another like itself’ (Critias 112c). ... [The number of both sexes already qualified and still qualified to bear arms they were careful to keep, as nearly as possible, always the same, roughly some twenty thousand] (Critias 112d).

The civilisation of Atlantis enjoyed an even more fruitful economy; ‘that sacred island, which then lay open to the sun, in marvellous beauty and inexhaustible profusion [abundance]’ (Critias 115b). In his tale of Atlantis, Plato took pleasure in a numeral ‘two’ which was, together with twins, considered as a mythical symbol of fertility. The beginning of the Atlantis tribe starts with Poseidon, who generated ‘five pairs of twin male children’ (Critias 113e). Two fountains of cold and hot water gave fertility, resulting in a double harvest (Critias 113b, 114b). Plato wrote about an ‘abundance’ of rare resources, such as ‘orichalcum’ (not identified metal, probably brass), copper or zinc. Atlantis forests were well stock with big game and deer, and even a ‘great number’ of elephants. Corn and pulse (a fertilizer) were found in an ‘infinite abundance’ and crops were perfect and various. There was enough water for swimming pools for people and cattle. Atlantis walls were coated with copper, zinc, and with orichalcum (‘which gleamed like fire’ (Critias 116c). The ruler’s palace was golden and Poseidon’s silver shrine was set with ivory. Two harbours were roofed with stone. Canals were set in the mountains in order to carry wood to the lowlands and return to the mountains with fruits from lowlands, and pool water was utilized to irrigate Poseidon grove. This all testifies to their expanded division of labour and advanced systems of transportation and communication. Atlantis houses were roomy and beautiful (Critias 115c–117e). Although the Atlantis economy was supported by subordinated provinces, Plato puts stress on its self-sufficient economy.

The discontinuous description of Atlantis in Critias is cut short after an episode showing growing turmoil (Critias 117e). It is the first symptom of Atlantis’ corruption. The entire area ‘was completely filled by a multitude of closely settled houses, and the large harbor and canal were constantly crowded by merchant vessels and their passengers arriving from all quarters, whose vast numbers occasioned incessant shouting, clamour, and general uproar, day and night’ (Critias 117e). Atlantis did not manage its fortune. ‘But when the god’s part in them began to wax faint by constant crossing with much mortality, and the human temper to predominate, then they could no longer carry their fortunes, but began to behave themselves unseemly. To the seeing eye they now began to seem foul, for they were losing the fairest bloom from their most precious treasure, but to such as could not see the happy life, to appear at last fair and blessed indeed, now that they were taking the infection of wicked coveting and pride of power’ (Critias 121b).

In the Second Book of The Republic we are acquainted with the sequel to the Atlantis story - a description of the transition. The ‘luxurious city’ requires ‘couches
and tables and every other article of furniture, as well as vases, and fragrant oils, and perfumes, and courtesans, and confectionery; and all these in plentiful variety’ (Republic II 375a). The town becomes richer and richer, ever more populated. These processes are accompanied by diminishing space.

[SoCRAs] Then we shall also have to enlarge our city, for our first or healthy city will not now be of sufficient size, but require to be increased in bulk, and filled out with a multitude of callings which do not exist in cities to satisfy any natural want; for example, the whole class of hunters, and all who practise imitative art, including many who use forms and colours, and many who use music, poets [...], tragedians, actors, dancers, contractors (Republic II 373b).

We see ‘congestion’, and decreased fertility, and there appeared a new, unknown formerly, state of poverty. There is no poverty in the Mountain, and in the period of abundance. The first in a period of heroic efforts, however there is no poverty because there are no differences among people. The abundance period introduces no social differences as well. It is in the period of overabundance when people start to experience social differences, and instead of the single state, in fact, there appears two states: the rich state and the poor state: ‘a city must necessarily lose its unity and become two cities, one comprising the rich and the other the poor, who reside together on the same ground, and are always plotting against one another’ (Republic VIII 551d).

Turmoil and congestion appear parallel with this ‘bad understanding’ of wealth. The Atlantis harbour becomes noisy and crowded with people (Critias 117e). The existing area of the state is not sufficient for the increasing number of habitants. As Atlantis was losing its divine element, and allowed itself to be possessed by turmoil, so this ‘healthy town’ became the ‘luxurious town’. The town in the transition exists in a way which is turbulent and prerequisite to conquest. The result is a war for land.

[SoCRAs] The country too, I presume, which was formerly adequate to the support of its then habitants will be now too small, and adequate no longer. [...]. Then must we not cut ourselves a slice of our neighbour’s territory, if we are to have land enough both for pastureage and tillage, while they will do the same to ours, if they, like us, permit themselves to overstep the limit of necessities and plunge into the unbounded acquisition of wealth?

Shall we say so?

Certainly. It must inevitably be so, Socrates.

Will our next step be to go to war, Glaucus, or how will it be? (Republic II 371de).

The state in transition steers all of its energy towards conquering space and resources, namely to things which it lost and which it will lose and lose again. In addition this process will be accelerated for two reasons: a growing population, especially of artisans, traders, and plebs (who are dangerous to the order of the town); and increasing expenditures on the continuously enlarging army (Republic II 374).

Plato uses the bare rock of the Acropolis contemporary to him, (Critias 111ab, 112b), to visualise this idea of a shrinking physical and biological space. Plato notes that the output of the Old Athens was more abundant than it is presently. Because of the soil erosion caused by the ‘many formidable deluges in the course of the nine thousand years – that is the interval between the date we are speaking of and the present’ the land has been made a ‘skeleton of a body wasted by disease’ (Critias 111c). Just as the overpopulation increased, the fertility of land and water - two main resources of an agrarian economy - were diminished, and the economy became a wasteful exploitation. Not utilised springs water flowing down into the sea; bare rock of Acropolis as ‘human bones’ instead forest hill; these show that Athens has already reached this stage of development. The Lowlands topos becomes overcrowded in relation to its fertility and physical space. This overpopulation resulted in a transgression of the natural barrier of the Lowland fertility. According to Plato, the polis should not go over this barrier. The topos is an eternal and not annihilated being (Timaeus 52b). This seemingly optimistic statement in fact means that people cannot create the topos by themselves; they can only adjust to its finite fertility.

The contraction of physical space generates congestion and lack of resources; and then subsequently it produces wars. The congestion results not exactly from the bare number of people, but from the covering of the Lowland human topos, by exploiting all of its resources. This congestion around resources negates the way which both fertility and human beings work. The friendly balanced relationship between people and their topos transforms into the chaos of congestion and in this way it starts to be corrupted. The economic activity cannot recognise its natural limits and it cannot stop by itself, because it cannot control itself. Economic processes, within the polis, are spontaneous and impetuous; their nature is elementally. They do not cement the state, contrary they split the state into two different spaces: the topos of wealth and the topos of poverty. The area of wealth has to defend itself against the area of poverty. As the area of poverty may want to change the internal order of the polis, the wealthy part of Lowland has to focus on its defence and on gaining more resources. Plato believes the earth is fully populated. ‘The fact is that wherever the extremity of winter frost or of summer does not prevent, mankind exist, sometimes in greater, sometimes in lesser numbers’ (Timaeus 22e). To gain the resources means the necessity to wage wars against one neighbours. Plato emphasises that once initiated, social-economic movements can only intensify and provoke wars, and they will endure permanently till the global catastrophe - a deluge. Winning a war does not restore the old balance, because the enlarged area of the state will demand more people in the state economy and army. The wars can delay, for a time, the economic and ecological catastrophe. Only a deluge can restore the lost balance of the Lowlands societies and then people again go down the mountain, and take up once more their efforts. And it will last until people are taught how they should recognise the possibilities of their topos, and afterwards, to arrange a peaceful co-existence within the topos.

In the Timaeus Plato says the process of the stabilisation of the four elements has
been accomplished within the macrocosm. He permits the possibility of local disasters caused by local upheavals. For him, such a disaster, specific for some parts of the Earth, namely the Lowlands, is the deluge. Economic activities lead people to a drastic violation of the Lowland topos and the way in which the topos demonstrates itself. The fertility ceases and the Lowland topos does not tolerate people, and for people's violence, it answers by striking back, and using the coercion of a deluge, earthquake, or other cosmic disaster. Plato mentions mainly deluges, which he considered as historical turning points (in this way he describes the disappearance of Atlantis). For him, the deluge is not a notion that perceived as an unfavourable aspect of the stars or gods, it is rather a way of the Lowland topos reaction to a thoughtless and wasteful economy. The macrocosm is perfect, its parts, as the Earth, are regionally not perfect; nevertheless everywhere are the topos and it operates in the same fashion, namely in relation to the Lowlands people, by means of fertility and deluge. From the history of Atlantis we know that those who wasted their chance for safe and healthy life given them by the topos, should be afraid of this sort of punishment. Only shepherds and peasants do not waste their chance and they remain in the Mountain (Timaeus 22a).

Plato's macroeconomic assumptions are derived from his cosmology. The Earth topos has a limited capacity for supporting people. It offers safety to the Mountain people, and a relative abundance to the Lowland people, though the latter have to pay the high price of annihilation of their civilization due to their abuse of this topos. The amount of space is finite and will not increase, according to Plato, thus the macrocosm is shaped and people have to accept this fact. The limitations of the Earth topos force austerity; people must and can make a proper use of accessible means and they do not have to cross their own Lowlands to renew resources. This last statement is very important. Plato understands the economic dimension of the Lowland topos as a space limited to the physical and biological possibilities of the Lowland. So the clue to macroeconomic practice is in adjusting to these limits. What is needed is to find the positive solution in two rules: economic austerity, understood as an adjustment to the Lowland physical possibilities; and consequently, as a limitation of the Lowland population by the product of the economic austerity. For Plato, the Mountain topos is a case study of the period when real scarcity existed. The Lowlands topos is a case study of the periods: the abundance-welfare, and the overabundance or false scarcity (scarcity created by luxury). Both these examples show Plato's macroeconomic ideas.

Man and Economic Virtue

In Critias, Plato sets up a more picturesque description of the social and macroeconomic features of abundance-welfare. In the Laws and in the Republic he is more occupied by the microeconomic sphere and he tries to establish the limits of human needs. In his macroeconomic thinking he emphasizes the importance of water and land resources, and the optimal number Lowland inhabitants. In his microeconomic thinking - analogous to these macroeconomic topics - he is interested in three main human needs, namely: drink; food; and propulsion (Laws VI 782e). He investigates the issues of consumption, nature of wealth, and he investigates the relationship between wealth and poverty, and he tries to discover the most favourable human economic behaviours.

In the Second Book of the Republic, Plato sets up a mental experiment where he builds up a state consisted of individuals immunized against economic passions (Republic II 364d - 374e). The inhabitants of this hypothetical town possess houses, clothes and boots, though they use them only in winter. In the summer they work and sleep with no clothes on; sleep on willow bark, myrtle and bindweed, and eat wheat or barley cakes served on leaves, and 'not begetting children beyond their means'. They practise all these functions under their 'prudent fear of poverty and war' (Republic II 372e). This not very refined consumption ensures that 'Living in peace and health, they will probably die in old age and hand on a lie life to their offspring' (Republic II 372d). An elder brother of Plato, Glaucis revolts against this diet, so Plato added extra figs, peas, broad beans, and acorns to this menu. Plato's generosity becomes a futile gesture and Glaucis names this town the 'City of Figs'. The Platonic diet is similar to a description of the Orphic life (Laws VI 782c). In other fragments of the Republic Plato is not so rigorous, he wants to eliminate a mysterious ' Athenian confectionery' (Republic III 404e), or limiting himself to a comparison of a lack of modesty in eating to too big sails for ship (Laws III 691e). This diet, dated back to the period when humans were gatherers, becomes, next to both postulates from Critias: austerity, and effectively restrict population; hence the third condition of keeping the 'abundance-welfare' period.

Analysing consumption becomes Plato's starting point for defining true wealth. Lust for wealth corrupts man's spirit, causing of 'an incessant hunger gnawing at their souls' (Laws VII 832a). This corruption manifests itself in aggression, Plato gives the example of an innkeeper who treats his clients as 'enemies' and wants a 'ransom' (Laws XI 919a). Man does not know what 'wealth' means, because he does not know himself. Non-reflective compliance with his passions, meaning a lust for wealth, kills the man in a man by focusing his attention on things not worth troubling with. In the Gorgias Plato named such a man a 'duck' which eats a lot and excretes a lot (Gorgias 404b). Wealth, and not the abundance-welfare, is followed by laziness, and supports the careless practising of professions and can even hinder work. We are able to 'put golden cororets' on the cultivator's head, however this stops him from working as a cultivator (Republic IV 420e). A newly rich potter becomes lazy and he too stops being a potter (Republic IV 421d). Poverty breeds unemployment, humiliation and crime. Poor man cannot afford to buy tools and they stop practising their profession. Both poverty and wealth promote subversive behaviours. In stating why wealth and poverty need to be kept out of the city, Socrates says: 'Wealth and poverty, said I, since the one brings luxury, idleness, and innovation, and the other illiberality and the evil of bad workmanship in addition to innovation' (in Grube's translation 'innovation' is translated as 'revolution' (Grube, 1992)) (Republic IV...
422a. A rich man innomically conquers wealth, and his expenses are different from expenses of a moral man. By taking away wealth from others he creates a space of poverty. The nearness of poverty and wealth render envy and aggression and breeds insatiability and revolt.

This abnormal situation of man concentrating on his alimentary canal must be altered. Even in our body, the stomach (compared by Plato with a ‘crib’) is situated far away from our soul, in order to make ‘as little noise and disturbance as possible, and permitting the best part to advice quietly for the good of the whole and the individual’ (Timaeus 70e). Man should work to improve his life. He can do it even in the unfavourable conditions in Athens. In the First Book of the Republic Plato pays a ‘wise and sensible’ man from Piraenaus, Cephalus, a visit. Cephalus’ style of life is a compromising solution between the simplest life in the ‘City of Pigs’, and the luxurious life in the Olascon’s town. ‘In the conduct of money’ Cephalus stands ‘midway’ between his grandfather and his father, and he intends to leave to his sons ‘not less but if anything rather more’ (Republic I 330b). He makes good use of his property, so he knows his estate helped him to avoid temptations of ‘deceit or falsehood’, and supports him as an old-age insurance (Republic I 330c).

Plato expresses in many places (mainly the Gorgia, the Republic, and the Laws) his advice concerning a successful life. In his writings we can find a description of something like the ‘four steps’ way to the economic virtue, called by him ‘to set his house in order’ (Republic IV 443d) or in Witwicki’s translation: the ‘inward household’ (Panstwo, 1958). He distinguishes four ‘good’ types of life: healthy, well considered, brave, and wise, and in contrast to these good lives, are four ‘bad’ lives: sick, foolish, cowardly, and licentious (Laws V 733c). In accordance with these styles of the good life, Plato formulates four rules: to exercise restraint in consumption (Laws IV 710a, V 729a); to keep in mind the importance of correspondence between individual and the external world (Timaeus 88c); to support harmony between quantity and quality (Gorgia 508a, Republic IV 441c, 443d); and the last, to compete in virtue (Laws V 731a). His counsels, concerning how to enjoy the healthy and well-considered life, and how to avoid the sick and foolish one, have a high economic content.

For him economic virtues are an important precondition for virtues of courage and the mind; and consequently, are a means to enjoy the most desired state of balance. The initial step consists in the subduing of an individual’s temperament and passions. The next step is very important and it consists in the establishment of a harmony between the ‘inward household’ and the ‘external household’. The external household embraces a whole social system understood as a place of man in his polis. After tiding himself up, man should be interested in state affairs. However, he is limited in the effect he can have on affairs, so this task becomes a duty of politicians. With regard to a size of the Lowland supply of resources, the rulers have to establish the limits of the polis demand. They have insure the compliance with these limits and, if necessary, they should confiscate estate excess (Laws V 744d). These two steps: within man; and within society; in building the economic virtue mean a necessity of a perpetual adjustment to the Lowland possibilities and limits. The Lowland economy establishes the limits of both individual and social behaviours. The success of these stages relies upon a flexible control performed by both the individual on himself and by the politician on society. Wealth still remains a quantitative (‘arithmetic’) wealth, though it, due to the limitations and the laws, brings near the perfect state of the qualitative (‘geometric’) wealth. The third step consists in the subordination of the arithmetical wealth to the geometric one (Laws V 744c, VI 757a). For the economy, this is once more establishing a relationship between fertility and restraint in order to subdue quantity to quality. Economic activities must be ruled by the virtues; noble goals achieved by noble means, for example we should hunt for animals face to face, without snares, or nets (Laws VII 823-4). In fact, Plato’s sentences lose their chivalrous context if we see them as ecological postulates for the elimination of wasteful economic activity. At last, the fourth step - the creation of community, which competes in virtue, and does not participate in the race for resources. Practising the virtue of restraint, man gradually builds his own virtue, in order to use his highest possible freedom, which allowed him to enjoy individual and social profits. His microcosm becomes reconciled with the macrocosm.

The economic virtues refers to the biological and physical sphere of life. Practising this virtue man can achieve a satisfaction of his biological and physical needs. The economic and biological balance of man characterises a symmetry: how much he wants, thus he gets in return. Moderate needs are satisfied by the Lowland nature. Plato shows man as an economic being depending on nature; however this dependence is not very burdensome. Two natural borders mark it: possibilities of the Lowland nature, and consumer possibilities of man.

Dominated by a lust for wealth, man remains in a nasty asymmetry. His wants are beyond measure, so he never attains fulfilment. Instead of emancipation he is troubled with his body diseases and he is tortured by insatiability. Man, being in the first stage of balance, lives a moderate life, not much troubled by economic things. His way of life will be honest because he does not contribute to the war or future catastrophe of deluge. Man, being in the total balance (a man of the geometric wealth), will be richer by the time, free from the lust for wealth, allowing him to practice wisdom and he will enjoy freedom for self-improvement.

We can clearly see Plato’s idea of replacing the commercial understanding of scarcity and plenty with a fuller understanding of the ecological, political and economic consequences of man’s economic practices. To live a beautiful (it means happy and fair) life, man’s estate and his bodily needs must be subordinate to his soul. It is good that man wants scarce things, we has only to understand that virtue is the unique scarce thing. The majority of people do not know what true virtue is. The Athenian says in the Laws that ‘not many of us who remain sober when we have the opportunity to grow wealthy’ (Laws XI 918d). To practice the Platonic virtue is similar to going into a circle, the Ancient symbol of perfection. The nearer you are to the centre of the circle, the more you possess the virtues, and you are at a shorter
distance from the centre and perfection. The centre is a point of both your perfection and your satiation. You have to seek and to conquer the moral good by means of exceptional efforts. Material goods possess quite opposite features. They are outside the circle, they have no limits, and by its elemental character they can without difficulty take control of Man. Outside the circle there is no possibility, by means of the element and of the infinity, to reach freedom and wisdom. Both, the lack of chaos and finite, are understood as an approval of limitations, and are the proper means to realise the Man in man.

Plato proposes the way for the full perfection of an elite only and he is well aware of the impossibility to create an entire community of men of virtue. His reflections on the economic and total balance, and about citizenship, and his models of ideal states, indicate that he preserves for the majority of the Lowland people the task of the first step - to make economic order within himself. It is significant that Plato starts the Republic with the description of a meeting with Cephalus, who is not only a positive example but something more. Plato teaches by Cephalus' example that the practice of virtue is not so difficult as it seems to most people. All can follow these steps along with the elite. The ruling elite has to provide the harmony between individuals and the Lowland fertility. They are given the higher consciousness of a choice - on the social level - between living in peace and war.

The scarcity of noble (virtuous) men caused both the need to control a society, and to proclaim laws. The control of society and the laws act as a substitute for the spontaneous reactions called for true virtue. The legislator has to fight on two fronts protecting his society from poverty and from wealth. The members of the wholesale trades are the most disturbing people in the Lowland. This is the part of society in need of the most moral tutelage, their attitudes are the most susceptible to corruption, and - in addition - their population increased the fastest during the transition.

Consumption and Transition

The precondition for economic virtue, according to Plato, is the establishment of restrictions on individual consumption. Plato defines restraint by drawing an analogy to 'rhythm' and 'harmony' (Timaeus 47e). Rhythm and harmony should mark the limits of individual consumption, bringing order to our 'irregular and graceless ways'. Plato proposes a simple vegetarian diet due to its social and healthy good points (Republic II 372abcd). This is a universal diet, equally useful both during the period of abundance-welfare, and during the Mountain period or the first period after the deluge. This is the consumption of a man who is aware of the consequences resulting from different diets. The practice of a Platonic diet supports courage and wisdom in the individual. In the social dimension this diet does not demand too much of the state's land; does not subordinate citizens to foreigners; and does not provoke aggression, congestion, turmoil, and noise. On the contrary, this diet allows for the autonomy of both the individual and the state. Man ceases being a 'duck' and can return to his uncorrupted nature. The limited consumption results in a limited, but autonomous, economy. In the pursuit of a growing economy the Lowlands may lose its autonomy. Plato wants to show harmony between man and his surrounding. Man's lust for abundance, health and fortune, is in fact, a wish full of harmony co-existence with the World. Experience of the abundance-welfare is a true man's acceptance of himself. Submission to the Lowland topos and acceptance of limitations mean liberation and emancipation of these limitations. These are the social rhythm of economic activities and the individual harmony of the good life.

Even in Plato's Athens it is possible to enjoy such a life. The success of such a way of life is recounted by a wise man from Piraeus - Cephalus, who is an owner of a middle estate (Republic I 331ab).

Plato's general thesis is: the most desirable economic state of society is a balance between what nature has to offer and human needs, therefore we must come back to the macroeconomic level to investigate further the conditions for such a balance. The economy, in which individuals consume in a manner similar to the gatherer's diet, must be austarky resting on recognisable and renewable resources. Plato comes to a conclusion that there is a stable number of people who can live in the Lowlands without breaking this balance. Plato respects nature's capacities. We should not replace the fertility of nature with scarcity and congestion. Nature marks the borders to the division of labour and the specialisation of labour. The breaking of these borders creates an avalanche of the most unfavourable social phenomena. On the surface, in the transition, the welfare increases; there are more commodities, more wealth, and more satisfaction. However there is a growth in population as well. The new social phenomena's are: crowds and diseases. Starting with and concentrating in the wealthy, society falls into the trap of spiralling needs. A new need means a new profession, the new profession adds to society a new man, and this new man has to eat. Once stimulated, human needs grow and grow. This infinite chain of human needs may be satisfied only by war and the deluge.

Plato's point is that we should not forget the behaviour and lifestyle of the Mountain period in the Lowland period and enjoy, with restraint, things given by nature. Plato's argument is sophisticated; he takes differentiation of consumption into account. According to him, in the town there will be enough luxury goods, though there will be not enough food for the people who produced and deal in these luxury goods, and for the 'guardians'. The food and a lack of the main resources - land - are the main barriers of the demographic growth. So, the true wealth of the polis is land and water, and then people. The wealth of nations rests in a society having modest requirements and being content with its own resources.

Plenty Supports Transition

So far we have investigated the transition of the economy from abundance to scarcity. Plato does not stop at this point; he is more interested in the battle with plenty in
itself. The main weapon, employed by him in this battle, becomes the measure. In Plato's dialogue, Symposium, Socrates tells a story, told him by a priestess Diotima, about Abundance [Resource], the son of Restraint [Craft]. Abundance took part in a banquet on the occasion of Aphrodite's birthday. He got drunk with the ambrosia and went to sleep. His lamentable situation was not wasted by begging Poverty [Need] and she, taking advantage of the situation, became pregnant with Eros [Love]. Being a son of such parents, Eros is an eternal 'poor fellow', tossed between a wise and rich father, and poor and uneconomical mother (Symposium 201D). The moral of the story is clear: only the restraint - a measured life - provides the protection from poverty and excess which are close friends. Abundance should not get drunk with the ambrosia; it must be vigilant in order to avoid a transition to the overabundance. The overabundance breeds devastating insufficiency.

Plato thinks about the measure as a manager of virtue. The task of philosophy is to investigate and to show a proper use of the measure. According to Plato, the measure is not only a norm, or logical criterion, or a sort of yardstick in order to define the states of plenty or scarcity. Platonic measure is in itself the true abundance, and everything beyond this measure is overabundance. First of all, he considers it as the border; outside of which there is an area of danger. So, the economic part of the Platonic measure is not only a kind of arithmetic mean between a number of people and quantity of products, in fact it is the safe area for human economic activities. Plato is not afraid of true scarcity and the period after the deluge. It is easy to deal with scarcity and it is easy to get some abundance, even if it takes generations. The Mountain period employs only the physical power of man, thus increasing output takes time. However, their efforts do not create any threats for their personality due to a lack of overabundance. What we have to be afraid of is the overabundance.

Written in this way, Plato expresses a fear of overabundance common in all agrarian cultures. This fear had prompted the Normans to bury their hoards of silver and gold, and customs of turfeft gorging and 'aggressive generosity' among the people of the Middle Ages. It would be visible even in merchantivist fear of surplus that does not find either a domestic or export market. The fear of plenty has organised a hierarchy of tribal and agrarian community values. The recommended activity was to give, not to take. Melville J. Herscovits named this economy the 'prestige economy'. This was a system in which gain comes through expenditure rather than through saving, and the highest position is reserved for those who most conspicuously spend the contributions of the less privileged [Gierszewicz, 1976, pp. 220-44, Herscovits, 1955, p. 164].

Philosophy of Economic Space

Compared with the macrocosm, a human civilization is situated in the initial stage. The chaos is produced by the clashing human passions taking devious paths between overabundance and scarcity. In general the macrocosm has overcome the general transition. However there are still possibilities for the local transitions. On Earth there is a particular place, namely the Lowland. The Lowland develops from disaster to disaster caused by deluges. Between disasters there are - according to Plato - three stages of economy marked by a supply of the topox: scarcity, abundance, and overabundance. From these three stages the most beneficial for man is the shorter period of the abundance. People in their history learned to use land fertility in order to overcome scarcity. Then they created a civilization offering wealth, which was not secure. Their wealth is a liability and they must pay a high price for it. The price of this wealth depends on the place occupied by the people during the transition. Nearer the final catastrophe of the deluge the price is higher. However even in the very beginning of the transition, there is always the price of man's life. During the transition, man, seduced by verisimilitudes, lives a life of misery. As long as people do not learn how to avoid scarcity and overabundance, they can not enjoy abundance.

The macrocosm is a self-sufficient entity. Plato understands this self-sufficiency in a peculiar way. He writes in Timaeus that for the macrocosm to feed itself has to destroy itself: ' . . . there was nothing which went from him or came into him, for there was nothing beside him. Of design he was created thus - his own waste providing his own food, and all that he did or suffered taking place in and by himself' (Timaeus 33Od). The macrocosm destroys one of its parts if within this particular part there appears a lack or an excess of the elements. In a similar way Plato thinks about the Lowland. The Lowland is self-sufficient when it is populated by the proper number of people in relation to its resources. Under these conditions people consumme their natural part of the topox, and while there is no breaking other people's topox, there is no poverty. When the Lowlands borders becomes disturbed, the process of destruction begins. The Lowland starts to eat itself. In the very beginning there is not enough land and water. According to their physical and social possibilities, people take the topox away from others, or they are deprived of their topox. The area of poverty becomes wider and wider. The transition is the people's self-destruction. Plato claims the human topox exists by its fertility. On the economic level the fertility is a class of resources. On the human level the fertility is a class consisting of health and safety. So the human topox is a hotbed of human values, its space is marked by these values. Speaking Einstein's language, these values produce the topox space and bend it back. If some parts of the values are gone, the space of topox will lose some of its energy and it starts to diminish. The Lowland fertility supplies the pragmatic (biological and economic) part of the human topox. The economy in itself is not enough for the stability of the human topox. To prevent the self-destruction of the topox we have to try and establish a harmony between the Topox and people by filling the topox with human values. It means the reconciliation between the fertility of nature and human behaviour. History taught that people might replace the mythical order of things with the order of commercial values. This is due to the lack of serious reflection, and due to their society popularising bad patterns of behaviours by various means: myths, poetry, music, theatre. It is due too to the
Lowland features: its soft limits, and flexibility. Plato states that there was about nine thousand years between the Atlantis deluge and his contemporary time. Nine was a magic Pythagorean number and plausibly Plato wants to suggest that the end of the circle is near and there is a possibility of a similar catastrophe in Athens, and we may read his theory as the writing on the wall to Athenians.

According to Plato, people as a society enjoy some freedom of manoeuvre both in time (these 9000 years) and in the space. Plato understood human history in being non-linear; he stresses this feature when he considers different forms of government. The history of macrocosm teach us that the establishing of balance is possible, and the period of chaos is a period of the transition, which means it may come to an end. There are three positive solutions possible: 1) evolutionary, leave the overabundance and go towards the abundance; 2) once to establish and then to keep with the abundance; and 3) to try to stay between scarcity and abundance. In the Republic, Plato chooses the last solution to propose to all of the population – the Mountain diet plus the Lowland’s knowledge. In the Laws he considers the second variant as the holding of a balance between population and resources. Why he does not choose the easiest of these variants and even he does not discuss them? There is not a satisfactory answer. We can interpret the solution presented in the Laws as leading towards the Republic solution and say, follow Popper, that this was the totalitarian project. However, we know from his letter (the Letter vii) Plato was an adviser to the Syracuse tyrant, and he recommended him to be a master of his passions. It seems he had tested this evolutionary solution and this test came off not very well for him. The tyrant used his authority for his own aims. Maybe this personal experiences could explain Plato’s position.

Changes in the Lowland topos are elementally, meaning, in general, they do not repeat and are directed in different ways. The economy is wasteful and people competed aggressively for resources. Popper said that Plato first of all wanted to stop any change. However, it seems that Plato’s goal is to give a new quality to change. He wants to guide social energy in order to reconcile the economic space with the mythical space. The new economic topos should be safe and create a base for the further self-improvement of man. So far, neither the Mountain nor the Lowland have created such a base. The Mountain people have no time to think about higher values. The Lowland people have no time too, because of their commercial activities left no time for other activities. On the one hand the Mountain isolation prevents the establishing of a society contrary to man’s needs. Man has a lot of wants, and thus requires, in order to supply them, institutions of society, namely division of labour and specialisation (Republic II 369bc). On the other hand, society, which is so desirable to man’s development, becomes a source of corruption, and then destruction. So Plato formulates his task as to not lose the topos of society and to preserve the safety of the Mountain people. His society has to support the emancipation of man. Man’s emancipation depends - first and foremost - on his independence from hubris existing economic values and behaviours, which made commercial achievements a main goal of life. However, Plato does not want to impose restrictions on the economy and to limit it to a minimum. This area of human life has to become not exactly invisible, but it has to be deprived of ambiguity, which is created by commercialism. Man needs the society in which there is the division of labour. At a minimum he needs: rulers, guardians, peasants, and artisans. The people employed in this new economy cannot develop according to the ‘World soul’. We know the main rules: autarchy given by the state and the good work of the individual. Plato specifies parts of the new economy and numbers: gathering, the ‘noble’ agriculture, handicraft, and other occupations which do not breed commercial temptations (Laws 743d). He wants the development of agriculture and the crafts, which adjusted to the topos resources, which will give support to the values of beauty, courage and wisdom. Building a new niche for people does not mean a negation of the economy; just the opposite, the new economy has to be a contributor of the transition.

The New Economy: A Contrivance of Transition

In order to achieve the first stage of morality, Plato requires a healthy economy. The new economy should overcome difficulties resulting from the imbalances between the changing population, quantity of needed products and the stable Lowland fertility. In this connection he defines what is an economic success, and describes the transition in order to give a recipe to secure the economic Lowland topos.

Plato considers the growth of the economy caused by the division of labour and its specialisation which, in turn, causes a need to employ more people. This process develops spontaneously, and meets with no obstacles. In this way the continuously developing economy pulls up the growth of population. Because of the fact that the resources of land are stable, the growth in population means that the resources per capita diminishes. The state has to seek new resources. All of the Earth lowlands being populated, war remains as the only way to gain more land. War needs the army and the cost of holding the army becomes an additional burden, which increases the exhaustion of resources. Rarer and rarer resources, and competition (congestion) both create economic difficulties, and the society starts to split into rich and poor states.

The transition means firstly - in a pragmatic order - wasteful economy, ruination of the topos, and destruction of man, and secondly - in the order of ideas - the unreasonable resistance of both man and society against the perfectibility of the macrocosm. God takes care of the human world during the Mountain period of scarcity and the first period of the true abundance. In the transition he leaves this world to its fate (Statesman 268e-274e). So far man and society do not learn to imitate their successful ancestors.

Economic success lies in the prevention of the transition, in other words, of reconstructing the previous state of the economy and environment. This is a closed economy limited by natural fertility. On the supply side nature (land and water) gives us the means of consumption, and on the demand side nature needs to have its natural fertility respected. The lack maintaining this balance brings on the transition, with
all its problems.

In developing an anti-transition social programme, Plato draws a conclusion from the history of Athens and Atlantis. The population must be prudent, even in the easy period of the Mountain. Plato is leery of the favourable initial conditions of the fertility of the land (good configuration of the ground, plenty of water) and sees it as a mixed blessing. If the Lowland has too many advantages: fertile land, an easy access to the sea, plain lowland; the people will not develop good manners and social behaviours. Of the three initial conditions, Plato feels that only fertile land is necessarily good, however, even here he offers the stipulation that some parts of the land should be mountainous and unqualified for cultivation. These hindrances can result in a delay in the onset of the transition as they can give time for the people to reflect on the social goals to wish to achieve. Excesses of crops over needs, and remoteness to the sea, create the danger of the development of wholesale trade and all that such trade initiates: the rise of commercial values, which as Athenian states (Laws IV 704d-705b) "nothing is a more serious impediment to the development of noble and righteous character in society".

Plato pays much more attention to the effect this has on man. In this regard he offers two propositions: it is impossible to establish the true welfare of society without the transformation of the human personality; and limiting the consumption of man is the best mechanism for preventing the transition. Plato's propositions have generated considerable reaction over the years. Is this a naive solution due to its unrealistic and utopian features? In our own time this might seem so. If one considers the vast sums of money spent on diets and weight lose products in the wealthy countries today we might conclude that limiting consumption is a utopian suggestion. However, considering the postulates formulated during other periods of the transition, especially in the Enlightenment period, it does not fall outside of the realm of possibility.

In an agrarian economy man is often seen as a consumer in a privileged position. In fact he has two privileges: first - he does not have to worry about food; and second - he receives this food almost for nothing. And it will be this way always, if only he shows restraint in digestion and in propagation. In addition to preserving this style of life, such a diet gives a promise of a long and healthy life. What more can man ask for? The only possible rational position is to accept this pattern of behaviour. In the cultures where feudal institutions persist longer, patterns of behaviours were dominated by this way of thinking.

Conclusions

After over two thousand years, it is clear that Plato's message still has relevance. From Plato's perspective, we are creating a society of small Tantaluses; we steal the ambrosia and the nectar of Gods and we deceive ourselves into believing that we can avoid punishment. We remain in our virtual world to try and touch the mirage of wealth but never to taste it. His analysis is based on two characters from Greek mythology: Tantalus and Sisyphus. Human history is seen as the history of endless learning and practices. With great effort people came together and helped in the period of scarcity. But, in conquering scarcity they created the bigger burden of instability, and eventually are killed by it in the future.

This interpretation of Plato's economic theory unexpectedly shows the importance of his economic thinking: firstly - for his philosophy and psychology; and secondly - for us, Plato appears as an Ancient Materialist. Historians of economics have relegated Plato to secondary role in the history of economic thought. They have for the most part avoided his descriptions of Atlantis or Old Athens and instead only considered his conception of the ideal state in the Republic and the Laws. What the majority of commentators have taken for picturesque additions or non-important digressions, are in fact, a coherent entity. Plato takes the economy seriously and says that a lot depends on this sphere of human life. In the economic realm he starts his investigations, here also is situated the main cause of mankind's failures, and finally here he finds the confirmation of his recommendations. At last, in the majority of his statements on economy, especially in the Republic, the Laws, and the Critias, are based on an economic argument and perspective, which we can consider an economic theory. He creates his own economic nomenclature in which such the notions as: topos; fertility; abundance; over-abundance; scarcity; density; congestion; and environment; become the basic points of reference. Like all relevant economic theory, Plato's is shaped by his close relationship with his contemporary economic life. His economic theory is an economic and demographic warning to Athens.

Plato's economic thinking is sophisticated in its economic methodology as well as in its theory. In his methodology he is not a reductionist. His analysis of society is based on ideal models of the Mountain and Lowland (Critias, Timaeus, Laws); and two models of ideal states (Republic, Laws); and two models known as the "City of Pigs" and the "Luxurious City" (Republic). These models cover all the possible economic situations on macro and microeconomic levels. His theoretical arguments are verified or confirmed by means of the historical examples of Atlantis and Old Athens. In writing about the exhaustion of land and water resources, he is describing his contemporary environment. In his analysis of consumption he differentiates between the differing needs of particular social groups and professions.

His economics spread out between two macroeconomic poles: the Mountain, where there conditions of scarcity do not allowed for the establishment of society; and the Lowland, where eventually over-abundance brings about the society's downfall. We can overcome the state of scarcity, yet we are not capable of overcoming the state of surplus, - this is his main conclusion. It is interesting to note that Plato does not touch - by the traditional means - the subject of good crops or bad crops, in particular he refuses to explain the fertility of agriculture via disasters caused by the gods. The social context of the transition, and the resulting patterns of economic behaviours, are the culprit and not ill fortune. Neither nature nor man possesses automatic mechanisms that put limits and control the pursuit of wealth pursuit.

The general opinion that Plato is only interested in consumption is not quite
adequate. He is interested in production. He analyses the Earth and land as the basic resources of production. In his economics, the Earth, written with a capital "E", and land, written with a small "l", gives space and produce goods. These conditions offered by the Mountain and the Lowlands give the topos, the main notion of Plato's economics. To establish the interrelation between space and economic practices is the great economic achievement of Plato. From this point of view we can compare Plato with Adam Smith. Smith showed the relationship between the division of labour and the quantity of production and the size of market. Smith's topos was expansive and limited just by the size of market. Plato shows the topos as a main aspect of the economy and he emphasises its tendencies to bend and to limit the economic space. These tendencies resulted from the relation that connects the expansive topos of luxury goods with the limited space offered by agricultural products: the stable production of food. Therefore it is different from Smith's analysis of the division of labour, trade and handicraft. Plato worries that the results of the division of labour will lead to the increased consumption of food. In his opinion, in a developed Lowland civilisation, there is no danger of scarcity of luxury goods, however for this civilisation there is a limit on the production of food. Thus more luxury goods means more people which strains the lands capacity to produce food.

Although Plato is not read now by economists, the importance of Plato's economic ideas are testified by their vitality in the history of economic thought. The most obvious examples are the ideas of Malthus, Veblen and Hirsch, the theory of economic crises as well as economic ecology. His conclusion concerning the division of labour is Matthewian pessimistic. agriculture cannot cope with the exponential development of society. Apart from Malthus we may draw one more parallel, even closer to our times, between Plato's and both Veblen's and Hirsch's understandings of the economic competition and space - density and congestion.

During and at the turn of the nineteenth Century, Plato was seen as a great economic utopian (Gide and Rist, 1948, p. 213). The rigours of the ideal state, restrictions on propagation and consumption and experiences of fascism, Nazism, Stalinism, caused many in the 20th century to interpret Plato's ideas as an approval of totalitarianism. Popper detected fascism and communism. Schumpeter wrote about fascism (Schumpeter, 1982, p.55), and Galbraith mentioned Plato's 'partially inclinations to communism' (Galbraith, 1987, p.17), even a very influential philosophical commentator, Voeglin, was fascinated by Plato's vision of order. For all of them the starting point was Plato's thinking about the ideal state and the ideal social order. Popper was of the opinion that Plato has formulated a law of 'general degeneration' and therefore he considered that only a totalitarian state in which the main rule will be no change could be a good state. The economic analysis of the transition shows, according to Plato, only the state which can use its economic space intelligently can prevent the transition and to manage without corruption.

Looking for the rules of Plato's social order, a political philosopher, Eric Voeglin, finds the 'polemogenic construction', 'closely resembling the Hesiodan theology' however its subject is the polis, not the gods (Voeglin, 1957, p. 96). This construction consisted of four different orders: 'the primitive polis, the luxurious polis, the purified polis, and the philosopher polis' (Ibid., pp. 97-8). According to him 'the transition from primitive to the luxurious polis was motivated by the human type in the person of Glaukon, whose endowment are to rich to find fulfillment in the simple life' (Ibid., p.100). So he concluded that: 'The criteria of right order of human existence can be found nowhere but in the soul of the philosopher' (Ibid., p. 102). We can find the rules only in a philosopher soul, so we will not come across any other connection among these orders, for example between the topos and economic activities. Therefore, he explains, the meaning of the deluges in Plato's theory as a construction like 'deus ex machina'. He stated that Plato, in his examples of Old Athens and Atlantis, was trying to put together the real political order and the mythical order: 'The myth of prehistoric aeon of Athens and Atlantis has the same relation to the problem of political order in history as the myth of the precosmic struggle between Nous and Ananke' (Ibid., p. 206). In my interpretation Plato thinks that human history works according to the cosmological rules described by him in the Timaeus. The peaceful coexistence between people and their topos results in the Lowlands welfare and a lack of poverty of the Mountain. The wars and the violation of balance of nature result in the deluge or other kind of catastrophe, which is the topos reaction on 'blows' (Timaeus 53a). Such is the nature of the topos that it 'returns the blows with the same intensity' (Timaeus 53a, Siwek's trans. Timajos, Kritias, 1986). We cannot improve our welfare by violating our environment because it is a violation of the cosmic rules. Thus Plato connects both the mythical and human order. Watching our environment we can find the instructions sent by the macrocosm. Our historical and empirical investigations can teach us to practice the economic virtue. Plato's virtue is not only inside the philosopher soul, it is also outside.

Historians of economic thought James Bonar, Henry William Spiegel and Eric Roll have defended Plato against these labels. Eric Roll has seen, in the Laws and the Republic, 'spiritual and romantic revolt' against commercialisation (Roll, 1987, p. 27), and he emphasised Plato's discovery of the connection between, on the one hand, the division of labour, and on the other - the city, commercialisation, and corruption (Roll, 1987, p. 27-31). I think Roll was right, it was a revolt against commercialisation, though it is legitimate to add to these adjectives another one: 'economic'. From the perspective of Plato's economics we can say that he gives a careful report of two different cultures: agrarian and commercial. His goal was to defend the values of the agrarian culture. However he did it not only by means of spiritual and romantic inspection but also used economic arguments. It is characteristic of Plato's writings that during his discussion about the ideal models or historical examples of Atlantis and Old Athens that he never relied on arguments based on high values. On the contrary his argumentation is very simple and strongly connected with everyday economic practice. He showed that the new commercial patterns of behaviour were doomed to unsatisfied consumption, and this consumption became an economic and psychological source of individual, social, as well as environmental, disasters.
Was Plato’s theory a true one? Did some of the Ancient civilisation decline because of the economic-ecological catastrophes? J. Donald Hughes states that the abuse of the environment was an important factor of the decline of Ancient civilisations (Hughes, 1975). In fact, there is much evidence to support this theory. The last archaeological investigations of Maya’s culture provide evidence that an ecological catastrophe (namely the lack of land) was the cause of Maya’s decline.5

When we consider Plato’s theory of the agrarian economy, his description of the Lowland civilisation as a sinusoidal curve, in which short periods of order are interlaced with long periods of disorder, his proto-theory of crises, the first lecture on economic ecology as well as his pre-Malthusian relationship to man and nature, it seems we have to revise his place in the history of economics.

Notes
2. These deluges are often sent by the gods as punishment for living contrary to the dictates of the gods.
3. There is some possibility of a cosmic disaster even in the Mountains. Plato in the Timaeus describes it. Critias relates a story told by Solon: ‘Now this has the form of myth, but really signifies a declination of the bodies moving in the heavens around the earth, and a great conglomeration of things upon the earth, which occurs after long intervals; at such times those who live upon the mountains and in dry and lofty places are more liable to destruction than those who dwell by rivers or on the seashore’ (Timaeus 22c). However this is only once when Plato mentions a possibility of such a disaster. In Republic, Critias, Timaeus, and Laws he writes – as Socrates – about the deluges, and these deluges becomes his object of interest, for two reasons: Athens was an example of the Lowland civilisations; and deluges – contrary to this cosmic-mountain disaster – happen more often.
5. Bracketed terms are from Plato The Collected Dialogues.
6. In this way Alastair Macintyre has shown that ‘measure’ or its later equivalent ‘restraint’, as a manager of virtue, see his book After Virtue. A Study in Moral Theory (1981).
7. In Samuel Hollander’s extensive book The Economics of Thomas Robert Malthus (University of Toronto Press 1997) there is no mention concerning Plato’s inspiration. Contrary to the present, in Malthus’ times Plato was widely read, and there is a possibility of such connection.

References
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Holland, Samuel (1995), The Economics of Thomas Robert Malthus, University of Toronto Press, Toronto.
Hughes, Johnson D. (1975), Ecology in Ancient Civilizations, Albuquerque, N. M., University of New Mexico Press.
Karl Polanyi and Great Transformations

Karl Polanyi’s *The Great Transformation* analyses two transformations: the first, in Britain in the five decades following the instituting of the Spennamland system of outdoor relief in 1795; the second, in Europe and its European offspring during the two decades between the 1st and 2nd World Wars. To these we propose to add a third transformation. For the world it may date from the origins of current IMF/World Bank policies in the 1970s; but the most important parts of it are the transformations in central and eastern Europe since the demise of the former Soviet Union—the focus of the chapters by Hake and Neale, Chaplin, and Scharbel. All are based on the analyses in *The Great Transformation* and Polanyi’s “Our Outmoded Market Mentality”.

In the first transformation the newly constructed institutions for a self-regulating market were products of circumstances quite specific to the time and to an emergingly dominant ideology. A self-regulating market system required that markets be instituted for land, labour, and money capital: ‘... an economic system consisting of markets and under the sole control of market prices’. Because these elements in the productive processes are not themselves produced—they are here as results of geologic history, reproduction by our species, and legislation governing the monetary system—Polanyi called them ‘fictitious Commodities’. These ideas are the core of Polanyi’s analysis.

The second transformation was a response—a massive counter-movement, in Polanyi’s phrase—to the problems that had arisen under the market system and to the failure to re-establish the 19th century system after World War One. Some nations adopted new ideologies (‘socialism in one country’, Fascism, Nazism); in other nations the changes appear to have been much less ideological (the New Deal in the United States, the national government in Britain).